LHC Group, Inc
Form DEF 14A
April 27, 2012
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

(Rule 14a-101)

INFORMATION REQUIRED IN PROXY STATEMENT

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a)

of the Securities Exchange Act of 1934

Filed by the Registrant þ

Filed by a Party other than the Registrant ¨

Check the appropriate box:

¨ Preliminary Proxy Statement

¨ **Confidential, For Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**

þ Definitive Proxy Statement

¨ Definitive Additional Materials

¨ Soliciting Material Pursuant to §240.14a-12

LHC GROUP, INC.

(Name of Registrant as Specified in Its Charter)

(Name of Person(s) Filing Proxy Statement, if Other Than the Registrant)

Payment of Filing Fee (Check the appropriate box):

þ No fee required.

¨ Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

¨ Fee paid previously with preliminary materials.

¨ Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount previously paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

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LHC GROUP, INC.

420 West Pinhook Road, Suite A

Lafayette, Louisiana 70503

To Our Stockholders:

You are cordially invited to attend the 2012 Annual Meeting of Stockholders of LHC Group, Inc. to be held on Thursday, June 21, 2012, at 10:00 a.m. (Central time), at our principal executive offices located at 420 West Pinhook Road, Suite A, Lafayette, Louisiana 70503.

Regardless of whether you plan to attend the annual meeting in person, I urge you to submit your proxy as soon as possible to assure your representation at the meeting. For your convenience, you can vote your proxy in any one of the following ways:

Via the Internet. You may vote by proxy via the Internet by following the instructions provided on your proxy card;

By Telephone. You may vote by proxy by calling the toll-free number found on your proxy card; or

By Mail. You may vote by proxy by filling out the enclosed the proxy card and sending it back in the envelope provided.

Even if you vote by proxy, if you attend the annual meeting, you may withdraw your proxy and vote your shares in person.

We look forward to seeing you at the annual meeting.

Sincerely,

Keith G. Myers
Chief Executive Officer

May 7, 2012

YOUR VOTE IS IMPORTANT.

PLEASE VOTE YOUR PROXY BY INTERNET, TELEPHONE OR BY COMPLETING,

DATING AND SIGNING THE ENCLOSED PROXY CARD AND RETURNING IT

PROMPTLY IN THE ENVELOPE PROVIDED.

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LHC GROUP, INC.

420 West Pinhook Road, Suite A

Lafayette, Louisiana 70503

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

TO BE HELD ON THURSDAY, JUNE 21, 2012

To the Stockholders of LHC Group, Inc.:

Notice is hereby given that the annual meeting of stockholders of LHC Group, Inc. will be held at our principal executive offices located at 420 West Pinhook Road, Suite A, Lafayette, Louisiana 70503, on Thursday, June 21, 2012 at 10:00 a.m. (Central time) for the following purposes:

1. To elect the three Class I directors nominated by our board of directors, each to serve for a term of three years and until his or her successor is elected and qualified;

2. To adopt, on an advisory basis, a resolution approving the compensation of our named executive officers;

3. To ratify the selection of KPMG LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2012; and

4. To transact such other business as may properly come before the annual meeting or any adjournment or postponement thereof.

Only stockholders of record at the close of business on April 25, 2012 are entitled to notice of and to vote at the annual meeting or any adjournment or postponement thereof. Your attention is directed to the proxy statement accompanying this Notice for more complete information regarding the matters to be acted upon at the annual meeting.

Our board of directors unanimously recommends stockholders vote (1) FOR the director nominees named in the proxy statement, (2) FOR adoption of the resolution approving the compensation of our named executive officers and (3) FOR ratification of the selection of KPMG LLP as the company s independent registered public accounting firm for fiscal 2012.

Stockholders are cordially invited to attend the annual meeting in person.

By Order of the Board of Directors
Keith G. Myers
Chief Executive Officer

May 7, 2012

IMPORTANT

YOUR PROXY IS IMPORTANT. REGARDLESS OF WHETHER YOU PLAN TO ATTEND THE ANNUAL MEETING, PLEASE VOTE YOUR PROXY AS SOON AS POSSIBLE BY INTERNET, TELEPHONE OR BY COMPLETING, SIGNING AND DATING THE ENCLOSED PROXY CARD AND RETURNING IT WITHOUT DELAY IN THE ENCLOSED ENVELOPE, WHICH REQUIRES NO POSTAGE IF MAILED IN THE UNITED STATES.

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LHC GROUP, INC.

PROXY STATEMENT

ANNUAL MEETING OF STOCKHOLDERS

TO BE HELD ON THURSDAY, JUNE 21, 2012

The 2011 Annual Report to Stockholders, including financial statements, is being mailed to stockholders together with these proxy materials on or about May 7, 2012.

QUESTIONS AND ANSWERS ABOUT THE PROXY MATERIALS, ANNUAL MEETING AND VOTING

Why am I receiving these proxy materials?

Our board of directors is soliciting your proxy to vote at our 2012 annual meeting of stockholders because you owned shares of our common stock at the close of business on April 25, 2012, the record date for the annual meeting, and are therefore entitled to vote at the meeting. This proxy statement, along with a proxy card or a voting instruction card, is being mailed to stockholders beginning May 7, 2012. This proxy statement summarizes the information that you need to know in order to cast your vote at the annual meeting. You do not need to attend the annual meeting in person to vote your shares.

What is a proxy?

A proxy is your legal designation of another person, also referred to as a proxy, to vote your shares of stock. The written document providing notice of the annual meeting and describing the matters to be considered and voted on is called a proxy statement. The document used to designate a proxy to vote your shares of stock is called a proxy card. Our board has designated two of our officers, Keith G. Myers and Donald D. Stelly, as proxies for the annual meeting.

When and where will the annual meeting be held?

The annual meeting will be held at 10:00 a.m. Central Time on Thursday, June 21, 2012, at our principal executive offices, located at 420 West Pinhook Road, Suite A, Lafayette, Louisiana 70503.

Who is soliciting my proxy?

Our board of directors is soliciting your proxy to vote on all matters scheduled to come before the 2012 annual meeting of stockholders, whether or not you attend in person. By voting by proxy via the Internet or by telephone, or by signing and returning a proxy card or voting instruction card, you are authorizing the proxy holders to vote your shares at our annual meeting as you have instructed.

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On what matters will I be voting?

At the annual meeting, our stockholders will be asked to vote on the following matters:

1. the election of the three Class I directors nominated by our board of directors to serve for a term of three years and until their successors are elected;

2. the adoption, on an advisory basis, of a resolution approving the compensation of our named executive officers, as described in this proxy statement; and

3. the ratification of the selection of KPMG LLP as the company s independent registered public accounting firm for the fiscal year ending December 31, 2012.

Our stockholders will also be asked to consider any other business that properly comes before the meeting. Once the business of the annual meeting concludes, members of our management team and representatives of KPMG LLP, our independent registered public accounting firm, will be present to respond to appropriate questions from stockholders.

How does the board of directors recommend that I cast my vote?

The board of directors unanimously recommends that you vote:

1. **FOR** all of the director nominees;

2. **FOR** the adoption of the resolution approving the compensation of our named executive officers; and

3. **FOR** ratification of the selection of KPMG LLP as the company s independent registered public accounting firm for fiscal 2012.

We do not expect any matters to be presented for action at the meeting other than the items described in this proxy statement. By voting by proxy via the Internet or by telephone, or by signing and returning a proxy card or voting instruction card you will give to the persons named as proxies discretionary voting authority with respect to any other matter that may properly come before the annual meeting, and they intend to vote on any such other matter in accordance with their best judgment.

How many votes may I cast?

You have one vote for every share of our common stock that you owned on April 25, 2012, the record date.

How many votes can be cast by all stockholders?

As of the record date, we had 18,955,251 shares of common stock outstanding, each of which is entitled to one vote.

How many shares must be present to hold the annual meeting?

Our bylaws provide that the presence at the meeting, whether in person or by proxy, of the holders of a majority of the voting power of the outstanding shares of common stock entitled to vote in the election of directors constitutes a quorum necessary to properly convene a meeting of our stockholders. The inspector of elections will determine whether a quorum exists. Abstentions will be treated as shares present for quorum purposes, but broker non-votes will not be counted as present for purposes of a quorum, as they are not shares entitled to vote in the election of directors.

How do I vote?

Stockholder of Record.

If your shares are registered directly in your name with our transfer agent, American Stock Transfer & Trust Company, LLC, you are considered the stockholder of record with respect to those shares, and the proxy materials, including a proxy card were sent directly to you by us.

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If you are a stockholder of record, there are four ways to vote:

- *Via the Internet*. You may vote by proxy via the Internet at the web address shown on your proxy card;
- *By Telephone*. You may vote by proxy by calling the toll-free number found on your proxy card;
- *By Mail.* You may vote by proxy by filling out the proxy card and sending it back in the envelope provided; or
- *In Person*. You may vote in person at the annual meeting. If you desire to vote in person at the annual meeting, please request a ballot when you arrive.

Only the latest dated proxy received from you, whether by Internet, telephone or mail, will be voted at the annual meeting. If you vote by Internet, please do not mail your proxy card.

Beneficial Owner of Shares Held in Street Name.

If your shares are held in an account at a brokerage firm, bank, broker-dealer, or other similar organization, then you are the beneficial owner of shares held in street name, and the notice was forwarded to you by that organization. The organization holding your account is considered the stockholder of record for purposes of voting at the annual meeting. As a beneficial owner, you have the right to direct that organization on how to vote the shares held in your account. If you request printed copies of the proxy materials by mail, you will receive a voting instruction form from the organization holding your shares.

If you are a beneficial owner, there are four ways to vote:

- *Via the Internet*. You may vote by proxy via the Internet by visiting *http://www.voteproxy.com* and entering the control number found on your proxy card;
- *By Telephone*. You may vote by proxy by calling the toll-free number found on the voting instruction form you received from the organization holding your shares;
- *By Mail*. You may vote by proxy by filling out the voting instruction form you received from the organization that holds your shares and sending it back in the envelope provided; or
- *In Person*. If you are beneficial owner of shares held in street name and you wish to vote in person at the annual meeting, you must obtain a legal proxy from the organization that holds your shares.

What happens if I don t vote for a proposal? What is a broker non-vote?

Stockholders of Record

If you are a stockholder of record and:

You indicate when voting on the Internet or by telephone that you wish to vote as recommended by the board of directors; or

You sign and return a proxy card without giving specific voting instructions,
then the proxy holders will vote your shares in the manner recommended by the board of directors on all matters presented in this proxy statement and as the proxy holders may determine in their discretion with respect to any other matters properly presented for a vote at the annual meeting.

Beneficial Owners of Shares Held in Street Name

If you are a beneficial owner of shares held in street name and do not provide the organization that holds your shares with specific voting instructions, under the rules of various national and regional securities exchanges, the organization that holds your shares may generally vote on routine matters but cannot vote on non-routine matters. If the organization that holds your shares does not receive instructions from you on how to

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vote your shares on a non-routine matter, the organization that holds your shares will inform the inspector of elections that it does not have the authority to vote on this matter with respect to your shares. This is generally referred to as a broker non-vote.

Which proposals are considered routine or non-routine ?

The ratification of our independent registered public accounting firm for 2012 (Proposal 3) is a matter considered routine under applicable rules. A broker or other nominee may generally vote on routine matters, and therefore, no broker non-votes are expected to exist in connection with this proposal.

The election of directors (Proposal 1) and the approval of the compensation of our named executive officers (Proposal 2) are matters considered non-routine under applicable rules. A broker or other nominee cannot vote without instruction on non-routine matters, and therefore, there may be broker non-votes on Proposals 1 and 2.

Shares subject to broker non-votes will not be counted as votes for or against and will not be included in calculating the number of votes necessary for the approval of such matters to be presented at the meeting. Additionally, broker non-votes will not be counted as present for purposes of a quorum, as they are not shares entitled to vote in the election of directors.

What vote is required to elect directors?

Our bylaws provide that directors are elected by a plurality of the votes cast by holders of our common stock present in person or by proxy and entitled to vote at the annual meeting. This means that the nominees for available directorships who receive the highest number of affirmative votes cast are elected. When voting for director nominees, you may (1) vote FOR all the nominees, (2) WITHHOLD authority to vote for all nominees, or (3) WITHHOLD authority to vote for one or more nominees but vote FOR the other nominees. Only votes FOR are counted in determining whether a plurality has been cast in favor of a director. Abstentions, withheld votes and broker non-votes will have no effect on the plurality vote for the election of directors.

What vote is required to adopt the other proposals at the meeting?

The proposals to (1) adopt a resolution approving the compensation of our named executive officers, and (2) ratify the selection of KPMG LLP as our independent registered public accounting firm will be decided by the vote of the holders of a majority of the voting power present in person or by proxy and entitled to vote at the annual meeting. Abstentions will have the same effect as a vote against each of these proposals.

Can I revoke or change my vote after I deliver my proxy?

Yes. Your proxy can be revoked or changed at any time before it is voted by notice in writing to our Corporate Secretary, by our timely receipt of another proxy with a later date or by voting in person at the annual meeting.

How will votes be counted?

An inspector of elections will be appointed to, among other things, determine the number of shares of common stock outstanding on the record date, the number of shares represented at the annual meeting, the existence of a quorum and the authenticity, validity and effect of proxies, to receive votes of ballots, to hear and determine all challenges and questions in any way arising in connection with the right to vote, to count and tabulate all votes and to determine the results of the matters considered at the annual meeting.

Who pays for soliciting proxies?

We pay all expenses of soliciting proxies for the annual meeting. In addition to solicitations by mail, arrangements have been made for brokers and nominees to send proxy materials to their principals, and we will

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reimburse them for their reasonable expenses. We may have our employees or other representatives (who will receive no additional compensation for their services) solicit proxies by telephone, e-mail, personal interview or other means.

Could other matters be considered and voted upon at the annual meeting?

Our board does not expect to bring any other matter before the annual meeting, and it is not aware of any other matter that may be considered at the meeting. In addition, pursuant to our by-laws, the time has elapsed for any stockholder to properly bring a matter before the meeting. However, if any other matter does properly come before the meeting, the proxy holders will vote the proxies in their discretion.

What happens if the annual meeting is postponed or adjourned?

Unless a new record date is fixed, your proxy will still be valid and may be voted at the postponed or adjourned meeting. You will still be able to change or revoke your proxy until it is voted.

Do I need identification to attend the annual meeting in person?

Yes, please bring proper identification. If you are a beneficial owner, please bring acceptable proof of ownership, such as a letter from your broker or an account statement stating or showing that you beneficially owned our common stock on the record date.

How can stockholders present proposals and director nominations for our 2013 annual meeting?

If a stockholder wants to have a proposal formally considered at our 2013 annual meeting of stockholders and included in the company s proxy statement for that meeting, we must receive the proposal in writing at our principal executive offices by January 7, 2013, and the proposal must comply with applicable federal proxy rules.

If a stockholder wants to make a proposal or submit a director nomination for consideration at our 2013 annual meeting but does not wish to have it included in our proxy statement, we must receive the proposal in writing at our principal executive offices no earlier February 6, 2013 and no later than March 8, 2013. If the date of the 2013 annual meeting of stockholders is more than 30 days before or after June 21, 2013 (the anniversary date of the 2012 annual meeting of stockholders), to be timely, the stockholder must deliver notice no later than the close of business on the later of 90 days prior to the 2013 annual meeting of stockholders or 10 days following the day on which the company first makes public announcement of the date of the 2013 annual meeting of stockholders. See the section titled The Board of Directors and Corporate Governance-Stockholder Proposals in this proxy statement for additional information about stockholder nominations. All stockholder proposals and director nominations must comply with the requirements of our bylaws. Those requirements are separate from and in addition to the requirements of the Securities and Exchange Commission (SEC) that a stockholder must meet in order to have a stockholder proposal included in the company s proxy statement.

The address of our principal executive offices to which proposals and nominations should be directed is 420 West Pinhook Road, Suite A, Lafayette, Louisiana 70503.

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE

STOCKHOLDER MEETING TO BE HELD ON THURSDAY, JUNE 21, 2012

This proxy statement and LHC Group s Annual Report for the fiscal year ended December 31, 2011 are

available at http://investor.lhcgroup.com/annuals.cfm.

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THE BOARD OF DIRECTORS AND CORPORATE GOVERNANCE

Independence of Directors

The board has reviewed the independence of each of our directors in light of the definition of independent director as that term is defined in the NASDAQ Marketplace Rules. As a result of this review, we affirmatively determined that all of the directors are independent, with the exception of Keith G. Myers, our Chief Executive Officer, and John L. Indest, who was employed by the company until August 31, 2011 and currently serves as a consultant to the company.

In determining independence, we evaluated three relationships that did not constitute related party transactions and, therefore, do not require disclosure pursuant to Regulation S-K Item 404(a). In considering whether Dan S. Wilford qualifies as an independent director, we reviewed the company s employment agreement with Ned B. Wilford, the brother of Dan Wilford. We concluded that the employment agreement did not disqualify Dan Wilford as an independent director. Secondly, in considering whether Senator John B. Breaux qualifies as an independent director, we reviewed the company s relationship with Patton Boggs, which provides consulting services to the company, and of which Senator Breaux is Senior Counsel. We concluded that the relationship did not disqualify Senator Breaux as an independent director. Finally, in considering whether Congressman W.J. Billy Tauzin qualifies as an independent director, we reviewed the company s relationship with Alston & Bird, which provides legal and policy related services to the company, and of which Congressman Tauzin serves in a consulting capacity as Special Legislative Counsel. We concluded that the relationship did not disqualify Congressman Tauzin as an independent director.

Board Leadership Structure; Succession Planning

The board currently combines the role of Chairman of the Board with the role of Chief Executive Officer. We have also established a Lead Director position held by an independent director to further strengthen our governance structure. We believe this structure provides an efficient and effective leadership model for the company. Combining the Chairman and Chief Executive Officer roles fosters clear accountability, effective decision-making, and alignment on corporate strategy, while appointing a Lead Director ensures that an independent director serves in a board leadership position, allowing the independent directors to effectively oversee company management and key issues related to strategy, risk and integrity. To further assure effective independent oversight, we have adopted a number of governance practices, including:

- executive sessions of the independent directors after every board meeting; and

- annual performance evaluations of the Chairman and Chief Executive Officer by the independent directors.

Congressman Tauzin has served as our Lead Director since January 2005. The Lead Director s duties include preparing and reviewing agendas and minutes of committee meetings and pertinent board issues and presiding at regularly scheduled executive sessions of the board and other meetings of the independent directors.

We recognize that no single leadership model is right for all companies and that, depending on the circumstances, other leadership models, such as a separate independent Chairman of the Board, might be appropriate. Accordingly, we periodically review our leadership structure.

A key responsibility of the Chief Executive Officer and the board is ensuring that an effective process is in place to provide continuity of leadership over the long term at all levels in the company. Each year, succession-planning reviews are held at every significant organizational level of the company. During this review, the Chief Executive Officer and the members of the Nominating and Corporate Governance Committee discuss future candidates for senior leadership positions, succession timing for those positions, and development plans for the highest-potential candidates. This process ensures continuity of leadership over the long term, and it forms the basis on which the company makes ongoing leadership assignments. It is a key success factor in managing the long planning and investment lead times of our business.

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In addition, the Chief Executive Officer maintains in place at all times, and reviews with the Nominating and Corporate Governance Committee, a confidential plan for the timely and efficient transfer of his responsibilities in the event of an emergency or his sudden incapacitation or departure.

Risk Oversight

Our enterprise risk management is an overarching ongoing governance process for identifying, ranking, and managing the risks of our business. Top risks that have been identified through this process are managed by the executive team and assigned to the senior managers responsible for coordinating the monitoring, reporting and risk mitigation activities associated with such risks, which may be financial, operational or strategic in nature. Senior managers periodically provide detailed reports to the board or its committees. Accountability to a committee of the board is based on the nature of the risk and the applicable responsibilities of the committee. For all other risks not applicable to a committee, accountability is with the board. For example, financial risks are reviewed with the Audit Committee, governance related risks are reviewed by our Nominating and Corporate Governance Committee, while strategic risks are reviewed with the full board. The board of directors has delegated to the Compensation Committee the responsibility of assessing the risks associated with the Company s compensation practices and policies for employees, including a consideration of the counterbalance of risk-taking incentives and risk-mitigating factors in Company practices and policies.

Based on the results of the Compensation Committee s risk assessment, our management has concluded that our current compensation policies and practices do not create risks that are reasonably likely to have a material adverse effect on the company. Our management also believes that our incentive compensation arrangements provide incentives that do not encourage risk-taking beyond our organization s ability to effectively identify and manage significant risks, are compatible with effective internal controls and the risk management practices of the Company; and are supported by the oversight and administration of the Compensation Committee with regard to executive compensation programs.

Stockholder Rights Plan

On March 10, 2008, we adopted a three-year stockholder rights plan (commonly referred to as a poison pill) which we allowed to expire by its terms on March 11, 2011.

Committees and Meetings of the Board of Directors

During our fiscal year ended December 31, 2011, the board held five meetings and took additional action, from time to time, by unanimous written consent. Additionally, each director attended at least 96% of the aggregate number of meetings held in fiscal 2011 by the board and its committees on which he or she served. We have established a policy encouraging all members of the board to attend each annual meeting, particularly with respect to those directors who are up for an election at any such annual meeting. Four members of the board attended the 2011 annual meeting.

We have adopted a policy relating to executive sessions of the board. Under this policy, no less frequently than semi-annually, the board is required to meet in executive sessions in which independent directors meet separately from the non-independent directors and members of management. Although the policy only requires semi-annual meetings in executive sessions, our Board has executive session at each Board Meeting. The independent members of the board held five executive sessions during fiscal 2011.

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We have established four committees of the board of directors: the Audit Committee, the Compensation Committee, the Nominating and Corporate Governance Committee and the Clinical Quality Committee, each of which is briefly described below. The following table shows the current membership of these committees.

Name	Audit	Compensation	Nominating and Corporate Governance	Clinical Quality
George A. Lewis	X*	X		
Ted W. Hoyt	X	X		
Ronald T. Nixon	X		X	
Dan S. Wilford			X*	X
Monica F. Azare		X*		X
John B. Breaux			X	
John L. Indest				X*
Kenneth E. Thorpe				X

* Committee Chair

Audit Committee

During fiscal 2011, the Audit Committee held ten meetings and took additional action by unanimous written consent. The members of the Audit Committee are Messrs. Lewis, Hoyt and Nixon, with Mr. Lewis serving as Chair. We have determined that each member of the Audit Committee is independent as defined in Rule 10A-3 of the Securities Exchange Act of 1934 (the Exchange Act) and the NASDAQ Marketplace Rules, including rules specifically governing Audit Committee members. We have also determined that Mr. Lewis is an audit committee financial expert, as defined by Item 407(d)(5) of Regulation S-K of the rules of the Securities and Exchange Commission. A description of Mr. Lewis qualifications with regard to his status as an audit committee financial expert can be found in the biographical information set forth under Information About Directors, Nominees and Management in this proxy statement.

The Audit Committee was established in accordance with Section 3(a)(58)(A) of the Exchange Act and the charter of the Audit Committee is available on our website at *www.LHCGroup.com*.

The Audit Committee performs the following functions, among others:

Annually reviews and implements the Audit Committee charter and reports to the board regarding activities of the Audit Committee;

Performs an annual performance evaluation of the committee;

Selects our independent audit firm (whose duty it is to audit the financial statements of the company and its subsidiaries for the fiscal year in which it is appointed) and has the sole authority and responsibility to approve all audit and engagement fees and terms, as well as all significant, permitted non-audit services by our independent auditors;

Meets with the independent auditors and management of the company to review and discuss the scope of the audit and all significant matters related to the audit;

Reviews the adequacy and effectiveness of our internal controls regarding accounting and financial matters;

Reviews the company s financial statements and discusses them with management and the independent auditors;

Reviews and discusses with management our earnings reports and press releases, as well as financial information and earnings guidance provided to analysts and rating agencies;

Reviews and discusses with management our quarterly reports on Form 10-Q and annual reports on Form 10-K;

- Reviews and approves any proposed transaction with any affiliate, in accordance with our written policy with respect to related person transactions; and
- Reviews the effectiveness of our compliance program with management.

Additional information regarding the Audit Committee and its processes and procedures for the consideration and approval of related party transactions can be found under the heading Certain Relationships and Related Transactions later in this proxy statement.

Compensation Committee

During fiscal 2011, the Compensation Committee met three times and took additional action by unanimous written consent. The members of the Compensation Committee are Ms. Azare and Messrs. Hoyt and Lewis, with Ms. Azare serving as Chair. We have determined that each of the members of the Compensation Committee is an independent director as defined under the NASDAQ Marketplace Rules, is a non-employee director as defined in Rule 16b-3 under the Exchange Act, and is an outside director as defined under Section 162(m) of the Internal Revenue Code and related regulations.

The charter of the Compensation Committee is available on our website at *www.LHCGroup.com.* The Compensation Committee performs the following functions, among others:

- Annually reviews and approves our goals and objectives relevant to the compensation of our Chief Executive Officer and evaluates the performance of the company s Chief Executive Officer with respect to these goals and objectives;
- Determines and approves the compensation of our Chief Executive Officer based on such evaluation;
- Reviews, evaluates, determines and approves the compensation of our other executive officers;
- Makes recommendations to the board regarding our equity-based and incentive compensation programs;
- Annually reviews and implements the Compensation Committee charter and reports to the board regarding activities of the Compensation Committee; and
- Performs an annual performance evaluation of the committee.

The Compensation Committee has the authority to delegate any of its responsibilities to subcommittees as the Compensation Committee deems appropriate. In 2010, the Compensation Committee delegated authority to the committee Chair and our Chief Executive Officer to approve incentive awards under our long-term incentive plans to participants who are not subject to Section 16 of the Exchange Act, provided such awards are consistent with the previously approved methodology for determining awards. Additional information regarding the Compensation Committee and its processes and procedures for the consideration and determination of the executive compensation can be found under the heading Compensation Discussion and Analysis later in this proxy statement.

Nominating and Corporate Governance Committee

During fiscal 2011, the Nominating and Corporate Governance Committee held six meetings and took additional action by unanimous written consent. The members of the Nominating and Corporate Governance Committee are Messrs. Breaux, Nixon and Wilford, with Mr. Wilford serving as Chair. We have determined that the members of the Nominating and Corporate Governance Committee are independent directors under NASDAQ Marketplace Rules.

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The charter of the Nominating and Corporate Governance Committee is available on our website at *www.LHCGroup.com*. The Nominating and Corporate Governance Committee performs the following functions, among others:

- Annually reviews and implements the Nominating and Corporate Governance Committee charter and reports to the board regarding activities of the Nominating and Corporate Governance Committee;
- Recommends to the board for its approval proposed nominees for board membership after evaluating the proposed nominee and making a determination as to the proposed nominee s qualifications to be a board member;
- Performs an annual performance evaluation of the committee; and
- Evaluates the performance of each existing director before recommending to the board his or her nomination for an additional term as a director.

Clinical Quality Committee

During fiscal 2011, the Clinical Quality Committee met two times. The director members of the Clinical Quality Committee are Ms. Azare and Messrs. Thorpe, Wilford and Indest, with Mr. Indest serving as Chair.

The charter of the Clinical Quality Committee is available on our website at *www.LHCGroup.com*. The Clinical Quality Committee performs the following functions, among others:

- Advises our clinical leadership of leading edge strategies, including clinical practices to be evaluated for company adoption;
- Monitors the company s performance on established internal and external benchmarking regarding clinical performance and outcomes;
- Oversees and evaluates the effectiveness of our performance improvement and quality plans;
- Facilitates the development of industry best-practices based on internal and external data comparisons;
- Fosters enhanced awareness of the company s clinical performance by the board and appropriate external sources;
- Establishes a long-term, strategic clinical vision for the company;
- Makes recommendations to the board with respect to the company s overall quality, safety, and performance improvement initiatives;
- Makes regular reports to the board concerning the activities of the committee;

Annually reports to the board certain company statistical information as required by The Joint Commission;

Annually reviews and assesses the adequacy of the Clinical Quality Committee Charter and recommend any proposed changes to the board for approval; and

Performs an annual performance evaluation of the committee.

Director Nominee Evaluation Process

The Nominating and Corporate Governance Committee is responsible for seeking individuals qualified to become board members, conducting appropriate inquiries into the backgrounds and qualifications of possible board nominees and proposing nominees for board membership to the board for its approval. The Nominating and Corporate Governance Committee will consider candidates for board membership suggested by its members and other board members, as well as by management and stockholders.

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The Nominating and Corporate Governance Committee seeks to ensure that the composition of the board at all times reflects a variety of complementary experiences and backgrounds sufficient to provide sound and prudent guidance with respect to the operations and interests of the company. The Nominating and Corporate Governance Committee will evaluate prospective nominees considering certain factors, including:

- the commitment of the prospective nominee to represent the long-term interests of our stockholders;
- the prospective nominee s standards of character and integrity;
- the prospective nominee s financial literacy;
- the prospective nominee s ability to dedicate sufficient time, energy and attention to the diligent performance of his or her duties, including the prospective nominee s service on other public company boards;
- the prospective nominee s independence and absence of any conflicts of interest that would interfere with his or her performance as a director; and
- the extent to which the prospective nominee contributes to the range of talent, skill and expertise appropriate for the board.

The Nominating and Corporate Governance Committee strives to ensure that at least one member of the board meets the criteria for an audit committee financial expert, as defined by Item 407(d)(5) of Regulation S-K of the rules of the Securities and Exchange Commission, and that a majority of the members of the board meet the definition of independent director under the NASDAQ Marketplace Rules. The Nominating and Corporate Governance Committee also believes it appropriate for certain members of the company s management to participate as members of the board. Other than the foregoing, there are no stated minimum criteria for director nominees, although the Nominating and Corporate Governance Committee may also consider such other factors as it deems are in the best interests of the company and its stockholders, such as the current composition of the board, the balance of management and independent directors and the need for specialized expertise.

Annually, the Nominating and Corporate Governance Committee reviews with the board the appropriate experience, skills and characteristics expected of the board members in the context of the current make-up of the board. In accordance with our Corporate Governance Guidelines, the Nominating and Corporate Governance Committee s annual review includes assessing the diversity of the board and whether board members possess certain skills, such as an understanding of financial statements and financial reporting systems, an understanding of the healthcare industry, experience in operations, experience in governmental matters and experience in acquisitions. We view and define diversity in its broadest sense, which includes gender, ethnicity, education, experience and leadership qualities. If, as a result of the assessment, the Nominating and Corporate Governance Committee determines that adding or replacing a director is advisable, the Nominating and Corporate Governance Committee initiates a search for a suitable candidate to fulfill the board s needs from a diverse pool of candidates.

The Nominating and Corporate Governance Committee identifies nominees by first evaluating the current members of the board willing to continue in service. Current members of the board with skills and experience that are relevant to our business and who are willing to continue in service are considered for re-nomination, balancing the value of continuity of service by existing members of the board with that of the need for additional skills or experience from new board members. If any member of the board does not wish to continue in service, or if the Nominating and Corporate Governance Committee or the board decides not to re-nominate a current board member for re-election, the Nominating and Corporate Governance Committee identifies the desired skills and experience for a new nominee in light of the criteria for board members described above. The Nominating and Corporate Governance Committee considers new candidates for the board recommended by current members of the board or members of management. In addition, the Nominating and Corporate Governance Committee may, to the extent it deems appropriate, retain a professional search firm and other advisors to identify potential nominees for director. The Nominating and Corporate Governance Committee also considers director candidates

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recommended by eligible stockholders. The criteria employed by the Nominating and Corporate Governance Committee in evaluating potential nominees does not differ based on whether the candidate is recommended by a stockholder of the company.

A stockholder who wishes to recommend a prospective nominee for the board to the Nominating and Corporate Governance Committee should submit a written notice by mail to the Nominating and Corporate Governance Committee, c/o Corporate Secretary, LHC Group, Inc., 420 West Pinhook Road, Suite A, Lafayette, Louisiana 70503. Such a written recommendation must be received not less than 120 calendar days nor more than 150 calendar days before the first anniversary of the date of the company s notice of annual meeting sent to stockholders in connection with the previous year s annual meeting.

Stockholder recommendations to the Nominating and Corporate Governance Committee should include, at a minimum:

As of March 29, 2019, the 500 companies included in the Reference Asset were divided into eleven Global Industry Classification Sectors. The Global Industry Classification Sectors include (with the approximate percentage currently included in such sectors indicated in parentheses): Information Technology (21.2%); Health Care (14.6%); Financials (12.7%); Communication Services (10.1%); Consumer Discretionary (10.1%); Industrials (9.5%); Consumer Staples (7.3%); Energy (5.4%); Utilities (3.3%); Real Estate (3.1%); and Materials (2.6%). (Sector designations are determined by the Index Sponsor using criteria it has selected or developed. Index sponsors may use very different standards for determining sector designations. In addition, many companies operate in a number of sectors, but are listed in only one sector and the basis on which that sector is selected may also differ. As a result, sector comparisons between indices with different index sponsors may reflect differences in methodology as well as actual differences in the sector composition of the indices.) As of the close of business on September 21, 2018, the Index Sponsor and MSCI, Inc. updated the Global Industry Classification Sector structure. Among other things, the update broadened the Telecommunications Services sector and renamed it the Communication Services sector. The renamed sector includes the previously existing Telecommunication Services Industry group, as well as the Media Industry group, which was moved from the Consumer Discretionary sector and renamed the Media & Entertainment Industry group. The Media & Entertainment Industry group contains three industries: Media, Entertainment and Interactive Media & Services. The Media industry continues to consist of the Advertising, Broadcasting, Cable & Satellite and Publishing sub-industries. The Entertainment industry contains the Movies & Entertainment sub-industry (which includes online entertainment streaming companies in addition to companies previously classified in such industry prior to September 21, 2018) and the Interactive Home Entertainment sub-industry (which includes companies previously classified in the Home Entertainment Software sub-industry prior to September 21, 2018 (when the Home Entertainment Software sub-industry was a sub-industry in the Information Technology sector)), as well as producers of interactive gaming products, including mobile gaming applications). The Interactive Media & Services industry and sub-industry includes companies engaged in content and information creation or distribution through proprietary platforms, where revenues are derived primarily through pay-per-click advertisements, and includes search engines, social media and networking platforms, online classifieds and online review companies. The Global Industry Classification Sector structure changes were effective for the S&P 500® Index as of the open of business on September 24, 2018 to coincide with the September 2018 quarterly rebalancing.

Calculation of the Reference Asset

The Reference Asset is calculated using a base-weighted aggregative methodology. The level of the Reference Asset on any day for which a level is published is determined by a fraction, the numerator of which is the aggregate of the market price of each Reference Asset Constituent *times* the number of shares of such Reference Asset Constituent, and the denominator of which is the divisor, which is described more fully below. The "market value" of any Reference Asset Constituent is the *product* of the market price per share of that Reference Asset Constituent *times* the number of the then-outstanding shares of such Reference Asset Constituent that are then included in the Reference Asset .

The Reference Asset is also sometimes called a "base-weighted aggregative index" because of its use of a divisor. The "divisor" is a value calculated by the Index Sponsor that is intended to maintain conformity in Reference Asset levels over time and is adjusted for all changes in the Reference Asset Constituents' share capital after the "base date" as described below. The level of the Reference Asset reflects the total market value of all Reference Asset Constituents relative to the Reference Asset's base date of 1941-43.

In addition, the Reference Asset is float-adjusted, meaning that the share counts used in calculating the Reference Asset reflect only those shares available to investors rather than all of a company's outstanding shares. The Index Sponsor seeks to exclude shares held by certain shareholders concerned with the control of a company, a group that generally includes the following: officers and directors and related individuals whose holdings are publicly disclosed, private equity, venture capital, special equity firms, publicly traded companies that hold shares for control in another company, strategic partners, holders of restricted shares, employee stock ownership plans, employee and family trusts, foundations associated with the company, holders of unlisted share classes of stock, government entities at all levels

(except government retirement or pension funds) and any individual person listed as a 5% or greater stakeholder in a company as reported in regulatory filings (collectively, “control holders”). To this end, the Index Sponsor excludes all share-holdings (other than depositary banks, pension funds, mutual funds, exchange traded fund providers, 401(k) plans of the company, government retirement and pension funds, investment funds of insurance companies, asset managers and investment funds, independent foundations, savings plans and investment plans) with a position greater than 5% of the outstanding shares of a company from the float-adjusted share count to be used in Reference Asset calculations.

The exclusion is accomplished by calculating an Investable Weight Factor (IWF) for each Reference Asset Constituent that is part of the numerator of the float-adjusted index fraction described above:

IWF = (available float shares)/(total shares outstanding)

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where available float shares is defined as total shares outstanding less shares held by control holders. In most cases, an IWF is reported to the nearest one percentage point. For companies with multiple share class lines, a separate IWF is calculated for each share class line.

Maintenance of the Reference Asset

In order to keep the Reference Asset comparable over time the Index Sponsor engages in a Reference Asset maintenance process. The Reference Asset maintenance process involves changing the constituents as discussed above, and also involves maintaining quality assurance processes and procedures, adjusting the number of shares used to calculate the Reference Asset, monitoring and completing the adjustments for company additions and deletions, adjusting for stock splits and stock dividends and adjusting for other corporate actions. In addition to its daily governance of indices and maintenance of the Reference Asset methodology, at least once within any 12 month period, the S&P Index Committee reviews the Reference Asset methodology to ensure the Reference Asset continues to achieve the stated objective, and that the data and methodology remain effective. The S&P Index Committee may at times consult with investors, market participants, security issuers included in or potentially included in the Reference Asset, or investment and financial experts.

Divisor Adjustments

The two types of adjustments primarily used by the Index Sponsor are divisor adjustments and adjustments to the number of shares (including float adjustments) used to calculate the Reference Asset. Set forth below is a table of certain corporate events and their resulting effect on the divisor and the share count. If a corporate event requires an adjustment to the divisor, that event has the effect of altering the market value of the affected Reference Asset Constituent and consequently of altering the aggregate market value of the Reference Asset Constituents following the event. In order that the level of the Reference Asset not be affected by the altered market value (which could be an increase or decrease) of the affected Reference Asset Constituent, the Index Sponsor generally derives a new divisor by dividing the post-event market value of the Reference Asset Constituents by the pre-event Reference Asset level, which has the effect of reducing the Reference Asset's post-event level to the pre-event level.

Changes to the Number of Shares of a Constituent

The Reference Asset maintenance process also involves tracking the changes in the number of shares included for each of the Reference Asset Constituents. The timing of adjustments to the number of shares depends on the type of event causing the change, and whether the change represents 5% or more of the total share count (for companies with multiple share class lines, the 5% threshold is based on each individual share class line rather than total company shares). Changes as a result of mergers or acquisitions are implemented when the transaction occurs. At the Index Sponsor's discretion, however, de minimis merger and acquisition changes may be accumulated and implemented with the updates made at the quarterly share updates as described below. Changes in a constituent's total shares of 5% or more due to public offerings (which must be underwritten, have a publicly available prospectus or prospectus summary filed with the Securities and Exchange Commission and include a public confirmation that the offering has been completed) are implemented as soon as reasonably possible. Other changes of 5% or more are made weekly and are announced on Fridays for implementation after the close of trading on the following Friday. For changes of less than 5%, on the third Friday of the last month in each calendar quarter, the Index Sponsor updates the share totals of companies in the Reference Asset as required by any changes in the number of shares outstanding. The Index Sponsor implements a share / IWF freeze beginning after the market close on the Tuesday preceding the second Friday of each quarterly rebalancing month and ending after the market close on the third Friday of the quarterly rebalancing month. During this frozen period, shares and IWFs are not changed except for certain corporate action events (merger activity, stock splits and rights offerings).

Adjustments for Corporate Actions

There is a large range of corporate actions that may affect companies included in the Reference Asset. Certain corporate actions require the Index Sponsor to recalculate the share count or the float adjustment or to make an adjustment to the divisor to prevent the level of the Reference Asset from changing as a result of the corporate action. This helps ensure that the movement of the Reference Asset does not reflect the corporate actions of individual companies in the Reference Asset.

Spin-Offs

As a general policy, a spin-off security is added to the Reference Asset at a zero price at the market close of the day before the ex-date (with no divisor adjustment). The spin-off security will remain in the Reference Asset if it meets all eligibility criteria. If the spin-off security is determined ineligible to remain in the Reference Asset, it will generally be removed after at least one day of regular way trading (with a divisor adjustment). If there is a gap between the ex-date

and distribution date (or payable date), or if the spin-off security does not trade regular way on the ex-date, the spin-off security is kept in the Reference Asset until the spin-off security begins trading regular way.

Several additional types of corporate actions, and their related adjustments, are listed in the table below.

Corporate Action	**Share Count Revision Required?**	**Divisor Adjustment Required?**
Stock split	Yes – share count is revised to reflect new count.	No – share count and price changes are off-setting
Change in shares outstanding (secondary issuance, share repurchase and/or share buy-back)	Yes – share count is revised to reflect new count.	Yes
Special dividends	No	Yes – calculation assumes that share price drops by the amount of the dividend; divisor adjustment reflects this change in index market value
Change in IWF	No	Yes – divisor change reflects the change in market value caused by the change to an IWF
Company added to or deleted from the Reference Asset	No	Yes – divisor is adjusted by the net change in market value, calculated as the shares issued multiplied by the price paid
Rights Offering	No	Yes – divisor adjustment reflects increase in market capitalization (calculation assumes that offering is fully subscribed)

Recalculation Policy

The Index Sponsor reserves the right to recalculate and republish the Reference Asset at its discretion in the event one of the following issues has occurred: (1) incorrect or revised closing price of one or more constituent securities; (2) missed corporate event; (3) incorrect application of corporate action or Reference Asset methodology; (4) late announcement of a corporate event; or (5) incorrect calculation or data entry error. The decision to recalculate the Reference Asset is made at the discretion of the index manager and/or index committee, as further discussed below. The potential market impact or disruption resulting from the potential recalculation is considered when making any such decision. In the event of an incorrect closing price, a missed corporate event or a misapplied corporate action, a late announcement of a corporate event, or an incorrect calculation or data entry error that is discovered within two trading days of its occurrence, the index manager may, at his or her discretion, recalculate the Reference Asset without involving the index committee. In the event any such event is discovered beyond the two trading day period, the index committee shall decide whether the Reference Asset should be recalculated. In the event of an incorrect application of the methodology that results in the incorrect composition and/or weighting of Reference Asset Constituents, the index committee shall determine whether or not to recalculate the Reference Asset following specified guidelines. In the event that the Reference Asset is recalculated, it shall be done within a reasonable timeframe following the detection and review of the issue.

Calculations and Pricing Disruptions

Closing levels for the Reference Asset are calculated by the Index Sponsor based on the closing price of the individual constituents of the Reference Asset as set by their primary exchange. Closing prices are received by the Index Sponsor from one of its third party vendors and verified by comparing them with prices from an alternative vendor. The vendors receive the closing price from the primary exchanges. Real-time intraday prices are calculated similarly without a second verification. Prices used for the calculation of real time Reference Asset levels are based on the "Consolidated Tape". The Consolidated Tape is an aggregation of trades for each constituent over all regional exchanges and trading venues and includes the primary exchange. If there is a failure or interruption on one or more exchanges, real-time calculations will continue as long as the "Consolidated Tape" is operational.

If an interruption is not resolved prior to the market close, official closing prices will be determined by following the hierarchy set out in NYSE Rule 123C. A notice is published on the S&P website at *spdji.com* indicating any changes to the prices used in Reference Asset calculations. In extreme circumstances, the Index Sponsor may decide to delay Reference Asset adjustments or not publish the Reference Asset. Real-time indices are not restated.

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Unexpected Exchange Closures

An unexpected market/exchange closure occurs when a market/exchange fully or partially fails to open or trading is temporarily halted. This can apply to a single exchange or to a market as a whole, when all of the primary exchanges are closed and/or not trading. Unexpected market/exchange closures are usually due to unforeseen circumstances, such as natural disasters, inclement weather, outages, or other events.

To a large degree, the Index Sponsor is dependent on the exchanges to provide guidance in the event of an unexpected exchange closure. The Index Sponsor's decision making is dependent on exchange guidance regarding pricing and mandatory corporate actions.

NYSE Rule 123C provides closing contingency procedures for determining an official closing price for listed securities if the exchange is unable to conduct a closing transaction in one or more securities due to a system or technical issue.

3:00 PM ET is the deadline for an exchange to determine its plan of action regarding an outage scenario. As such, the Index Sponsor also uses 3:00 PM ET as the cutoff.

If all major exchanges fail to open or unexpectedly halt trading intraday due to unforeseen circumstances, the Index Sponsor will take the following actions:

Market Disruption Prior to Open of Trading:

(i) If all exchanges indicate that trading will not open for a given day, the Index Sponsor will treat the day as an unscheduled market holiday. The decision will be communicated to clients as soon as possible through the normal channels. Indices containing multiple markets will be calculated as normal, provided that at least one market is open that day. Indices which only contain closed markets will not be calculated.

(ii) If exchanges indicate that trading, although delayed, will open for a given day, the Index Sponsor will begin index calculation when the exchanges open.

Market Disruption Intraday:

(i) If exchanges indicate that trading will not resume for a given day, the Reference Asset level will be calculated using prices determined by the exchanges based on NYSE Rule 123C. Intraday Reference Asset levels will continue to use the last traded composite price until the primary exchange publishes official closing prices.

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Historical Information

The graph below shows the daily historical Closing Levels of the Reference Asset from April 2, 2009 through April 2, 2019. We obtained the information regarding the historical performance of the Reference Asset in the graph below from Bloomberg.

We have not independently verified the accuracy or completeness of the information obtained from Bloomberg. The historical performance of the Reference Asset should not be taken as an indication of its future performance, and no assurance can be given as to the Final Level of the Reference Asset. We cannot give you assurance that the performance of the Reference Asset will result in any positive return on your initial investment.

PAST PERFORMANCE IS NOT INDICATIVE OF FUTURE RESULTS.

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Supplemental Discussion of U.S. Federal Income Tax Consequences

The U.S. federal income tax consequences of your investment in the Notes are uncertain. No statutory, regulatory, judicial or administrative authority directly discusses how the Notes should be treated for U.S. federal income tax purposes. Some of these tax consequences are summarized below, but we urge you to read the more detailed discussion under "Supplemental Discussion of U.S. Federal Income Tax Consequences" in the product prospectus supplement and discuss the tax consequences of your particular situation with your tax advisor. This discussion is based upon the Internal Revenue Code of 1986, as amended (the "Code"), final, temporary and proposed U.S. Treasury Department (the "Treasury") regulations, rulings and decisions, in each case, as available and in effect as of the date hereof, all of which are subject to change, possibly with retroactive effect. Tax consequences under state, local and non-U.S. laws are not addressed herein. No ruling from the U.S. Internal Revenue Service (the "IRS") has been sought as to the U.S. federal income tax consequences of your investment in the Notes, and the following discussion is not binding on the IRS.

U.S. Tax Treatment. Pursuant to the terms of the Notes, TD and you agree, in the absence of a statutory or regulatory change or an administrative determination or judicial ruling to the contrary, to characterize your Notes as prepaid derivative contracts with respect to the Reference Asset. If your Notes are so treated, you should generally recognize gain or loss upon the taxable disposition of your Notes in an amount equal to the difference between the amount you receive at such time and the amount you paid for your Notes. Such gain or loss should generally be long-term capital gain or loss if you have held your Notes for more than one year (otherwise such gain or loss should be short-term capital gain or loss if held for one year or less). The deductibility of capital losses is subject to limitations.

Based on certain factual representations received from us, our special U.S. tax counsel, Cadwalader, Wickersham & Taft LLP, is of the opinion that it would be reasonable to treat your Notes in the manner described above. However, because there is no authority that specifically addresses the tax treatment of the Notes, it is possible that your Notes could alternatively be treated for tax purposes as a single contingent payment debt instrument, or pursuant to some other characterization, such that the timing and character of your income from the Notes could differ materially and adversely from the treatment described above, as described further under "Supplemental Discussion of U.S. Federal Income Tax Consequences — Alternative Treatments" of the product prospectus supplement.

Except to the extent otherwise required by law, TD intends to treat your Notes for U.S. federal income tax purposes in accordance with the treatment described above and under "Supplemental Discussion of U.S. Federal Income Tax Consequences" of the product prospectus supplement, unless and until such time as the Treasury and the IRS determine that some other treatment is more appropriate.

Notice 2008-2. In 2007, the IRS released a notice that may affect the taxation of holders of the Notes. According to Notice 2008-2, the IRS and the Treasury are actively considering whether a holder of an instrument such as the Notes should be required to accrue ordinary income on a current basis, and they are seeking taxpayer comments on the subject. It is not possible to determine what guidance they will ultimately issue, if any. It is possible, however, that under such guidance, holders of the Notes will ultimately be required to accrue income currently and this could be applied on a retroactive basis. The IRS and the Treasury are also considering other relevant issues, including whether additional gain or loss from such instruments should be treated as ordinary or capital, whether non-U.S. holders of such instruments should be subject to withholding tax on any deemed income accruals, and whether the special "constructive ownership rules" of Section 1260 of the Code should be applied to such instruments. Both U.S. and non-U.S. holders are urged to consult their tax advisors concerning the significance, and the potential impact, of the above considerations on their investments in the Notes.

Medicare Tax on Net Investment Income. U.S. holders that are individuals, estates or certain trusts are subject to an additional 3.8% tax on all or a portion of their "net investment income," or "undistributed net investment income" in the

case of an estate or trust, which may include any income or gain with respect to the Notes, to the extent of their net investment income or undistributed net investment income (as the case may be) that when added to their other modified adjusted gross income, exceeds $200,000 for an unmarried individual, $250,000 for a married taxpayer filing a joint return (or a surviving spouse), $125,000 for a married individual filing a separate return or the dollar amount at which the highest tax bracket begins for an estate or trust. The 3.8% Medicare tax is determined in a different manner than the regular income tax. You should consult your tax advisor as to the consequences of the 3.8% Medicare tax to your investment in the Notes.

Specified Foreign Financial Assets. U.S. holders may be subject to reporting obligations with respect to their Notes if they do not hold their Notes in an account maintained by a financial institution and the aggregate value of their Notes and certain other "specified foreign financial assets" (applying certain attribution rules) exceeds an applicable threshold. Significant penalties can apply if a U.S. holder is required to disclose its Notes and fails to do so.

Non-U.S. Holders. This section applies only if you are a non-U.S. holder. For these purposes, you are a non-U.S. holder if you are the beneficial owner of the Notes and are, for U.S. federal income tax purposes:

- a non-resident alien individual;
- a non-U.S. corporation; or
- an estate or trust that, in either case, is not subject to U.S. federal income tax on a net income basis on income or gain from the Notes.

If you are a non-U.S. holder, subject to Section 871(m) of the Code and FATCA, as discussed below, you should generally not be subject to U.S. withholding tax with respect to payments on your Notes or to generally applicable information reporting and backup withholding requirements with respect to payments on your Notes if you comply with certain certification and identification requirements as to your non-U.S. status including providing us (and/or the applicable withholding agent) a properly executed and fully completed applicable IRS Form W-8. Subject to Section 897 of the Code and Section 871(m) of the Code, as discussed below, gain from the taxable disposition of the Notes generally should not be subject to U.S. tax unless (i) such gain is effectively connected with a trade or business conducted by you in the U.S., (ii) you are a non-resident alien individual and are present in the U.S. for 183 days or more during the taxable year of such taxable disposition and certain other conditions are satisfied or (iii) you have certain other present or former connections with the U.S.

Section 897. We will not attempt to ascertain whether any Reference Asset Constituent Issuer would be treated as a "United States real property holding corporation" (a "USRPHC") within the meaning of Section 897 of the Code. We also have not attempted to determine whether the Notes should be treated as "United States real property interests" ("USRPI") as defined in Section 897 of the Code. If any such entity and the Notes were so treated, certain adverse U.S. federal income tax consequences could possibly apply, including subjecting any gain to a non-U.S. holder in respect of a Note upon a taxable disposition of the Note to U.S. federal income tax on a net basis, and the proceeds from such a taxable disposition to a 15% withholding tax. You should consult your tax advisor regarding the potential treatment of any such entity as a USRPHC and the Notes as USRPI.

Section 871(m). A 30% withholding tax (which may be reduced by an applicable income tax treaty) is imposed under Section 871(m) of the Code on certain "dividend equivalents" paid or deemed paid to a non-U.S. holder with respect to a "specified equity-linked instrument" that references one or more dividend-paying U.S. equity securities or indices containing U.S. equity securities. The withholding tax can apply even if the instrument does not provide for payments that reference dividends. Treasury regulations provide that the withholding tax applies to all dividend equivalents paid or deemed paid on specified equity-linked instruments that have a delta of one ("delta-one specified equity-linked instruments") issued after 2016 and to all dividend equivalents paid or deemed paid on all other specified equity-linked instruments issued after 2018. However, the IRS has issued guidance that states that the Treasury and the IRS intend to amend the effective dates of the Treasury regulations to provide that withholding on dividend equivalents paid or deemed paid will not apply to specified equity-linked instruments that are not delta-one specified equity-linked instruments and are issued before January 1, 2021.

Based on our determination that the Notes are not "delta-one" with respect to the Reference Asset or any U.S. Reference Asset Constituent, our counsel is of the opinion that the Notes should not be delta-one specified equity-linked instruments and thus should not be subject to withholding on dividend equivalents. Our determination is not binding on the IRS, and the IRS may disagree with this determination. Furthermore, the application of Section 871(m) of the Code will depend on our determinations made upon issuance of the Notes. If withholding is required, we will not make payments of any additional amounts.

Nevertheless, after issuance, it is possible that your Notes could be deemed to be reissued for tax purposes upon the occurrence of certain events affecting the Reference Asset, any Reference Asset Constituent or your Notes, and following such occurrence your Notes could be treated as delta-one specified equity-linked instruments that are subject to withholding on dividend equivalents. It is also possible that withholding tax or other tax under Section

871(m) of the Code could apply to the Notes under these rules if you enter, or have entered, into certain other transactions in respect of the Reference Asset, any Reference Asset Constituent or the Notes. If you enter, or have entered, into other transactions in respect of the Reference Asset, any Reference Asset Constituent or the Notes, you should consult your tax advisor regarding the application of Section 871(m) of the Code to your Notes in the context of your other transactions.

Because of the uncertainty regarding the application of the 30% withholding tax on dividend equivalents to the Notes, you are urged to consult your tax advisor regarding the potential application of Section 871(m) of the Code and the 30% withholding tax to an investment in the Notes.

As discussed above, alternative characterizations of the Notes for U.S. federal income tax purposes are possible. Should an alternative characterization of the Notes cause payments with respect to the Notes to become subject to withholding

tax, we (or the applicable withholding agent) will withhold tax at the applicable statutory rate and we will not make payments of any additional amounts.

Foreign Account Tax Compliance Act. The Foreign Account Tax Compliance Act ("FATCA") was enacted on March 18, 2010, and imposes a 30% U.S. withholding tax on "withholdable payments" (i.e., certain U.S.-source payments, including interest (and original issue discount), dividends, other fixed or determinable annual or periodical income, and the gross proceeds from a disposition of property of a type that can produce U.S.-source interest or dividends) and "passthru payments" (i.e., certain payments attributable to withholdable payments) made to certain foreign financial institutions (and certain of their affiliates) unless the payee foreign financial institution agrees (or is required), among other things, to disclose the identity of any U.S. individual with an account at the institution (or the relevant affiliate) and to annually report certain information about such account. FATCA also requires withholding agents making withholdable payments to certain foreign entities that do not disclose the name, address, and taxpayer identification number of any substantial U.S. owners (or do not certify that they do not have any substantial U.S. owners) to withhold tax at a rate of 30%. Under certain circumstances, a holder may be eligible for refunds or credits of such taxes.

Pursuant to final and temporary Treasury regulations and other IRS guidance, the withholding and reporting requirements under FATCA will generally apply to certain "withholdable payments", will not apply to gross proceeds on a sale or disposition, and will apply to certain foreign passthru payments only to the extent that such payments are made after the date that is two years after final regulations defining the term "foreign passthru payment" are published. If withholding is required, we (or the applicable paying agent) will not be required to pay additional amounts with respect to the amounts so withheld. Foreign financial institutions and non-financial foreign entities located in jurisdictions that have an intergovernmental agreement with the U.S. governing FATCA may be subject to different rules.

Investors should consult their tax advisors about the application of FATCA, in particular if they may be classified as financial institutions (or if they hold their Notes through a foreign entity) under the FATCA rules.

Proposed Legislation. In 2007, legislation was introduced in Congress that, if it had been enacted, would have required holders of Notes purchased after the bill was enacted to accrue interest income over the term of the Notes despite the fact that there will be no interest payments over the term of the Notes.

Furthermore, in 2013, the House Ways and Means Committee released in draft form certain proposed legislation relating to financial instruments. If it had been enacted, the effect of this legislation generally would have been to require instruments such as the Notes to be marked to market on an annual basis with all gains and losses to be treated as ordinary, subject to certain exceptions.

It is impossible to predict whether any similar or identical bills will be enacted in the future, or whether any such bill would affect the tax treatment of your Notes. You are urged to consult your tax advisor regarding the possible changes in law and their possible impact on the tax treatment of your Notes.

Both U.S. and non-U.S. holders are urged to consult their tax advisors regarding the U.S. federal income tax consequences of an investment in the Notes, as well as any tax consequences arising under the laws of any state, local or non-U.S. taxing jurisdiction (including that of TD).

Supplemental Plan of Distribution (Conflicts of Interest)

We have appointed TDS, an affiliate of TD, as the agent for the sale of the Notes. Pursuant to the terms of a distribution agreement, TDS will purchase the Notes from TD at the public offering price less any underwriting discount set forth on the cover page of this pricing supplement for distribution to other registered broker-dealers, or will offer the Notes directly to investors. TD will reimburse TDS for certain expenses in connection with its role in the offer and sale of the Notes, and TD will pay TDS a fee in connection with its role in the offer and sale of the Notes.

We expect that delivery of the Notes will be made against payment for the Notes on or about [ ], which is the fifth (5th) Business Day following the Pricing Date (this settlement cycle being referred to as "T+5"). Under Rule 15c6-1 of the Securities Exchange Act of 1934, as amended, trades in the secondary market generally are required to settle in two Business Days ("T+2"), unless the parties to any such trade expressly agree otherwise. Accordingly, if the initial settlement of the Notes occurs more than two Business Days from the Pricing Date, purchasers who wish to trade the Notes more than two Business Days prior to the Issue Date will be required to specify alternative settlement arrangements to prevent a failed settlement.

Conflicts of Interest. TDS is an affiliate of TD and, as such, has a ''conflict of interest'' in this offering within the meaning of Financial Industry Regulatory Authority, Inc. ("FINRA") Rule 5121. In addition, TD will receive the net proceeds from the initial public offering of the Notes, thus creating an additional conflict of interest within the meaning of FINRA Rule 5121. Consequently, the offering is being conducted in compliance with the provisions of FINRA Rule 5121. TDS is not permitted to sell Notes in this offering to an account over which it exercises discretionary authority without the prior specific written approval of the account holder.

We, TDS or any of our affiliates may use this pricing supplement in the initial sale of the Notes. In addition, we, TDS or any of our affiliates may use this pricing supplement in a market-making transaction in a Note after its initial sale. ***If a purchaser buys the Notes from us, TDS or any of our affiliates, this pricing supplement is being used in a market-making transaction unless we, TDS or any of our affiliates informs such purchaser otherwise in the confirmation of sale.***

Prohibition of Sales to EEA Retail Investors

The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("EEA"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU, as amended ("MiFID II"); (ii) a customer within the meaning of Directive 2002/92/EC, as amended, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Directive 2003/71/EC, as amended. Consequently no key information document required by Regulation (EU) No 1286/2014, as amended (the "PRIIPs Regulation"), for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

Events of Default

The indenture provides holders of Notes with remedies if we fail to perform specific obligations, such as making payments on the Notes, or if we become bankrupt. Holders should review the applicable provisions and understand which of our actions would trigger an event of default and which actions would not.

Under the indenture, “event of default” means any of the following:

- we default in the payment of the principal of or interest on, as applicable, any note of that series and, in each case, the default continues for a period of 30 Business Days; or
- we become insolvent or bankrupt or subject to the provisions of the Winding-up and Restructuring Act (Canada), or any statute hereafter enacted in substitution therefor, as such act, or substituted act, may be amended from time to time, (ii) we go into liquidation, either voluntary or under an order of a court of competent jurisdiction or (iii) we pass a resolution for our winding-up, liquidation or dissolution (with certain exceptions).

The indenture permits the issuance of notes in one or more series, and, in many cases, whether an event of default has occurred is determined on a series by series basis. For purposes of this section, with respect to notes issued on or after September 23, 2018, “series” refers to notes having identical terms, except as to issue date, principal amount and, if applicable, the date from which interest begins to accrue.

The indenture provides that:

- if an event of default due to the default in payment of principal of or, if applicable, any premium or interest on, any series of senior notes issued under the indenture, or due to any event of default referred to in the last bullet above applicable to the senior notes of that series but not applicable to all outstanding senior notes issued under the indenture, occurs and is continuing, either the trustee or the holders of not less than 25% in aggregate principal amount of the outstanding senior notes of each affected series, voting as a single class, by notice in writing to TD, may declare the principal of (or such other amount as may be specified) all senior notes of each affected series and, if applicable, interest accrued thereon to be due and payable immediately; and
- if an event of default due to specified events of bankruptcy, insolvency, winding up or liquidation of TD, occurs and is continuing, either the trustee or the holders of not less than 25% in aggregate principal amount of all outstanding senior notes issued under the senior debt indenture, treated as one class, by notice in writing to TD may declare the principal of (or such other amount as may be specified) all those senior notes and, if applicable, interest accrued thereon to be due and payable immediately.

Annulment of Acceleration and Waiver of Defaults.

In some circumstances, if any and all events of default under the indenture, other than the non-payment of the principal of the securities that has become due as a result of an acceleration, have been cured, waived or otherwise remedied, then the holders of a majority in aggregate principal amount of all series of outstanding senior notes affected, voting as one class, may annul past declarations of acceleration of or waive past defaults of the senior notes.

Differences in Events of Default

Notes issued by us prior to September 23, 2018, such as the Series A notes and the Series B notes, contain events of default that are different from those set forth above. In particular, the events of default applicable to the Series A notes and the Series B notes do not provide for a 30-business-day cure period with respect to any failure by us to pay the principal of or, if applicable, interest on those senior notes. Accordingly, if we fail to pay the principal of any series of Series A notes or Series B notes when due, the holders of such notes would be entitled to declare their securities due and payable following a 7-day cure period, whereas holders of Series C notes, Series D notes or Series E notes would not be entitled to accelerate the notes until 30 Business Days after our failure to pay the principal of the notes. In addition, if we fail to pay, if applicable, interest on any series of Series A notes or Series B notes when due, the

holders of such notes would be entitled to declare their securities due and payable following a 30-calendar day cure period, whereas holders of Series C notes, Series D notes or Series E notes would not be entitled to accelerate the notes until 30 Business Days after our failure to pay, if applicable, the interest on the notes.