



Investor Presentation

May 2009

We Are *Senior*Advocates

Forward Looking Statements

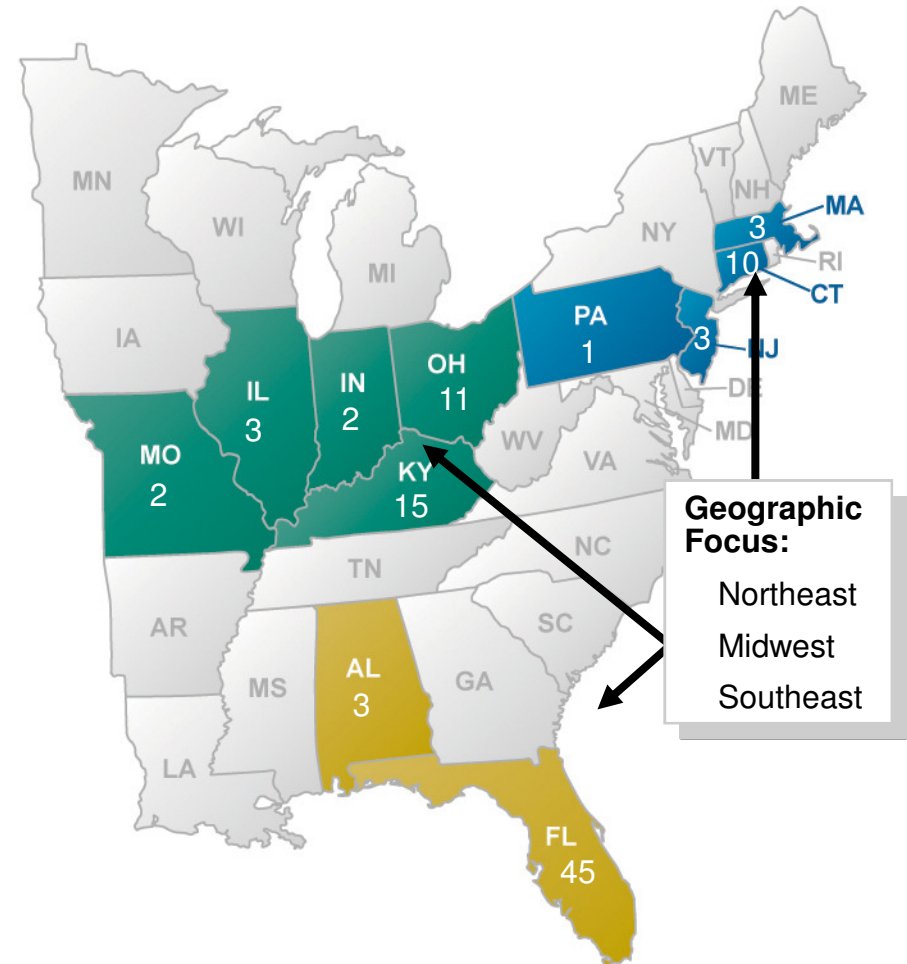
This presentation contains, and answers given to questions that may be asked today may constitute, forward-looking statements that are subject to a number of risks and uncertainties, many of which are outside our control. All statements regarding our strategy, future operations, financial position, estimated revenues or losses, projected costs, prospects, plans and objectives, other than statements of historical fact included in our prospectus, are forward-looking statements. When used in this presentation or in answers given to questions asked today, the words “may,” “will,” “could,” “would,” “expect,” “intend,” “plan,” “anticipate,” “believe,” “estimate,” “project,” “potential,” “continue,” and similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain these identifying words. You should not place undue reliance on forward-looking statements. While we believe that we have a reasonable basis for each forward-looking statement that we make, we caution you that these statements are based on a combination of facts and factors currently known by us and projections of future events or conditions, about which we cannot be certain. For a more complete discussion regarding these and other factors which could affect the Company's financial performance, refer to the Company's various filings with the Securities and Exchange Commission, including its filing on Form 10-K for the year ended December 31, 2008, in particular information under the headings "Special Caution Regarding Forward-Looking Statements" and “Risk Factors.” These cautionary statements qualify all of the forward-looking statements. In addition, market and industry statistics contained in this presentation are based on information available to us that we believe is accurate. This information is generally based on publications that are not produced for purposes of securities offerings or economic analysis.

All forward-looking statements speak only as of the date of this presentation. Except as required by law, we assume no obligation to update these forward-looking statements publicly or to update the factors that could cause actual results to differ materially, even if new information becomes available in the future.

We Are *Senior* Advocates

Almost Family Overview

- **Founded Louisville, KY -- 1976**
- **Two home health segments:**
 - **Visiting Nurse** Medicare-certified (~85% of revenue)
 - **Personal Care** primarily Medicaid-Waiver (~15% of revenue) Non-skilled
- **98 locations** in three geographic clusters, spanning 11 states
- **Revenue run rate over \$275 million**

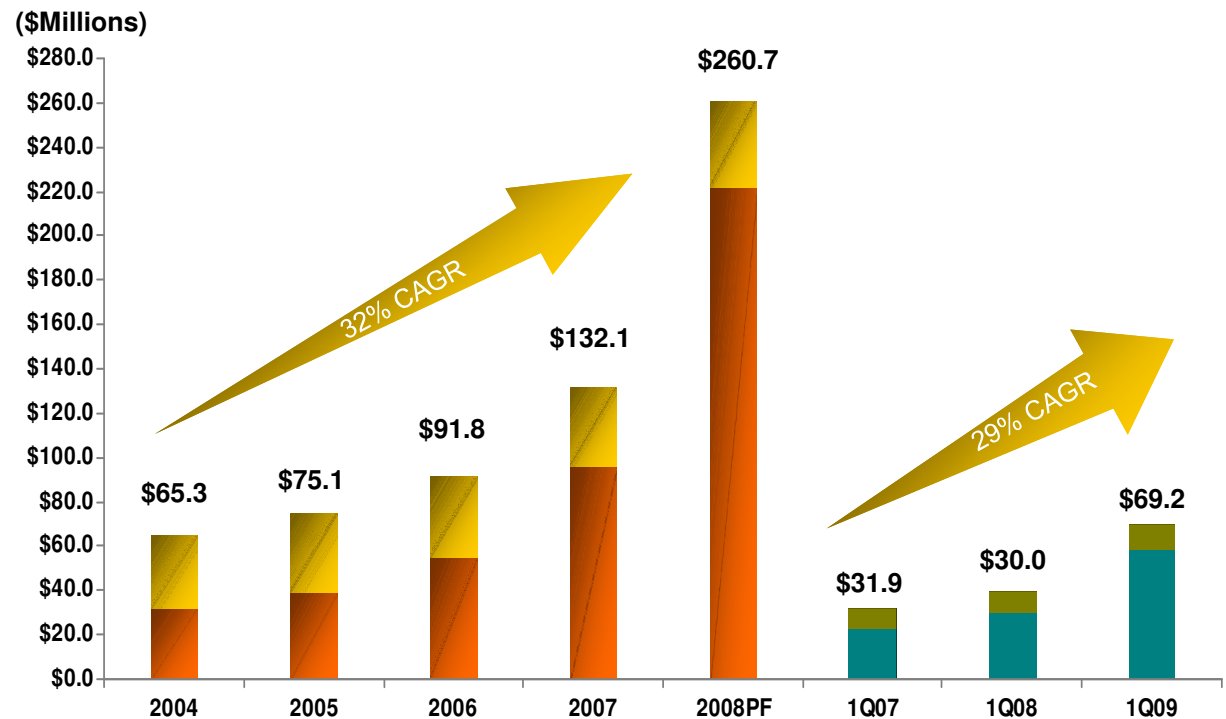


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Track Record of Strong Performance

- 32% revenue CAGR
- 75% EPS CAGR
- Last 24 months:
 - 43% organic growth
 - Acquired \$98M revenue

Revenue in Millions



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Experienced Management Team

Core Team Together for Over a Decade

William Yarmuth – CEO

28 years as AFAM CEO
Founding shareholder

Steve Guenthner – SVP and CFO

17 years as AFAM CFO
9 years Big Six public accounting

Todd Lyles – SVP Administration

12 years as AFAM SVP
13 years hospital management

Anne Liechty – SVP VN Operations North

23 years at AFAM

Recently Added Talent to Manage Growth

Phyllis Montville – SVP VN Operations South Florida

3+ years at AFAM, 20+ years as senior operator of home health businesses

Cathy Newhouse – SVP Clinical Programs, Sales and Marketing

22 years with Gentiva

Michael Moses – VP Group Living Programs

Founder Quality of Life Home Care

Nancy Ralston and James Spriggs – VPs Operations North Florida

Founders Apex Home Health Care

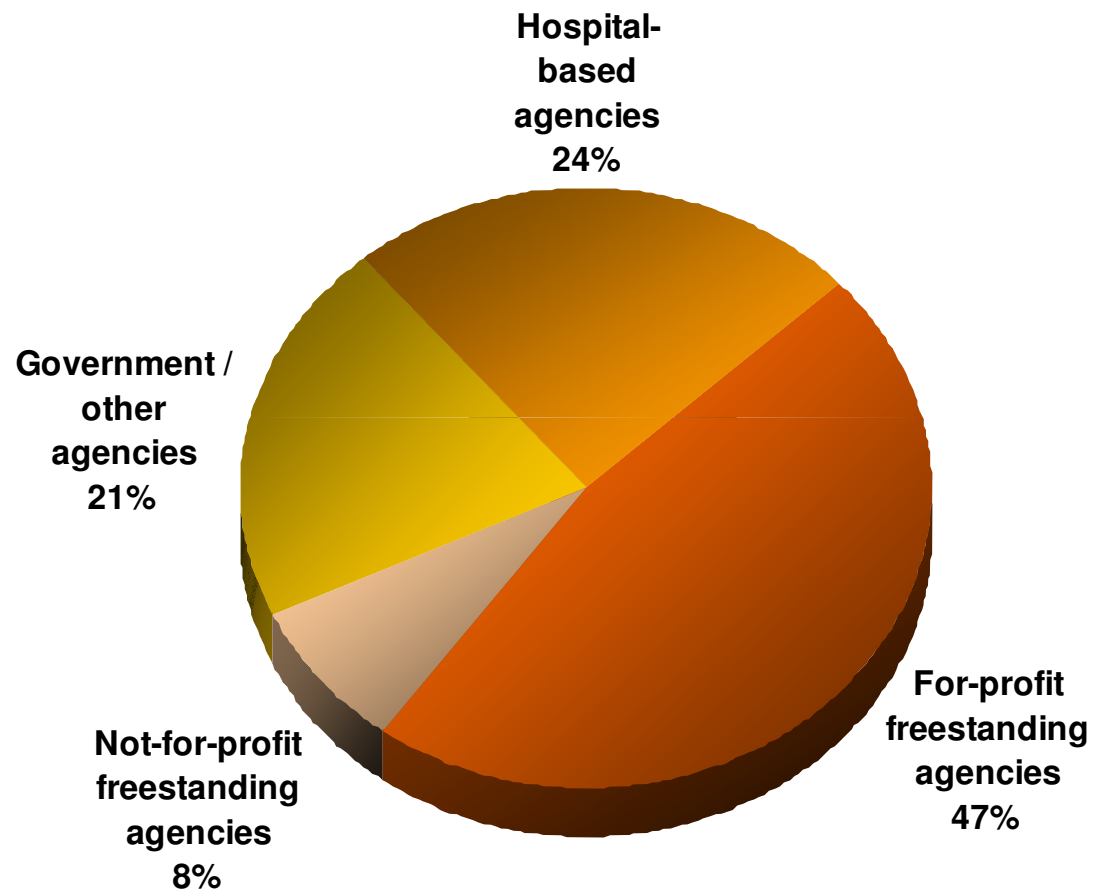
Ray Rasa – VP Operations Northeast

20+ years home health, Gentiva and Patient Care

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Fragmented Home Health Market - Calls for Consolidation

- ~9,200 Medicare-certified home health agencies in U.S.
- ~7,000 agencies are independently-owned operations
- \$16B Annual Medicare Spend
- Almost Family's acquisition criteria
 - Geographically complementary markets
 - Multi-site, free-standing agencies or hospital-based agencies



Source: CMS, MedPAC, National Association for Home Care and Hospice

Characteristics of the Medicare Population

■ 45 million beneficiaries

- Limited Resources – 1 out of 2 have income of less than \$21,000 (near poverty level)
- 1 out of 3 have 3 or more chronic health conditions
- 1 out of 3 have cognitive or mental impairment
- 1 out of 3 are in poor health
- 1 out of 5 have significant limitations in activities of daily living
- 1 out of 8 is over 85 years old
- 1 out of 20 lives in a nursing home

■ **The US Government is obligated** to provide for their health care needs and spends \$477B per year doing it – Projected to **double** in 10 years

■ **Home health** is the lowest cost way to meet that obligation – we represent about 4% of the entire Medicare spend

Source: Kaiser Family Foundation Medicare Primer 2009

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What is home health *really* about?

■ 80+ year old, sick patients

- Co-morbid chronic conditions, sickest of the sick, intensities increasing
- Want to stay in their homes – out of the hospital – out of long term care
- Want to restore their ability to care for themselves

■ Our Nurses and Therapists deliver:

- Avoided hospital episodes by identifying skilled needs before patient needs hospitalization
- Earlier hospital discharges, fewer re-admissions, fewer ER visits
- A better quality of life for the patients and their families
- Lower costs to the Medicare program

■ **Advocating the needs of seniors** improves their lives and saves significant dollars for the Medicare program

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Home Health Works Post Hospital Stay -- AHHQI – Avalere Study

- Studied three high cost conditions: diabetes, COPD and CHF -- 572,093 periods of care
- Compared early use of home health post-hospital to other non-home health post-acute care



Medicare Spending and
Rehospitalization for Chronically Ill
Medicare Beneficiaries: Home
Health Use Compared to Other
Post-Acute Care Settings

May 11, 2009

Avalere Health LLC

Avalere Health LLC | The intersection of business strategy and public policy

Avalere Conclusion:

“The post-hospital period of care costs and odds of hospital readmission are statistically significantly lower for diabetes patients, COPD patients, and CHF patients requiring PAC who use early home health, in every SOI category.”

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Avalere: Home Health Compared to Other Post-Acute Settings





Impact Analysis	Result
Reduction in Medicare post-hospital spending over 2005-2006 associated with use of early home health	\$1.71 billion
Reduction in Medicare post-hospital spending over 2005-2006 if lower period-of-care costs associated with early home health were applied to periods of care for non-home health user	\$1.77 billion
Fewer hospital readmissions over 2005-2006 period associated with use of early home health	24,000
Reduction in Medicare spending over 2005-2006 associated with the 24,000 fewer readmissions	\$216 million (Included in \$1.71B above)

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Federal Chronic Care Initiatives are Aligned with Home Health Care Strengths

Senate Finance proposal for Chronic Care Management Innovation Center, proposes options that :

Home
Health

- “(1) places the patient, including family members and other informal caregivers, at the center of the care team; 
- (2) focuses on in-person contact with beneficiaries; 
- (3) maintains a close relationship between care coordinators and primary care physicians; and 
- (4) relies on a team-based approach to interventions such as comprehensive care assessments, care planning ... and self-management coaching”. 

AFAM's Local Emphasis Drives Growth

- **Continuing Local Brand Identity** – Loyalty of employees, patients and referral sources to the local brand
- **Managing Successfully:**
 - Placing senior management closer to the local market
 - Local “course knowledge”, hometown business
 - Growing locally based sales & marketing staff
 - Standard local office operating model, with local office flexibility in marketing and clinical programs
 - Information system allows effective control through study and analysis of local activities

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AFAM's Senior Advocacy Mission

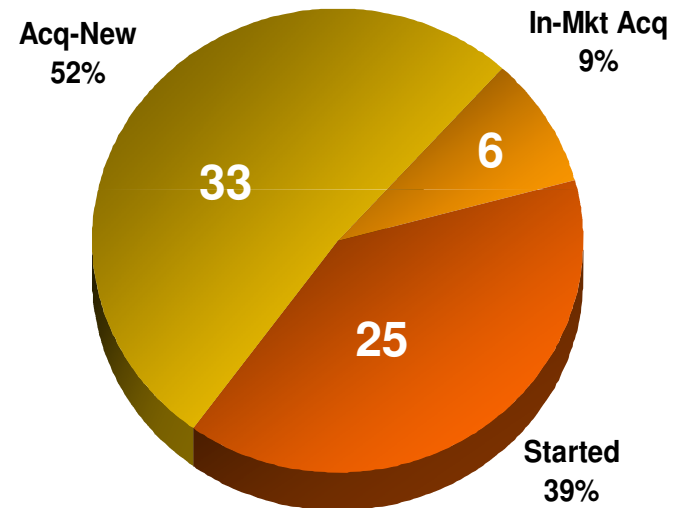
- **Senior Advocacy** philosophy is Common Bond
 - Singular focus on home-bound, geriatric population
 - Curative and Restorative Care
 - Individualized approach **advocates** for patients and their needs
 - Frail Elderly Care Management and Disease State Management
 - Increase referrals by improving outcomes
- **Credentialing Clinicians** as *Geriatric Specialists*
- **Specialty programs** in response to local needs
- **Consistent delivery** of highest quality patient care
 - Same store revenue growth is best quality measure

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AFAM's Disciplined Development Strategy

- **“Densification”** – Increase density of existing geographic clusters
- **Make selected acquisitions** to enter states and markets contiguous to existing operations
- **Build on Local Brand**
 - Use start-ups as extenders of existing service area
 - Opened 14 start-ups in 2008
 - Planning 5-10 startups in 2009
- **Optimize span of control**

Branch Development
Last 4 Years



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Densification Works

- Proven, replicable model for targeted states
- Largest Medicare U.S home care market
- Completed 10 acquisitions and 400+% revenue growth over four years
- ~\$100 million provider in Florida, 38 VN locations
- Seek continued densification
 - Cover 80% of population



Year	# Brchs	Rev \$ in (000's)	% Rev Growth	Branches		
				Start	Acq	Comb
2001	8	\$ 11,038		3	5	
2002	8	\$ 12,203	10.6%			
2003	8	\$ 13,583	11.3%			
2004	12	\$ 16,272	19.8%	4		
2005	14	\$ 20,362	25.1%	1	2	(1)
2006	25	\$ 29,089	42.9%	1	18	(8)
2007*	26	\$ 55,301	90.1%		1	
2008	37	\$ 103,219	86.6%	8	3	
Q109LTM	38	\$ 106,045	91.8%	1		
2004-2009			551.7%	15	24	(9)

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Bringing it All Together

- Local Market Emphasis
- Senior Advocacy Mission
- Densification
- Seasoned Management
- History of Strong Organic Growth
- Proven model for consolidation of fragmented industry



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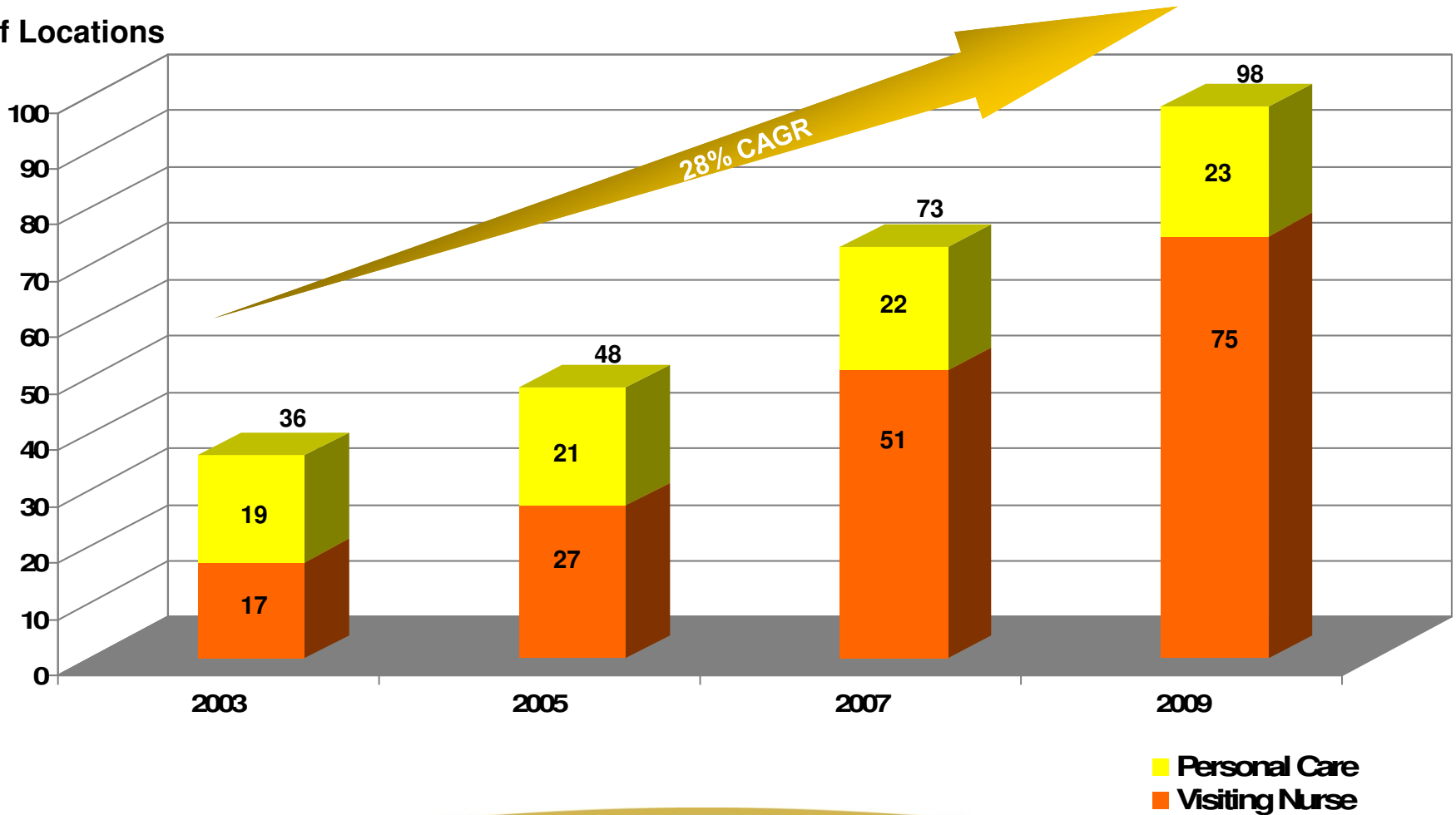
Financial Highlights

- Long term EPS growth driven by organic volumes
- Prudent management of capital structure with **appropriate** leverage
- Proven ability to access debt and equity
- Scalable infrastructure keeps tight rein on operating costs
- Strong track record of investing capital in accretive acquisitions

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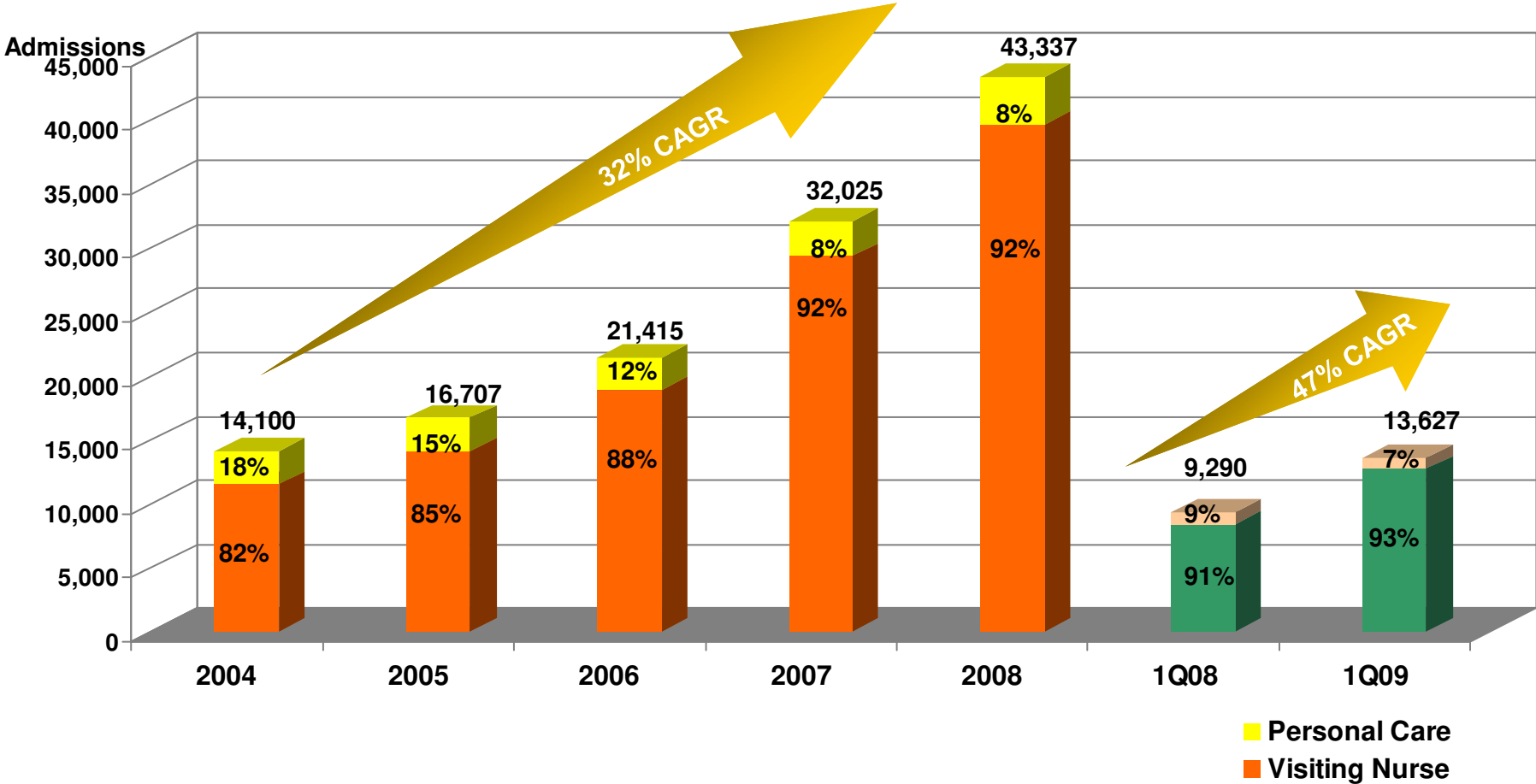
Track Record of Increasing Locations

of Locations



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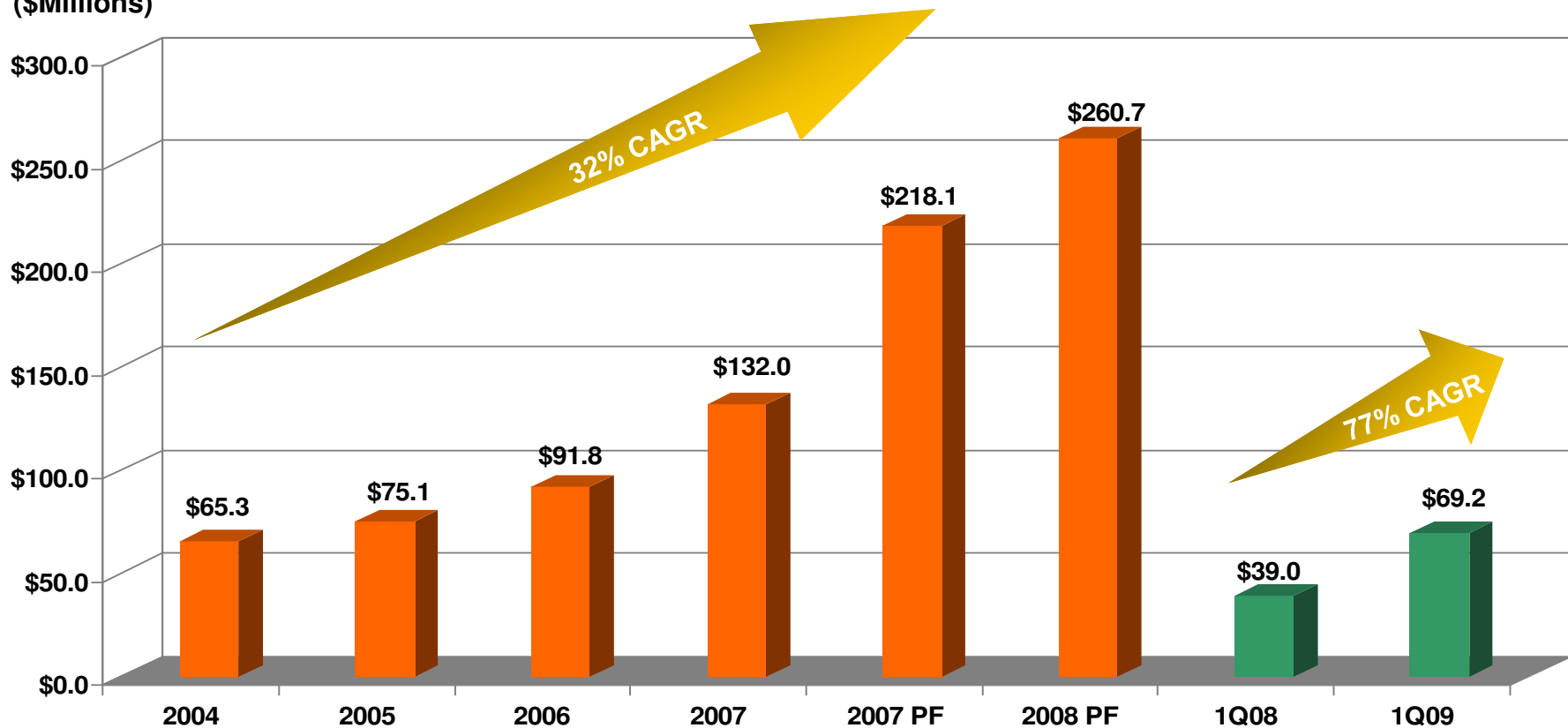
Growing Patient Admissions



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Proven Revenue Performance

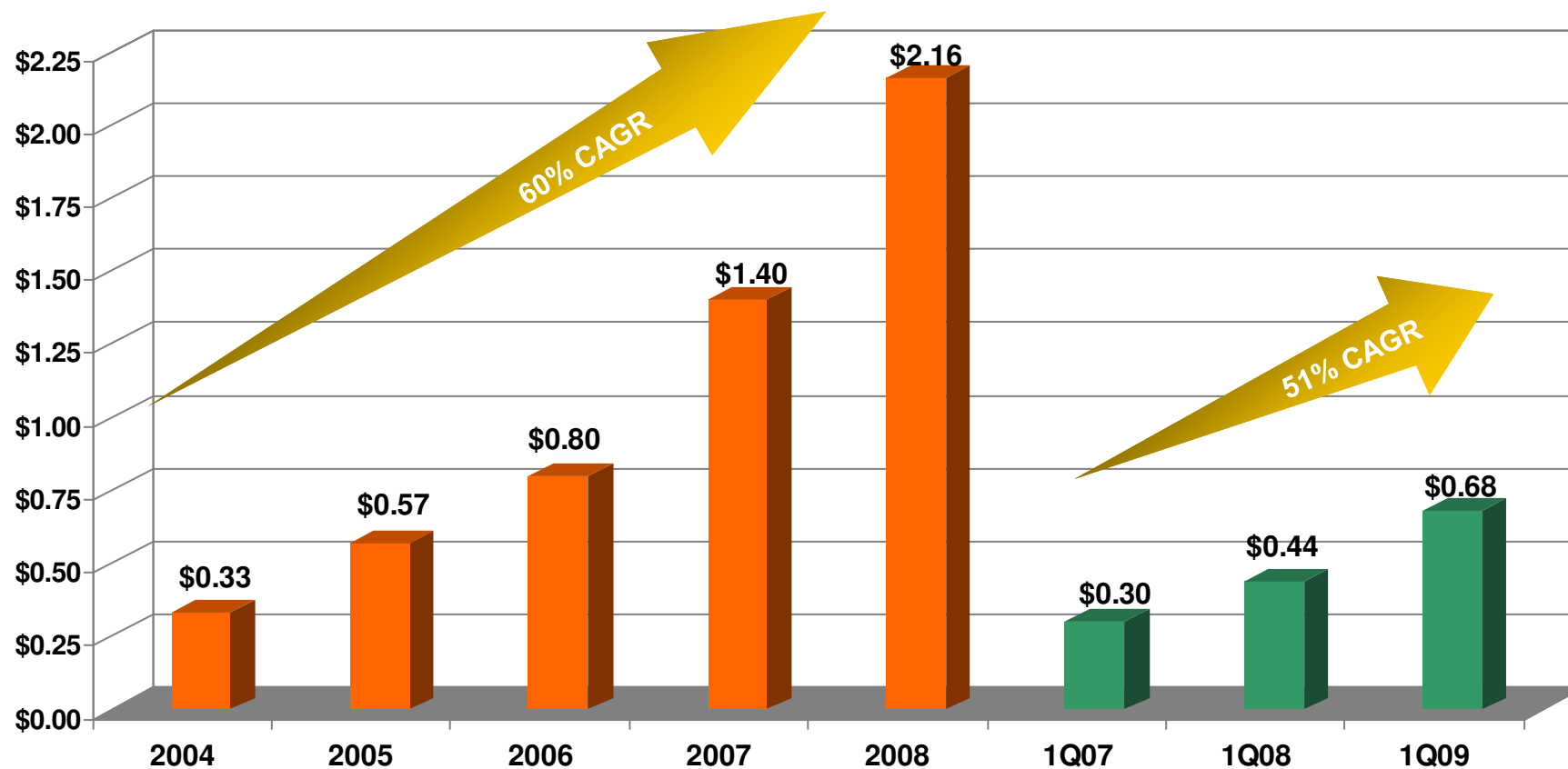
Continuing Operations
(\$Millions)



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Proven EPS Growth

Continuing Operations EPS
(\$Millions)



Based on diluted shares.

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Financial Update -- 2008 and Q1 2009

■ 2008 Highlights

- Revenues up 61%
- EPS up 59%
- VN organic revenue up 36%

■ Q1 2009

- Revenues up 77%
- EPS up 55%
- VN organic revenue up 41%

■ Financial Measures:

- AR DSO 47 at March 2009
- LTM EBITDA \$36M
- Debt \$29.8M

■ 2008 Organic Medicare Growth

- Admissions 12%
- Episodes 38%

■ Q109 Organic Medicare Growth

- Admissions 14%
- Episodes 36%

Reimbursement Uncertainty– WHAT is going on?

- President's Feb 2009 budget proposal set everything spinning
 - Follows MedPac -- 5.5% cut in 2010, then “rebasings” in 2011
 - Proposing post-acute bundling phase-in that could begin in 2015
 - Obama's “need for speed” and absence of any other voice puts all the emphasis on MedPac's recommendations
- Senate and House resolutions do NOT reflect cuts to home health reimbursement
- Political Process at work – you count on:
 - Continuous annual reconsideration of rates
 - Long term downward pressure on margins
 - Ups and Downs in expectations until Federal budget cycle is done

Reimbursement Uncertainty – How do we deal with it?

- Make sure Home Health has a seat at the table
 - Collaborate with NAHC and AHHQI to educate and inform
 - Research, grassroots, CEO time in DC
- Deal with long term margin shrink:
 - #1 Organic admissions growth
 - #2 Excel at the operational fundamentals
 - #3 Be a consolidator and densify geographic span of control
- Deal with short term uncertainty:
 - Manage debt levels more conservatively
 - Value acquisitions more conservatively,
 - Pace ourselves until we know more

Investment Thesis Remains: Long-Term EPS Growth as Low Cost Provider

- Same store sales growth (including post-acquisition)
 - 10%-15% same store volume growth
 - Incremental 30%-40% same store revenue margin (subject to change with rates)
- Favorable acquisition economics
 - Agency contribution 20%-25% of revenue, paying 4x-5x (subject to change with rates)
 - Incremental overhead 2%-3% of revenue
 - Strong ROI, accretive investments
- Follow-on startups enhance returns
- Margin implications
 - Volume-based incremental margin largely offsets rate cuts (case-mix creep adj)
 - Continue emphasis on efficiency of operations, improved clinical outcomes
- EPS implications
 - Conditions remain for long-term EPS growth as a consolidator

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Investment Highlights

- Annual revenue run rate now over \$275 million
- Leading regional home health provider
 - 40+% three year revenue CAGR
 - Decentralized operating model
- Strong capital position
 - \$50 million available for future growth
- Disciplined approach to acquisitions driven by seasoned management
- Growing force in consolidating home health care market
 - 13 acquisitions in three years
 - Three geographic clusters: Northeast, Southeast and Midwest