



Almost Family, Inc.

9510 Ormsby Station Rd., Suite 300

Louisville, KY 40223

502.891.1000 Fax: 502.891.8067

July 1, 2009

To Our Stockholders:

You are cordially invited to attend the 2009 Annual Meeting of Stockholders of Almost Family, Inc. on August 10, 2009. The meeting will be held at the Company's headquarters at 9510 Ormsby Station Road, Suite 300, Louisville, Kentucky, at 8:30 a.m. local time.

The official Notice of Annual Meeting, Proxy Statement, and Proxy Card are enclosed with this letter.

Please take the time to read carefully the three proposals for stockholder action described in the accompanying proxy materials. Whether or not you plan to attend, you can ensure that your shares are represented at the meeting by promptly completing, signing and dating your proxy form and returning it in the enclosed envelope. If you attend the meeting, you may revoke your proxy and vote your shares in person.

Your interest and participation in the affairs of the Company are greatly appreciated. Thank you for your continued support.

Sincerely,

A handwritten signature in black ink, appearing to read 'William B. Yarmuth', written in a cursive style.

William B. Yarmuth
Chairman of the Board,
President & CEO

ALMOST FAMILY, INC.
9510 Ormsby Station Road, Suite 300
Louisville, Kentucky 40223

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

The Annual Meeting of Stockholders (the "Annual Meeting") of Almost Family, Inc. (the "Company"), will be held at the Company's headquarters, 9510 Ormsby Station Road, Suite 300, Louisville, Kentucky, on August 10, 2009, at 8:30 a.m. local time for the following purposes:

- (1) To elect a Board of seven directors to serve until the next annual meeting of stockholders;
- (2) To ratify the appointment of Ernst & Young LLP as the Company's independent auditor for the fiscal year ending December 31, 2009;
- (3) To approve the 2009 Employee Stock Purchase Plan; and
- (4) To transact such other business as may properly come before the meeting or any adjournments thereof.

A Proxy Statement describing matters to be considered at the Annual Meeting is attached to this Notice. Only stockholders of record at the close of business on June 12, 2009, are entitled to receive notice of and to vote at the Annual Meeting. A list of stockholders entitled to vote at the Annual Meeting will be available for inspection for a period of ten days before the meeting at the Company's offices located at 9510 Ormsby Station Road, Suite 300, Louisville, Kentucky.

By Order of the Board of Directors



Louisville, Kentucky
July 1, 2009

C. Steven Guenther
Secretary

PLEASE MARK, DATE AND SIGN THE ENCLOSED PROXY AND RETURN IT IN THE ENVELOPE WHICH HAS BEEN PROVIDED. IF YOU ARE A REGISTERED HOLDER, YOU MAY CHOOSE TO VOTE YOUR SHARES ONLINE AT [HTTPS://WWW.PROXYVOTENOW.COM/AFAM](https://www.proxyvotenow.com/afam) OR BY CALLING 1-866-593-3355. IF YOU ATTEND THE MEETING, YOU MAY REVOKE YOUR PROXY AND VOTE YOUR SHARES IN PERSON.

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE STOCKHOLDER MEETING TO BE HELD ON AUGUST 10, 2009:

This proxy statement and our annual report to stockholders are available on our website at <http://www.almostfamily.com/stockholdermeeting.php>

ALMOST FAMILY, INC.
9510 Ormsby Station Road, Suite 300
Louisville, Kentucky 40223

PROXY STATEMENT

**ANNUAL MEETING OF STOCKHOLDERS
TO BE HELD AUGUST 10, 2009**

Introduction

This proxy statement and accompanying proxy are being furnished in connection with the solicitation of proxies by the board of directors (the "Board") of Almost Family, Inc., a Delaware corporation (the "Company"), to be voted on at the Annual Meeting of Stockholders (the "Annual Meeting") and any adjournments thereof. In this proxy statement, references to the "Company," "we," "us," or "our" refer to Almost Family, Inc. This proxy statement and accompanying proxy are first being mailed to stockholders on or about July 1, 2009.

Date, Time and Place

The Annual Meeting will be held at the Company's headquarters, at 9510 Ormsby Station Road, Suite 300, Louisville, Kentucky, on August 10, 2009, at 8:30 a.m., local time, for the purposes set forth in this proxy statement and the accompanying Notice of Annual Meeting.

Record Date and Voting Securities

The Board has fixed the record date (the "Record Date") for the Annual Meeting as the close of business on June 12, 2009. Only holders of record of shares of our common stock, par value \$.10 per share, (the "Common Stock") on the Record Date will be entitled to vote at the Annual Meeting and at any adjournment or postponement thereof. At the close of business on the Record Date, there were 8,176,473 shares of Common Stock outstanding and entitled to vote at the Annual Meeting. Each share of Common Stock is entitled to one vote. There is no cumulative voting.

The presence either in person or by proxy of the holders of a majority of the shares of Common Stock outstanding as of the Record Date will constitute a quorum and is required for the transaction of business at the Annual Meeting. You can vote either in person at the Annual Meeting or by proxy whether or not you attend the Annual Meeting. To vote by proxy, you can fill out the enclosed proxy card, date and sign it, and return it in the enclosed postage-paid envelope. If you want to vote in person at the Annual Meeting, and you hold your Common Stock through a securities broker (that is, in street name), you must obtain a proxy from your bank, broker or other holder of record and bring that proxy to the Annual Meeting.

Voting of Proxies

Shares of Common Stock represented by properly executed proxies received before the close of voting at the Annual Meeting will be voted as directed by the stockholders, unless revoked as described below. Under Delaware law, proxies marked as abstentions are not

counted as votes cast, but will be considered present and entitled to vote to determine if a quorum exists. In addition, shares held in street name that have been designated by brokers on proxy cards as not voted will not be counted as votes cast, but will be considered present and entitled to vote to determine if a quorum exists.

If you return a properly executed proxy card without indicating your vote, your shares will be counted as present for purposes of establishing a quorum and your shares will be voted for election of the individuals nominated as directors, for ratification of the selection of Ernst & Young LLP as the Company's independent registered public accounting firm for the current fiscal year, and for approval of the 2009 Employee Stock Purchase Plan.

If any other matter is brought before the Annual Meeting, shares represented by proxies will be voted by the proxy holders as directed by a majority of the Board.

Votes Required

Each of the proposals will be considered separately.

Item 1—Election of Directors

The affirmative vote of a plurality of the votes entitled to be cast by the holders of Common Stock present in person or represented by proxy is required to elect each director nominee. Proxies cannot be voted for a greater number of persons than are named. Abstentions from voting will have no effect on the election of directors.

Item 2—Ratification of the Appointment of the Independent Auditor

The proposal to ratify the appointment of Ernst & Young LLP as the Company's independent auditor for the fiscal year ending December 31, 2009, is approved if the number of shares voted in favor exceeds the number of shares voted against.

Item 3—Approval of 2009 Employee Stock Purchase Plan

The proposal to approve the 2009 Employee Stock Purchase Plan is approved if the number of shares voted in favor exceeds the number of shares voted against.

Other Matters

As of the date of this proxy statement, the Board knows of no matters that will be presented for consideration at the Annual Meeting other than those matters discussed in this proxy statement. If any other matters properly come before the Annual Meeting and call for a vote of stockholders, validly executed proxies in the enclosed form returned to us will be voted in accordance with the recommendation of the Board, or, in the absence of such a recommendation, in accordance with the judgment of the proxy holders.

Revocability of Proxies

A stockholder who completes and returns the proxy that accompanies this proxy statement may revoke that proxy at any time before the closing of the polls at the Annual Meeting. A stockholder may revoke a proxy by filing a written notice of revocation with, or by delivering a duly executed proxy bearing a later date to, the Secretary of the Company at the Company's main office address at any time before the Annual Meeting. Stockholders may also revoke proxies by delivering a duly executed proxy bearing a later date to the inspector of election at the Annual Meeting before the close of voting, or by attending the Annual Meeting and voting in person. You may attend the Annual Meeting even though you have executed a proxy, but your presence at the Annual Meeting will not automatically revoke your proxy.

Solicitation of Proxies

The original solicitation of proxies by mail may be supplemented by telephone and other means of communication and through personal solicitation by officers, directors and other employees of the Company, at no compensation. Proxy materials will also be distributed through brokers, custodians and other like parties to the beneficial owners of Common Stock, and the Company will reimburse such parties for their reasonable out-of-pocket and clerical expenses incurred in connection therewith. In addition, the Company may retain an outside proxy solicitation firm to assist the Company in the distribution of proxy materials and solicitation of votes, at an anticipated cost to the Company of approximately \$10,000 plus reasonable out-of-pocket expenses incurred by the proxy solicitor in connection with the proxy solicitation services.

PROPOSAL 1 ELECTION OF DIRECTORS

At the Annual Meeting, seven directors will be elected to serve until the next annual meeting of stockholders. Although it is not anticipated that any of the nominees listed below will decline or be unable to serve, if that should occur, the proxy holders may, in their discretion, vote for substitute nominees.

Nominees for Election as Directors

Set forth below is a list of Board members who will stand for re-election at the Annual Meeting, together with their ages, all Company positions and offices each person currently holds and the year in which each person joined the Board.

<u>Name</u>	<u>Age</u>	<u>Position or Office</u>	<u>Director Since</u>
William B. Yarmuth	57	Chairman of the Board, President and Chief Executive Officer	1991
Steven B. Bing	62	Director	1992
Donald G. McClinton	75	Director	1994

Tyree G. Wilburn	57	Director	1996
Jonathan D. Goldberg	57	Director	1997
W. Earl Reed, III	57	Director	2000
Henry M. Altman, Jr.	72	Director	2004

William B. Yarmuth. Mr. Yarmuth has been a director of the Company since 1991, when the Company acquired National Health Industries, where Mr. Yarmuth was Chairman, President and Chief Executive Officer. After the acquisition, Mr. Yarmuth became the President and Chief Operating Officer of the Company. Mr. Yarmuth became Chairman and CEO in 1992. He was Chairman of the Board, President and Chief Executive Officer of National Health Industries from 1981 to 1991.

Steven B. Bing. Mr. Bing was elected a director in 1992. From 1999 to 2007, Mr. Bing served with Prosperitas Investment Partners, L.P., a private investment company located in Louisville, Kentucky, most recently as its Chief Operating Officer. He is also a director of various closely-held business entities. Since 2005, Mr. Bing has served as Senior Vice President Sales & Marketing, New Business and Video Services for National Rural Telecommunications Cooperative, a large member owned cooperative in Herndon, Virginia, serving in excess of 1,200 telephone and electric cooperatives across the country.

Donald G. McClinton. Mr. McClinton was elected a director in 1994. Mr. McClinton was President and part owner of Skylight Thoroughbred Training Center, Inc., a thoroughbred training center, until 2002, when it was sold. From 1986 to 1994, Mr. McClinton was co-chairman of Interlock Industries, a privately held conglomerate in the metals and transportation industries.

Tyree G. Wilburn. Mr. Wilburn was elected a director in 1996. Since 2003, Mr. Wilburn has served as Chairman of the Board, President and Chief Executive Officer of Merit Health Systems, LLC, a private hospital management company. He was a private investor from 1996 to 2002. From 1992 to 1996, Mr. Wilburn was Chief Development Officer of Community Health Systems, Inc., and, most recently, Executive Vice President and Chief Financial and Development Officer. From 1974 to 1992, Mr. Wilburn was with Humana Inc. where he held senior and executive positions in mergers and acquisitions, finance, planning, hospital operations, audit and investor relations. He is also a director of several private companies.

Jonathan D. Goldberg. Mr. Goldberg was elected a director in 1997. Mr. Goldberg is the managing partner of the law firm of Goldberg and Simpson in Louisville, Kentucky, and has served in that capacity since 1991.

W. Earl Reed, III. Mr. Reed was elected a director in 2000. Since 1998, Mr. Reed has served as Chief Executive Officer of The Allegro Group, a healthcare financial advisory that advises public and private healthcare organizations including providing interim management services. From August 2005 to September 2007, Mr. Reed served as Chief Executive Officer and Chairman of the Board of LifeCare Holdings, Inc., a privately owned operator of 18 long-term hospitals. From May 2000 to December 2001, Mr. Reed served as Chairman, President and

Chief Executive Officer of Rehab Designs of America Corporation, a private venture capital backed orthotics and prosthetics healthcare company, as part of a turnaround project. From 1987 to 1998, Mr. Reed was Chief Financial Officer and member of the board of directors of Vencor, Inc.

Henry M. Altman, Jr. Mr. Altman was elected a director in 2004. Mr. Altman retired in 2002 following over 40 years of experience in public accounting, most recently serving as the president and managing director of the Deming, Malone, Livesay & Ostroff CPA firm. He is currently the owner of Altman Consulting, an independent business consulting firm. Mr. Altman currently serves on the boards of Jewish Hospital & St. Mary's HealthCare, University Medical Center in Louisville, Kentucky, and the American Hospital Association's Leadership Development Committee. He also serves on the boards of Louisville Medical Center Development Corporation and the Institute for Bioethics, Health Policy and Law. In 2001, Mr. Altman was presented with the inaugural Kentucky Hospital Association Health Care Governance Award.

Recommendation

THE BOARD OF DIRECTORS RECOMMENDS THAT STOCKHOLDERS VOTE "FOR" THE ELECTION OF EACH OF THE SEVEN NOMINEES FOR DIRECTOR OF THE COMPANY.

Meetings of the Board of Directors

The Board met on 8 occasions during the year ended December 31, 2008. Each incumbent director attended at least 75% of the aggregate number of meetings of the Board and its committees on which such director served during his period of service. In addition, all members of the Board are expected to attend the Annual Meeting and did so in 2008.

Committees of the Board of Directors

The Board has three standing committees: the Audit Committee, the Compensation Committee and the Nominating and Corporate Governance Committee. All members of these committees are "independent" as defined in rules and listing standards applicable to the Company.

Audit Committee. As described in its charter, the principal duties of the Audit Committee include appointing the Company's independent auditors, reviewing the scope of the audit, reviewing the corporate accounting practices and policies with the independent auditors, reviewing with the independent auditors their final report, reviewing with independent auditors overall accounting and financial controls and consulting with the independent auditors. The Audit Committee is also responsible for the review and approval of all related-party transactions required to be disclosed under the rules of the Securities and Exchange Commission; the Company is not currently a party to any such transactions. A copy of the Audit Committee charter is available in its entirety on the Company's website, www.almostfamily.com. All of the members of the Audit Committee are "independent," as that term is defined in the applicable rules for companies traded on The NASDAQ Global Select Market and meet the criteria for independence under the Sarbanes-Oxley Act of 2002 and the rules adopted by the Securities and

Exchange Commission. The members of the Audit Committee are Messrs. Altman, Goldberg, Reed (Chair), and Wilburn. The Board has designated Mr. Reed as the "audit committee financial expert" within the meaning of the SEC rules. The Audit Committee held 6 meetings during 2008.

Compensation Committee. The principal duties of the Compensation Committee are to review the compensation of directors and officers of the Company and to prepare recommendations and periodic reports to the Board concerning such matters. The Compensation Committee also administers the Company's employee stock incentive plans. The Compensation Committee does not have a written charter. The Compensation Committee makes all compensation decisions regarding the top three Named Executive Officers but has typically delegated to the CEO, subject to the committee's review, compensation decisions regarding the remaining Named Executive Officers. During 2008, the Committee engaged, on behalf of the Company, Mercer Human Resources Consulting to assist management and the Committee in evaluating the Company's executive compensation program. All of the members of the Compensation Committee are "independent," as that term is defined in the applicable rules for companies traded on The NASDAQ Global Select Market and meet the criteria for independence under the Sarbanes-Oxley Act of 2002 and the rules adopted by the Securities and Exchange Commission. The members of the Compensation Committee are Messrs. Altman, Bing, Goldberg (Chair), McClinton, Reed, and Wilburn. The Compensation Committee held 5 meetings during 2008.

Nominating and Corporate Governance Committee. The Board has adopted a written charter for the Nominating and Corporate Governance Committee, which charter sets forth the functions and responsibilities of the Nominating and Corporate Governance Committee. A copy of the Nominating and Corporate Governance Committee charter is available in its entirety on the Company's website, www.almostfamily.com. As described in its charter, the Nominating and Corporate Governance Committee exercises general oversight with respect to the governance of the Board, including with respect to the identification and recommendation to the Board of proposed nominees for election to the Board. All of the members of the Nominating and Corporate Governance Committee are "independent," as that term is defined in the applicable rules for companies traded on The NASDAQ Global Select Market and meet the criteria for independence under the Sarbanes-Oxley Act of 2002 and the rules adopted by the Securities and Exchange Commission. The members of the Nominating and Corporate Governance Committee are Messrs. Bing, Goldberg (Chair), and Wilburn. The Nominating and Corporate Governance Committee held 1 meeting during 2008.

Policy Regarding Consideration of Candidates for Director

Stockholder Nominees

The Nominating and Corporate Governance Committee will consider stockholder recommendations for director nominees at the 2009 annual meeting if stockholders comply with the requirements of the Company's by-laws; a copy of the relevant section of the by-laws may be obtained from the Company's Secretary. To be considered timely for the 2009 annual meeting, stockholders should submit nominations, if any, not less than 30 days before the 2009 annual meeting, to the Company's Corporate Secretary, at 9510 Ormsby Station Road, Suite 300, Louisville, Kentucky 40223. Stockholder nominations should include, among other items, the

name, age, business address and residence address of the nominee, the principal occupation or employment of the nominee, the class and number of shares of Common Stock which are beneficially owned by the nominee on the date such nomination is submitted, any other information relating to the nominee that is required to be disclosed in solicitations of proxies for election of directors, or is otherwise required, in each case, pursuant to Regulation 14A under the Securities Exchange Act of 1934. The stockholder nominating such nominee should also include the name and address of such stockholder and any other stockholders known by such stockholder to be supporting such nominee as they appear on the Company's books along with the class and number of shares of Common Stock which are beneficially owned on the date of the nomination by such stockholder and by any other stockholders known by such stockholder to be supporting such nominee.

Director Qualifications

The Nominating and Corporate Governance Committee seeks to ensure that the majority of directors qualify as "independent," as that term is defined in the applicable rules for companies traded on The NASDAQ Global Select Market and meet the criteria for independence under the Sarbanes-Oxley Act of 2002 and the rules adopted by the Securities and Exchange Commission. The Nominating and Corporate Governance Committee will review with the Board the requisite skills and characteristics for potential nominees. This assessment will include consideration of the nominees' qualification as independent as well as their background, board skill needs, diversity and business experience. The Board will seek individuals who have displayed high ethical standards, integrity and sound business judgment.

The Nominating and Corporate Governance Committee may also consider such other factors as it may deem are in the best interest of the Company and its stockholders. The manner in which the Nominating and Corporate Governance Committee evaluates a potential nominee will not differ based on whether the nominee is recommended by a stockholder of the Company.

The Company does not pay a third party fee to assist in identifying and evaluating nominees, but the Company does not preclude the potential for using such services if needed as may be determined at the discretion of the Nominating and Corporate Governance Committee.

Code of Ethics

The Board has approved and adopted a Code of Ethics and Business Conduct that applies to all directors, officers and employees, including the principal executive and financial officers, the controller and the principal accounting officer of the Company. The Code of Ethics and Business Conduct is available in its entirety on the Company's website, www.almostfamily.com. The Company intends to post amendments to, or waivers from, its Code of Ethics and Business Conduct, if any, that apply to the principal executive and financial officers, the controller or the principal accounting officer on its website.

PROPOSAL 2 RATIFICATION OF INDEPENDENT AUDITOR

Pursuant to prior authorization of the Company's Board, the Audit Committee has appointed the firm of Ernst & Young LLP to serve as the independent public accountants to audit

the financial statements of the Company for the year ended December 31, 2009. Accordingly, a resolution will be presented at the Annual Meeting to ratify the appointment of Ernst & Young LLP. If the stockholders fail to ratify the appointment of Ernst & Young LLP, the Audit Committee will reconsider such appointment. Even if the appointment is ratified, the Audit Committee in its discretion may direct the appointment of a different independent public accounting firm at any time during the year if the Audit Committee believes that such a change would be in the best interests of the Company and its stockholders. One or more representatives of Ernst & Young LLP are expected to be present at the Annual Meeting, will have the opportunity to make a statement if they desire to do so and will be available to respond to questions, as appropriate.

Recommendation

THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR THE RATIFICATION OF ERNST & YOUNG LLP AS THE COMPANY'S INDEPENDENT AUDITOR FOR THE FISCAL YEAR ENDING DECEMBER 31, 2009.

PROPOSAL 3 APPROVAL OF THE 2009 EMPLOYEE STOCK PURCHASE PLAN

Approval of the Almost Family, Inc. 2009 Employee Stock Purchase Plan

Stockholders are being asked to approve the Almost Family, Inc. 2009 Employee Stock Purchase Plan (the "2009 ESPP"). The Board of Directors approved the 2009 ESPP through a written action dated June 18, 2009, subject to approval of stockholders at the 2009 Annual Meeting. The purpose of the 2009 ESPP is to provide employees of the Company and its subsidiaries with an opportunity to participate in the growth of the Company and to further align the interest of the employees with the interests of the Company through the purchase of shares of the Company's Common Stock.

There will be 300,000 shares of the Company's Common Stock authorized for issuance under the 2009 ESPP if it is approved by stockholders.

The following summary describes the principal features of the 2009 ESPP, and is qualified in its entirety by reference to the full text of the 2009 ESPP. A copy of the 2009 ESPP is filed as Appendix A to the proxy statement for the 2009 Annual Meeting filed with the SEC.

Eligibility

Subject to certain limitations of Section 423(b) of the Code and eligibility conditions determined from time to time by the Board, any full-time employee of the Company or its subsidiaries who has completed 12 consecutive months of employment and any part-time employee of the Company or its subsidiaries who has completed 24 consecutive months of service is eligible to participate in the 2009 ESPP. Employees who, immediately after the grant of a purchase right, would own and/or hold rights or options to acquire five percent or more of the voting securities of the Company will be ineligible. Further, no employee will be granted a purchase right which would permit the employee to accrue an amount which exceeds \$25,000 worth of the Company's Common Stock (determined by the fair market value of the shares at the

time such option is granted) for each calendar year in which the purchase right is outstanding. As of June 12, 2009, 1,448 of the Company's employees were eligible to participate in the 2009 ESPP.

Purpose

The purpose of the 2009 ESPP is to provide employees of the Company and its subsidiaries with an opportunity to participate in the growth of the Company and to further align the interest of the employees with the interests of the Company through the purchase of shares of the Company's Common Stock.

Administration

The 2009 ESPP will be administered by the Company's Compensation Committee of the Board. All questions of interpretation or application of the 2009 ESPP are determined by the Committee, and its decisions are final, conclusive and binding on all participants.

Offering Periods

The 2009 ESPP is implemented by offering periods set by the Board from time to time (an "Offering Period"). The Board may change the duration of any offering period without stockholder approval, provided that no Offering Period may exceed 27 months.

Purchase Period; Purchase Price

Purchases of shares offered under the 2009 ESPP will occur on the last day of the Offering Period or on such other purchase dates during the Offering Period as set by the Board (a "Purchase Date"). The Board may set a maximum number of shares that may be purchased by any participant during an Offering Period. The purchase price of the shares offered will be set by the Board when it designates the Offering Period, and the purchase price will not be lower than the lesser of (i) 85% of the fair market value of the Common Stock on the first day of the Offering Period and (ii) 85% of the fair market value of the Common Stock on the Purchase Date. The fair market value of the Common Stock on a given date is the closing trading price of the Common Stock on such date, or the nearest prior business day on which trading occurred, as reported by any established stock exchange or national market system, or the exchange with the greatest volume of trading in the Common Stock. On June 12, 2009, the closing trading price of the Company's Common Stock was \$26.57.

Adjustments in Authorized Shares

In the event of any change in the corporate structure of the Company affecting the Common Stock pursuant to a merger, reorganization, consolidation, recapitalization, reclassification, split up, spin off, separation, liquidation, stock dividend, stock split, reverse stock split, share repurchase, share combination, share exchange or other change, the Board will make substitutions or adjustments to the shares authorized under the 2009 ESPP, as the Board determines to be appropriate and equitable to prevent the dilution or enlargement of the participants' rights.

Payroll Deductions

In the discretion of the Board or its appointed committee, participants may be allowed or required to purchase stock during an Offering Period by payroll deduction. A participant must elect to participate in the 2009 ESPP for the Offering Period by completing and returning a form provided by the Board or its appointed committee.

Restrictions on Transfer

Rights granted under the 2009 ESPP may not be assigned or transferred, nor any duties assigned, to any other person (other than by will and the laws of descent and distribution). Any attempted assignment, transfer or delegation will be void and have no effect.

Termination of Employment or Death

If a participant's employment is terminated for any reason, including death, before the end of an Offering Period or a Purchase Date during an Offering Period, all amounts deducted by the Company from the participant's compensation or otherwise paid by the participant toward the purchase of Common Stock during the Offering Period and before the date of termination shall be returned to the participant or the participant's heirs, unless the Board specifies otherwise in setting the terms of an Offering Period.

Amendment and Termination of the 2009 ESPP

The Board of Directors may at any time amend, terminate or modify the 2009 ESPP. Stockholder approval must be obtained for any amendment to the extent necessary to comply with applicable law.

Federal Tax Information for the 2009 ESPP

The 2009 ESPP, and the right of participants to make purchases thereunder, is intended to qualify under the provisions of Sections 421 and 423 of the Code. Under these provisions, no income will be taxable to a participant at the time of grant of the purchase right or purchase of shares. Upon disposition of the shares, the participant will generally be subject to tax, and the amount of the tax will depend upon the length of time the shares have been held by the participant. If the shares have been held by the participant for more than two years after the date of grant of the purchase right and more than one year after the Purchase Date, the purchaser will recognize ordinary income equal to the lesser of (a) the excess of the fair market value of the shares at the time of disposition over the purchase price or (b) 15% of the fair market value of the shares on the first day of the Offering Period. Further gain upon such disposition will be treated as long-term capital gain. If the shares are disposed of before the expiration of these holding periods, the participant will recognize ordinary income generally equal to the excess of the fair market value of the purchased shares on the Purchase Date over the purchase price. Any additional gain or loss on the sale will be capital gain or loss, which will be either long-term or short-term depending on the actual period for which the shares were held. The Company is entitled to a deduction for amounts taxed as ordinary income reported by participants upon disposition of shares within two years from date of grant or one year from date of acquisition.

The foregoing is only a summary of the effect of federal income taxation upon the participant and the Company with respect to the shares purchased under the 2009 ESPP. In addition, this summary does not discuss the tax consequences of a participant's death or the income tax laws of any state or foreign country in which the participant may reside. Reference should be made to the applicable provisions of the Code for more complete details.

As of July 1, 2009, no purchase rights have been granted and no shares of Common Stock have been issued pursuant to the 2009 ESPP.

The Employee Stock Purchase Plan became effective upon the date of its approval by the Company's board of directors, subject to the approval by the Company's stockholders.

Recommendation

THE BOARD OF DIRECTORS RECOMMENDS THAT STOCKHOLDERS VOTE "FOR" THE PROPOSAL TO APPROVE THE 2009 EMPLOYEE STOCK PURCHASE PLAN.

STOCK OWNERSHIP INFORMATION

The following table sets forth as of the Record Date certain information with respect to the beneficial ownership of the Company's Common Stock of (i) the Named Executive Officers, as defined herein, (ii) each director or nominee for director of the Company, (iii) all directors and executive officers as a group and (iv) each person known to the Company to be the beneficial owner of more than 5% of the outstanding Common Stock. The Company has no shares of Preferred Stock outstanding.

Shares of Common Stock Beneficially Owned (1)

<u>Directors and Executive Officers</u>	<u>Amount and Nature of Beneficial Ownership</u>	<u>Percent of Class</u>
William B. Yarmuth 9510 Ormsby Station Road, Suite 300 Louisville, KY 40223	581,794 (2)	7.1%
C. Steven Guenther	192,945 (3)	2.3%
Steven B. Bing	2,930 (4)	*
Donald G. McClinton	67,444 (5)	*
Tyree G. Wilburn	38,250 (6)	*
Jonathan D. Goldberg	91,061 (7)	1.1%
W. Earl Reed, III	146,804 (8)	1.8%

Henry M. Altman, Jr.	22,250	(9)	*
Patrick T. Lyles	86,562	(10)	1.1%
Anne T. Liechty	16,040	(11)	*
Phyllis D. Montville	5,125	(12)	*
Cathy S. Newhouse	4,400	(13)	*
John B. Walker	4,725	(14)	*
Directors and Named Executive Officers as a Group (13 persons)	1,260,330	(15)	15.1%

* Represents less than 1% of class.

- (1) Based upon information furnished to the Company by the named persons, information contained in filings with the Securities and Exchange Commission (the "Commission"), and on the 8,176,473 shares of common stock issued and outstanding as of the Record Date. Under the rules of the Commission, a person is deemed to beneficially own shares over which the person has or shares voting or investment power or has the right to acquire beneficial ownership within 60 days, and such shares are deemed to be outstanding for the purpose of computing the percentage beneficially owned by such person or group. Unless otherwise indicated, the named person has the sole voting and investment power with respect to the number of shares of Common Stock set forth opposite such person's name.
- (2) Includes 5,924 shares as to which Mr. Yarmuth shares voting and investment power pursuant to a family trust and 20,000 shares subject to currently exercisable options.
- (3) Includes 42,389 shares subject to currently exercisable options.
- (4) Includes 2,250 shares subject to currently exercisable options.
- (5) Includes 2,250 shares subject to currently exercisable options and 30,194 phantom shares within the Non-Employee Directors Deferred Compensation Plan.
- (6) Includes 14,250 shares subject to currently exercisable options.
- (7) Includes 2,250 shares subject to currently exercisable options, 50,211 phantom shares within the Non-Employee Directors Deferred Compensation Plan and includes 2,000 shares held by spouse's self-directed 401(k) plan over which Mr. Goldberg disclaims any beneficial interest. 31,100 shares of common stock have been pledged as loan security.
- (8) Includes 34,250 shares subject to currently exercisable options and 12,554 phantom shares within the Non-Employee Directors Deferred Compensation Plan.
- (9) Includes 12,250 shares subject to currently exercisable options.
- (10) Includes 25,750 shares subject to currently exercisable options.
- (11) Includes 3,250 shares subject to currently exercisable options.
- (12) Includes 3,125 shares subject to currently exercisable options.
- (13) Includes 2,500 shares subject to currently exercisable options.

- (14) Includes 3,125 shares subject to currently exercisable options.
- (15) Includes currently exercisable options held by all directors and executive officers as a group to purchase 167,639 shares of Common Stock and 92,959 phantom shares held by Non-Employee Directors within the Non-Employee Directors Deferred Compensation Plan.

EXECUTIVE OFFICERS

The following table sets forth certain information with respect to the Company's executive officers.

<u>Name</u>	<u>Age</u>	<u>Position or Office</u>
William B. Yarmuth	57	Chairman of the Board, President and Chief Executive Officer
C. Steven Guenther	48	Senior Vice President and Chief Financial Officer
P. Todd Lyles	47	Senior Vice President - Administration
Anne T. Liechty	57	Senior Vice President - VN Operations
Phyllis D. Montville	60	Senior Vice President - VN Operations
Cathy S. Newhouse	47	Senior Vice President - Sales and Clinical Programs
John B. Walker	51	Vice President and Chief Accounting Officer

Executive officers of the Company are elected by the Board of Directors for one year and serve at the pleasure of the Board of Directors with the exception of William B. Yarmuth who has an employment agreement with the Company. There are no family relationships between any director or executive officer.

William B. Yarmuth. Mr. Yarmuth has been a director of the Company since 1991, when the Company acquired National Health Industries (National"), where Mr. Yarmuth was Chairman, President and Chief Executive Officer. After the acquisition, Mr. Yarmuth became the President and Chief Operating Officer of the Company. Mr. Yarmuth became Chairman and CEO in 1992. He was Chairman of the Board, President and Chief Executive Officer of National from 1981 to 1991.

C. Steven Guenther. Mr. Guenther has been Senior Vice President and Chief Financial Officer of the Company since 1992. From 1983 through 1992 Mr. Guenther was employed as a C.P.A. with Arthur Andersen LLP. Before joining the Company, he served as a Senior Manager in the firm's Accounting and Audit division specializing in mergers and acquisitions, public companies and the healthcare industry.

P. Todd Lyles. Mr. Lyles joined the Company as Senior Vice President Planning and Development in 1997 and now serves as Senior Vice President - Administration. Before joining the Company Mr. Lyles was Vice President Development for the Kentucky Division of

Columbia/HCA, a position he had held since 1993. Mr. Lyles experience also includes 8 years with Humana Inc. in various financial and hospital management positions.

Anne T. Liechty. Ms. Liechty became Senior Vice President - VN Operations in 2001. Ms. Liechty has been employed by the Company since 1986 in various capacities including Vice President of Operations for the Company's VN segment and its Product segment.

Phyllis D. Montville. Ms. Montville became Senior Vice President - VN Operations in 2007. Ms. Montville came to the Company in 2006 as Vice President of VN Operations in Florida. Before coming to the Company, she served as President with Best Choice Home Health from November, 2004 through December, 2005. She has 24 years experience in home care management, most of which is in the Florida market. Ms. Montville owned and operated her own franchise for 10 years. She started in the home care field as a branch manager and home care nurse.

Cathy S. Newhouse. Ms. Newhouse became Senior Vice President - Sales and Clinical Programs in 2008 after joining the Company in 2007 as Vice President of Clinical Programs. During 2006 and 2007, she was Chief Operations and Clinical Officer with US Medical Management. From 1983 to 2006, she was with Gentiva Health Services, Inc. in progressive leadership roles. Her last position was Vice President of Specialty Programs. She has over 25 years experience in home care management focused on business development.

John B. Walker. Mr. Walker became Vice President and Chief Accounting Officer of the Company in May 2007. He is a C.P.A. with 29 years of financial management experience. In 2003, he founded American Pipe Lining - MidAmerica, Inc. and served as its president until the company's sale in 2007. Prior to that, he held various senior financial management positions with high-growth companies in health insurance, home health and energy industries.

EXECUTIVE COMPENSATION

The following Summary Compensation Table shows the compensation earned for the time period served as an executive officer during the last three fiscal years by: (1) the President and Chief Executive Officer, (2) the Chief Financial Officer, and (3) each of the three other highest compensated executive officers of the Company serving at December 31, 2008 (collectively, the "Named Executive Officers").

Summary Compensation Table

<u>Name and Principal Position</u>	<u>Year</u>	<u>Salary (\$)</u>	<u>Bonus (\$)</u>	<u>Stock Awards (\$)</u>	<u>Option Awards (\$)</u>	<u>Non-Equity Incentive Plan Compensation (\$)</u>	<u>Change in Pension Value and Nonqualified Deferred Compensation Earnings (\$)</u>	<u>All Other Compensation (\$)</u>	<u>Total (\$)</u>
William B. Yarmuth Chairman of the Board, President & CEO	2008	421,418	-	45,382	101,333	515,000	-	162	1,083,295
	2007	408,369	-	-	56,660	400,530	-	1,242	866,801
	2006	375,481	-	-	-	390,000	-	938	766,419
C. Steven Guenther Sr. Vice President, Secretary/Treasurer & CFO	2008	240,772	-	18,153	46,003	250,000	-	-	554,928
	2007	233,316	-	-	28,330	176,029	-	-	437,675
	2006	219,421	-	-	-	170,000	-	-	389,421
Patrick T. Lyles Sr. Vice President	2008	216,580	-	12,102	28,535	190,000	-	-	447,216
	2007	209,874	-	-	16,998	142,508	-	-	369,380
	2006	195,412	-	-	-	138,000	-	-	333,412
Anne T. Liechty Sr. Vice President- Visiting Nurse Operations	2008	184,135	-	6,051	16,267	150,000	-	1,006	357,459
	2007	168,986	-	-	9,443	102,000	-	1,175	281,604
	2006	156,379	-	-	-	150,000	-	1,016	307,395
Cathy S. Newhouse Sr. Vice President - Sales & Clinical Programs	2008	182,116	-	6,051	9,326	110,000	-	-	307,493
	2007	85,000	-	-	-	75,000	-	-	160,000
	2006	-	-	-	-	-	-	-	-

In 2008, the fair value of each option award was estimated on the date of grant using the Monte Carlo option valuation model with suboptimal exercise behavior. The Company adopted the Monte Carlo option valuation pricing model in 2007. This lattice model places greater emphasis on market evidence and predicts more realistic results, because it considers open form information including volatility, employee exercise behaviors and turnover. The following assumptions were used for the year ended December 31, 2008: equivalent interest rate of 3.14%, equivalent volatility of approximately 45.08%, implied expected lives of 3.3 years, and expected lives of 5.9 years.

The following table provides information about equity and non-equity awards granted to the Named Executive Officers in 2008. Options and restricted stock were granted pursuant to the Company's 2007 Stock and Incentive Compensation Plan. Options vest ratably over 4 years and will be fully vested on 3/07/12. Restricted stock vests on the third anniversary of the grant date.

Grants of Plan-Based Awards

<u>Name</u>	<u>Grant Date</u>	All Other Stock Awards: Number of Shares of Stock or <u>Units (#)</u>	All Other Option Awards: Number of Securities Underlying <u>Options (#)</u>	Exercise or Base Price of Option <u>Awards (\$/Sh)</u>	Grant Date Fair Value of Stock and Option Awards (\$)
William B. Yarmuth	3/07/08	7,500	20,000	22.18	348,510
C. Steven Guenther	3/07/08	3,000	7,500	22.18	134,850
Patrick T. Lyles	3/07/08	2,000	5,000	22.18	89,900
Anne T. Liechty	3/07/08	1,000	3,000	22.18	49,504
Cathy S. Newhouse	3/07/08	1,000	5,000	22.18	67,720

The following table provides information on the outstanding equity awards as of December 31, 2008, for the Named Executive Officers.

Outstanding Equity Awards at Fiscal Year-End

<u>Name</u>	Option Awards			Stock Awards			
	No. of Securities Underlying Unexercised Options (#) <u>Exercisable</u>	No. of Securities Underlying Unexercised Options (#) <u>Unexercisable</u>	Equity Incentive Plan Awards: No. of Securities Underlying Unearned Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date	Number of Shares or Units of Stock that have Not Vested (#)	Market Value of Shares or Units of Stock that have Not Vested (\$)
William B. Yarmuth	7,500 -	22,500 (2) 20,000 (3)		19.40 22.18	2/11/17 3/07/18	7,500	337,350
C. Steven Guenther	33,014 (1) 3,750 (2) -	- 11,250 (2) 7,500 (3)		2.13 19.40 22.18	2/03/11 2/11/17 3/07/18	3,000	134,940
Patrick T. Lyles	20,000 (1) 2,250 (2) -	- 6,750 (2) 5,000 (3)		2.13 19.40 22.18	2/03/11 2/11/17 3/07/18	2,000	89,960
Anne T. Liechty	1,250 (2) -	3,750 (2) 3,000 (3)		19.40 22.18	2/11/17 3/07/18	1,000	44,980
Cathy S. Newhouse	-	2,500 (3)		22.18	3/07/18	1,000	44,980

(1) Options granted pursuant to the Company's Amended and Restated 2000 Stock Option Plan. On the effective date of the January 2007 2-for-1 stock split the number of shares was multiplied by two and the exercise price was divided by two. Information is presented as adjusted for the 2-for-1 stock split. Options vest over 3 years and were fully vested on 2/5/2004.

- (2) Options granted pursuant to the Company's Amended and Restated 2000 Stock Option Plan. Options vest ratably over 4 years and will be fully vested on 2/10/2011.
- (3) Options and restricted stock were granted pursuant to the Company's 2007 Stock and Incentive Compensation Plan. Options vest ratably over 4 years and will be fully vested on 3/07/2012. Restricted stock vests on the third anniversary of the grant date.

Potential Payments Under Termination or Change in Control of the Company

The Company has a year-to-year employment agreement with William B. Yarmuth, its Chairman of the Board, President and Chief Executive Officer. The agreement had an initial term of two years and provides that it will automatically be renewed for successive one-year terms. Either the Company or Mr. Yarmuth may terminate the agreement as of the last day of any renewal term by giving at least 60 days' prior written notice of termination. In addition, the Company may by decision of the Board of Directors terminate the agreement at any time by written notice to Mr. Yarmuth. Mr. Yarmuth is entitled to certain payments upon termination of employment with the Company. If Mr. Yarmuth's employment is terminated under either provision stated above, he would be entitled to a payment equal to two times the base salary earned by him during the preceding twelve months, payable within 30 days following termination. As of December 31, 2008, this amount would have been \$821,600. If Mr. Yarmuth's employment is terminated by reason of his death or disability, he would be entitled to an amount equal to the excess of (i) 200% of his base salary over (ii) the present value of the disability payments to be received by him under any disability insurance policy maintained and paid for by the Company, if any, during the first two years in which such payments are to be received. This amount is payable within 90 days following the date of his death or disability. As of January 1, 2009, the employment agreement was amended to provide that payments upon termination (including following a change in control as described below) will not be made until Mr. Yarmuth has terminated employment within the meaning of the Internal Revenue Code Section 409A, and that to the extent payments are not exempt from 409A and are triggered by termination, payments will be delayed for six months following termination as required by Code Section 409A.

Following a "change of control," as defined in the employment agreement, if Mr. Yarmuth's employment with the Company is terminated for any reason (including cause, as defined) other than death or disability, he would be entitled to 290% of the base salary and bonus payments paid to him during the one-year period immediately preceding termination. This payment would be in a lump sum on the date of termination. As of December 31, 2008, this amount would have been \$2,352,857. For purposes of the agreement, a "change of control" includes (i) any person's acquisition of 50% or more of the Company's common stock, (ii) 75% or more of the Company's directors being replaced, unless the current directors approved of the replacements, and (iii) stockholder approval of a merger or consolidation of the Company or its complete liquidation. If any of the above payments would be subject to excise taxes, then Mr. Yarmuth would be entitled to receive a payment for the purpose of assuring that he receives all compensation to which the excise tax applies absolutely net of the excise tax.

The agreement includes a covenant not to compete that prohibits Mr. Yarmuth from competing with the Company within any county of any state in which the Company was at the time of termination conducting business or had a bona fide plan to begin conducting business.

No other Named Executive Officer has termination or change in control arrangements.

Directors' Compensation

The following table summarizes compensation paid to non-employee directors for 2008. Mr. Yarmuth is the only employee director and he does not receive any additional compensation for his service on the board of directors.

Director Compensation Table

Name	Fees Earned or Paid in Cash (\$)	Stock Awards (\$)	Option Awards (\$)	Non-Equity Incentive Plan Compensation (\$)	Change in Pension Value and Nonqualified Deferred Compensation		All Other Compensation (\$)	Total (\$)
					Earnings			
William B. Yarmuth	-	-	-	-	-	-	-	-
Steven B. Bing	28,000	-	9,604	-	-	-	-	37,604
Donald G. McClinton	28,000	-	9,604	-	-	-	-	37,604
Tyree G. Wilburn	40,000	-	9,604	-	-	-	-	49,604
Jonathan D. Goldberg	-	-	9,604	-	-	-	49,908	59,512
W. Earl Reed, III	40,000	-	9,604	-	-	-	-	49,604
Henry M. Altman, Jr.	26,500	-	9,604	-	-	-	-	36,104

The Option Awards column reflects the dollar amount recognized for financial statement reporting purposes for the fiscal year ended December 31, 2008, in accordance with Statement of Financial Accounting Standards No. 123 (Revised 2004), *Share-Based Payment* (“SFAS 123R”) of awards pursuant to the Company’s equity incentive program and thus include amounts from awards granted before, as well as in, fiscal year 2008, because the expense is being recognized over each award’s vesting period. Assumptions used in the calculation of these amounts for the fiscal year ended December 31, 2008 are included in Footnote 1 “Summary of Significant Accounting Policies – Stock-Based Compensation” to the Company’s audited financial statements for the fiscal year ended December 31, 2008, included in the Company’s Annual Report on Form 10-K filed with the SEC on March 6, 2009.

The Company cautions that the amounts reported in the Director Compensation Table for these awards may not represent the amounts that the directors will actually realize from the awards. Whether, and to what extent, a director realizes value will depend on the Company’s actual operating performance, stock price fluctuations and the director’s continued service.

At December 31, 2008, the aggregate number of option awards outstanding held by each director was as follows: Mr. Bing: 4,500; Mr. McClinton: 16,500; Mr. Wilburn: 20,500; Mr. Goldberg: 4,500; Mr. Reed: 36,500; and Mr. Altman: 14,500. No options were granted to non-employee directors in 2008.

The Company has a Non-Employee Directors Deferred Compensation Plan which allows directors to elect to receive fees for Board services in the form of shares of the Company's common stock. The Plan authorized 200,000 shares for such use. As of December 31, 2008, 92,131 shares have been allocated in deferred accounts, 35,262 have been issued to previous directors and 72,607 remain available for future allocation. Allocated shares are to be issued to directors when they cease to be directors or upon a change in control. Directors' fees are expensed as incurred whether paid in cash or deferred into the Plan. Amounts shown in the column "All Other Compensation" above represent 2008 fees deferred into the Non-Employee Directors Deferred Compensation Plan by Mr. Goldberg.

In February 2007, the Company implemented the recommendations of Mercer regarding compensation of non-employee directors. As a result, the Company has targeted cash compensation between the 25th and 50th percentile of the peer group. For 2008, directors received cash compensation according to the following table:

Annual Retainer	\$	15,000
Chairman of audit committee additional retainer	\$	7,500
Chairman of compensation committee additional retainer	\$	5,000
Meeting fee per board meeting attended	\$	1,500
Meeting fee per committee meeting attended	\$	1,000

The Company also reimburses directors for the reasonable expenses they incur to attend board of directors, board committee and stockholder meetings. For 2009, the annual retainer is \$25,000.

COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

The Compensation Committee of the Board is comprised of Messrs. Altman, Bing, Goldberg (chair), McClinton, Reed and Wilburn, each a non-employee director of the Company. None of our executive officers serves on the Compensation Committee or board of directors of any other company of which any members of our Compensation Committee or any of our directors is an executive officer.

COMPENSATION DISCUSSION AND ANALYSIS

Overview

The Company's executive compensation program is designed to (1) motivate and retain executive officers, (2) reward the achievement of short-term and long-term performance goals, (3) establish an appropriate relationship between executive pay and short-term and long-term performance and (4) align executive officers' interests with those of the Company's stockholders. The primary elements of the Company's compensation program are base salary, annual cash incentive awards and equity-based compensation. The Company believes that each element supports one or more of the objectives of the Company's compensation program and

provides sufficient flexibility to the Compensation Committee (the “Committee”) to structure future awards to address new issues and challenges facing the Company. The Company’s executive compensation program attempts to target total direct compensation for the Named Executive Officers (as defined herein) between the 50th and 75th percentiles of the healthcare industry, depending upon the individual performance of the Named Executive Officer, his level of responsibility, and the performance of the Company. The Company believes that this range of compensation allows it to attract and retain qualified and experienced healthcare executives.

Performance Measures

The primary elements of the Company’s executive compensation program are designed to promote the achievement of financial operating goals established by the Committee and to increase stockholder value. The Company uses a cash incentive plan providing annual short-term incentives for achievement of goals. These plans provide certain of the Named Executive Officers with the opportunity to earn cash awards for achieving financial operating goals primarily related to targeted levels of earnings per share. The Company believes that this measure is generally used by investors to value the Company’s Common Stock.

The equity-based component of the Company’s executive compensation program is designed to incentivize the Named Executive Officers to increase the value of the Company’s Common Stock. As such, equity-based compensation directly links the total direct compensation of the Named Executive Officers to increases in stock price appreciation and stockholder value.

The Executive Compensation Process

The Committee is comprised of six directors, each of whom is independent as defined under the Nasdaq listing standards and qualifies as an outside director within the meaning of Section 162(m) of the Code and a non-employee director within the meaning of Rule 16b-3 under the Exchange Act. The Committee meets periodically to review and oversee the Company’s executive compensation program. The Committee makes all compensation decisions regarding the top three Named Executive Officers but has typically delegated to the CEO subject to the Committee’s review, compensation decisions regarding the remaining Named Executive Officers. On an annual basis, the Committee reviews base salaries and incentive compensation targets for the Named Executive Officers for the upcoming fiscal year. At this time, the Committee also determines whether performance targets under each of the cash incentive plans were achieved for the prior fiscal year.

During 2006, the Company engaged Mercer Human Resources Consulting (“Mercer”), a global human resources consulting firm, to assist management and the Committee in a comprehensive evaluation of the Company’s executive compensation program. Mercer assisted the Company by reviewing the Company’s executive compensation strategy and providing compensation benchmarks to the Committee for each Named Executive Officer, including comparisons of base salary, cash incentives and equity-based compensation. Mercer also provided the Committee with other relevant market data and alternatives to consider when making compensation decisions for the Named Executive Officers. The Committee has continued to consult with Mercer on executive compensation issues since the 2006 comprehensive review. The Company from time to time uses Mercer for various other employee benefit matters.

The Committee made no grants of equity-based awards to the Named Executive Officers from 2002 through 2006 although the Committee did make grants of equity-based awards in 2007 and 2008. The Committee currently plans to consider additional grants on an annual basis in conjunction with its review and approval of annual salaries, short-term cash incentives and financial operating goals. The Committee may grant equity-based awards on a periodic basis, particularly in connection with promotions, exceptional performance or changes in a Named Executive Officer's level of responsibility.

During its comprehensive review in 2006, the Committee compared each element of compensation for the Named Executive Officers against a peer group of companies in the healthcare industry. The Company used the following companies for compensation benchmarking purposes: 1) its publicly reported industry peer group: Amedisys, Inc., Gentiva Health Services, Inc., National Home Health Care, and LHC Group Inc., and 2) a health care industry survey group compiled by Mercer so that market conditions could also be appropriately considered. These peer groups may be periodically reviewed and updated by the Committee based upon recommendations from Mercer. The Committee believes these peer companies have competed for executives with similar talents and expertise to those of the Named Executive Officers.

Components of Executive Compensation

The Company's executive compensation program uses the following elements to structure the total direct compensation for the Named Executive Officers:

- base salary;
- annual cash incentives; and
- equity-based incentive compensation.

The Company believes that the combination of these elements enables the Committee to award competitive total direct compensation between the 50th and 75th percentiles in the healthcare industry.

The Committee does not have a pre-established policy for the allocation between fixed compensation, such as base salary, and variable or "at risk" compensation, such as short-term cash incentives and equity. However, the Committee places a significant portion of total direct compensation for the Named Executive Officers at risk. At risk compensation under the Company's cash incentive plans incentivizes the Named Executive Officers to reach or exceed desired financial operating goals. Moreover, at risk compensation under the Company's equity incentive plans incentivizes the Named Executive Officers since the full benefit of equity-based compensation cannot be realized unless the Named Executive Officers are able to grow the value of the Common Stock over several years.

Base Salary

Base salaries are provided to the Named Executive Officers to compensate them for their services performed during the year. As part of its 2006 analysis, the Committee considered salary comparisons prepared by Mercer to determine if base salaries for the Named Executive Officers

were competitive with similarly situated executives in the peer group and the healthcare industry generally. The Committee then undertook to generally structure base salaries to be in the range of the 50th to 75th percentile of its peer group, with the intent to move base salary closer to the 75th percentile of the peer group.

The base salary for each of Messrs. Yarmuth, Guenther and Lyles has since been increased consistent with the cost-of-living increases awarded to employees generally in the Company. With respect to the other Named Executive Officers, the Committee has delegated discretion in this area to Mr. Yarmuth as chief executive officer. He has awarded annual increases to Ms. Liechty and Ms. Newhouse based on his subjective judgment of a number of factors. While certain aspects of performance of the Named Executive Officers can be measured in financial operating metrics, the Committee and Mr. Yarmuth also evaluate the Named Executive Officers in other performance areas that are more subjective. These areas include the success of the Named Executive Officer in developing and executing the Company's strategic objectives, capitalizing on growth opportunities, addressing significant challenges affecting the Company, developing key employees and exercising leadership. Mr. Yarmuth's establishment of base salaries for Ms. Liechty and Ms. Newhouse reflected his judgment with respect to their favorable job performance, increases in executive officer responsibility, an assessment of overall Company performance, and general market salary increases for all employees.

Cash Incentives

Under the Company's executive compensation program, a significant portion of total cash compensation for the Named Executive Officers is subject to the attainment of measurable financial operating goals. This approach creates a direct incentive for the Named Executive Officers to achieve pre-established performance objectives and places a significant percentage of each Named Executive Officer's total direct compensation at risk.

The Company maintains an annual cash incentive plan under which the Committee establishes annual financial operating goals for the Company's key employees, including the Named Executive Officers. For 2008, if the targeted level of earnings per share of \$1.75 were achieved, the Committee would award a target bonus amount to Messrs. Yarmuth, Guenther and Lyles based on a targeted percentage of their base salary. If earnings per share of \$1.49 were achieved, the Committee would award a bonus equal to 50% of the target bonus amount. If earnings per share of \$2.01 or greater were achieved, the Committee would award a bonus equal to 150% of the target bonus amount. The target bonus amounts as a percent of base salary for 2008 for these persons were based upon their respective levels of management responsibility and the recommendations in the 2006 Mercer analysis. The target bonus amounts as a percent of base salary were as follows: Mr. Yarmuth - 65%; Mr. Guenther - 50%; and Mr. Lyles - 45%. The awards under these plans are formulaic, based upon the achievement of financial operating goals established by the Committee. Nevertheless, the Committee retains the discretion to increase or decrease cash incentive awards for unforeseen events or circumstances, including restatements to the Company's financial statements.

Because the Company earned \$2.18 per share in 2008 and satisfied the criteria for payment of the maximum bonus amounts, each of these officers received a cash bonus equal to 150% of the target bonus amount. The Committee delegated to Mr. Yarmuth discretion in the payment of cash bonus amounts to Ms. Liechty and Ms. Newhouse. Based on the Company's

achievement of earnings per share of \$2.18 and his review of their performance and management responsibilities, Ms. Liechty was awarded a cash bonus of \$113,000 and Ms. Newhouse was awarded a cash bonus of \$110,000.

Following the formulaic awards under the annual cash incentive plan, the Committee determined to award additional cash bonuses to the following executive officers: William B. Yarmuth - \$102,000; C. Steven Guenther - \$68,000; P. Todd Lyles - \$43,000; and Anne T. Liechty - \$37,000. The Committee considered the remarkable corporate accomplishments during 2008, including EPS growth of approximately 60% from 2007 on 47% more shares outstanding, the successful common stock offering, significant acquisitions, establishment of a syndicated bank credit facility, and an outstanding increase in the per share market value. The Committee also considered Mr. Yarmuth's input with regard to Named Executive Officers other than himself.

Equity-Based Compensation

Although no equity-based awards were made to the Named Executive Officers from 2002 to 2006, the Committee granted equity-based awards in 2007 and 2008 and plans to use equity-based compensation as a key component of its overall executive compensation strategy in the future. Such awards provide a direct and long-term link between the results achieved for the Company's stockholders and the total direct compensation provided to the Named Executive Officers. Stock-based compensation is designed to retain the Named Executive Officers through time-based vesting conditions and to motivate them to enhance the value of the Common Stock by aligning the financial interests of the Named Executive Officers with those of the Company's stockholders. Equity-based compensation also provides an effective incentive for management to create stockholder value over several years since the full benefit of this element of compensation is primarily realized as a result of the appreciation in the price of the Common Stock.

The Company does not currently have a security ownership policy for its Named Executive Officers or its directors. The Committee generally does not take into consideration equity awards granted in previous years when evaluating awards for the current year.

The Committee does not grant options with an exercise price that is less than the closing price of the Common Stock on the Nasdaq on the grant date (fair market value) and it does not grant stock options that are priced on a date other than the grant date.

The amount of equity awarded to the Named Executive Officers is based upon a number of factors. First, the Committee considers an overall assessment of the Company's performance and the equity granting practices of other companies in the healthcare industry and its peer group. In addition, the Committee considers information prepared by Mercer with respect to the equity awards and considers the relative costs. In making equity awards for 2008, the Committee considered Mercer's recommendation to frame the awards by creating a "target value" of the award by multiplying a market based percentage for equity compensation times the executive's annual base salary. (The 2008 equity awards were based on the following percentage targets for Messrs. Yarmuth, Guenther and Lyles: 100%, 65% and 50%, as adjusted by the Committee.) The Committee then considered the overall performance of each of Messrs. Yarmuth, Guenther and Lyles and his actual and potential contribution to the Company's growth and long-term performance in determining individual awards. The Chief Executive Officer also provided an

assessment of the overall level of performance for the other Named Executive Officers. The assessment of actual and potential contribution is based upon the Committee's subjective evaluation of each Named Executive Officer. Based on these assessments, the Committee determined the actual award for each of Messrs. Yarmuth, Guenther and Lyles. The number of options and restricted shares was then rounded to the nearest thousand share number. The Committee followed the recommendation of Mr. Yarmuth with respect to the award of stock options and restricted shares to Ms. Liechty and Ms. Newhouse in 2008; these amounts were based upon their relative management responsibility within the Company and a 30% of salary target value, as adjusted. The Committee chose to use a mix of stock options and restricted shares, viewing stock options as effective in focusing management on share-price appreciation and restricted shares as encouraging ownership of Company shares while using fewer shares eligible for issuance under the Company's equity incentive plan. The Committee chose to target approximately one-half of the value of the equity award as stock options, with the other half of the value as restricted shares. For this purpose, the Committee valued the option shares using the Black-Scholes valuation model; the restricted shares were valued at the fair market value as reflected on the NASDAQ Global Select Market. All options awarded in 2008 will vest in four equal annual installments beginning on the first anniversary of the date of grant; all restricted shares vest in full on the third anniversary of the date of grant.

Section 401(k) Plan and Other Perquisites and Benefits

The Company maintains a Section 401(k) plan (the "401(k) Plan") that is a tax-qualified defined contribution retirement savings plan under which all eligible employees may contribute up to the limit prescribed by the IRS, on a pre-tax basis. The Named Executive Officers are eligible to contribute on a pre-tax basis at a discretionary level, which varies annually based upon results of the Plan's prior year non-discrimination testing. After one year of service, the Company matches 25% of the first 5% of pay that a participant contributes to the 401(k) Plan and may also provide additional profit sharing contributions based upon the Company's achievement of financial goals established by the Committee. All employee contributions to the 401(k) Plan are fully vested upon contribution and the Company's matching contribution vests in full immediately once the employee has three years of service. Contributions to the 401(k) Plan by the Named Executive Officers are usually limited by IRS rules.

Employment and Other Agreements

The Company has a year-to-year employment agreement with William B. Yarmuth, its Chairman of the Board, President and Chief Executive Officer. The parties entered into the agreement effective January 1, 1996. The agreement includes a covenant not to compete for a period of two years following Mr. Yarmuth's termination as an employee of the Company. With respect to Mr. Yarmuth's employment agreement, he and the Company entered into an amendment to ensure that the Employment Agreement complies with Section 409A of the Internal Revenue Code of 1986, as amended, and the final Treasury Regulations promulgated thereunder. As described elsewhere herein, the agreement also provides for payments to be made to Mr. Yarmuth under certain circumstances upon his termination of employment.

The Company has no other employment agreements.

Executive Compensation Tax Deductibility

Section 162(m) of the Code generally provides that the compensation paid by publicly held corporations to the chief executive officer and the four most highly paid senior executive officers in excess of \$1,000,000 per executive will be deductible by the Company only if paid pursuant to qualifying performance-based compensation plans approved by stockholders of the Company. Compensation as defined by the Code includes, among other things, base salary, incentive compensation and gains on stock options and restricted Common Stock. Although the Company currently attempts to structure all incentive compensation to be deductible for federal income tax purposes, the Company's primary policy is to maximize the effectiveness of the Company's executive compensation program. In that regard, the Committee intends to remain flexible to take actions which are deemed to be in the best interests of the Company and its stockholders. Such actions have not always qualified for tax deductibility under the Code and may not do so in the future.

Beginning on January 1, 2006, the Company began accounting for equity-based incentive compensation in accordance with the requirements of Statement of Financial Accounting Standards No. 123 (revised 2004) ("SFAS 123R").

COMPENSATION COMMITTEE REPORT

The Compensation Committee of the Board is composed entirely of independent directors satisfying the requirements of the Nasdaq listing standards. The Committee is composed of Messrs. Jonathan D. Goldberg (Chairman), Henry M Altman, Jr., Steven B. Bing, Donald G. McClinton, W. Earl Reed, III, and Tyree G. Wilburn. The Compensation Committee is responsible for establishing and administering the policies and programs that govern both annual cash compensation and stock-based incentive compensation plans for the executive officers of the Company.

The Compensation Committee has reviewed and discussed the "Compensation Discussion and Analysis" section with management. Based upon the foregoing review and discussion with management, the Compensation Committee recommended to the Board that the "Compensation Discussion and Analysis" section be included in this proxy statement.

All members of the Compensation Committee of the Company listed below submit the foregoing report.

COMPENSATION COMMITTEE:

Jonathan D. Goldberg, Chairman
Henry M. Altman, Jr.
Steven B. Bing
Donald G. McClinton
W. Earl Reed, III
Tyree G. Wilburn

AUDIT COMMITTEE REPORT

The Audit Committee of the Board is composed of three directors, all of whom meet the current NASDAQ Marketplace Rules test for independence. The Committee acts under a written charter adopted by the Board. The Audit Committee has prepared the following report on its activities with respect to the Company's audited financial statements for the fiscal year ended December 31, 2008 (the "Audited Financial Statements").

- The Audit Committee reviewed and discussed the Company's Audited Financial Statements with management;
- The Audit Committee discussed with Ernst & Young LLP, the Company's independent auditors for fiscal 2008, the matters required to be discussed by Statements on Auditing Standards No. 61 (*Codification of Statements on Auditing Standards, AU §380*);
- The Audit Committee received from the independent auditors the written disclosures regarding auditor independence and the letter required by Independence Standards Board Standard No. 1 (*Independence Discussions with Audit Committees*), discussed with Ernst & Young LLP its independence from the Company and its management, and considered whether Ernst & Young LLP's provision of non-audit services to the Company was compatible with the auditor's independence; and
- Based on the review and discussion referred to above, and in reliance thereon, the Audit Committee recommended to the Board that the Audited Financial Statements be included in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2008, for filing with the U.S. Securities and Exchange Commission.

All members of the Audit Committee concur in this report.

AUDIT COMMITTEE:

Jonathan D. Goldberg
W. Earl Reed, III
Tyree G. Wilburn

Fees Paid to the Independent Auditors

Audit Fees

Ernst & Young LLP charged to the Company an aggregate amount of \$753,000 and \$602,000 for professional services rendered for fiscal year 2008 and fiscal year 2007, respectively, for the audit of the Company's annual financial statements, the reviews of the Company's financial statements included in the Company's reports on Form 10-Q, the review of internal control over financial reporting and for services that are normally provided by the accountant in connection with statutory and regulatory filings or engagements for those fiscal years.

Audit-Related Fees

Ernst & Young LLP charged to the Company an aggregate amount of \$17,000 and \$17,000 for assurance and related services rendered for fiscal year 2008 and fiscal year 2007,

respectively, that are primarily related to the audit of the Company's 401(k) employee benefit plan.

Tax Fees

Ernst & Young LLP charged to the Company an aggregate amount of \$177,000 and \$144,000 for professional services rendered for fiscal year 2008 and fiscal year 2007, respectively, for tax compliance, tax advice, and tax planning.

All Other Fees

There were no other services or fees provided by Ernst & Young LLP in 2008 and 2007.

Pre-Approval Policies and Procedures

During fiscal year 2008, the Audit Committee approved all audit, audit-related and non-audit services provided to the Company by Ernst & Young LLP before management engaged the auditor for those purposes. The Audit Committee's current practice is to consider for pre-approval all audit, audit-related, tax and non-audit services proposed to be provided by our independent auditors for the fiscal year.

STOCKHOLDER PROPOSALS

Under Rule 14a-8 promulgated under the Securities Exchange Act of 1934, stockholders may present proposals to be included in the Company proxy statement for consideration at the next annual meeting of its stockholders by submitting their proposals to the Company in a timely manner. Any such proposal must comply with Rule 14a-8.

The Company's by-laws, copies of which are available from the Company's Secretary, require stockholders who intend to propose business for consideration by stockholders at an annual meeting, other than stockholder proposals that are included in the proxy statement, to give written notice to the President or Secretary of the Company not less than thirty days before the annual meeting. This notice must include a brief description of the business desired to be brought before the annual meeting, the name and address, as they appear on the Company's books, of the stockholder proposing such business and any other stockholders known to support such business, the class and number of shares of the Company which are beneficially owned by such stockholder on the date of such stockholder's notice and by any other stockholders known by such stockholder to support such business on the date of such notice and any material interest the stockholder has in such business. Similar requirements are set forth in the Company's by-laws with respect to stockholders desiring to nominate candidates for election as director. See "Policy Regarding Consideration of Candidates for Director" in this proxy statement for more information. If a stockholder submitting a matter to be raised at the Company's next annual meeting desires that such matter be included in the Company's proxy statement, such matter must be submitted to the Company no later than March 2, 2010.

SEC rules set forth standards for what stockholder proposals the Company is required to include in a proxy statement for an annual meeting.

STOCKHOLDERS' COMMUNICATIONS WITH THE BOARD

Stockholders that want to communicate in writing with the Board, or specified directors individually, may send proposed communications to the Company's Secretary, C. Steven Guenther, Almost Family, Inc., 9510 Ormsby Station Road, Suite 300, Louisville, Kentucky 40223. The proposed communication will be reviewed by the Audit Committee and legal counsel. If the communication is appropriate and serves to advance or improve the Company or its performance, contains no objectionable material or language, is not unreasonable in length, is directly applicable to the business of the Company, it is expected that the communication will receive favorable consideration for presentation to the Board or appropriate director(s).

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Securities Exchange Act of 1934 requires the Company's directors and executive officers, and persons who beneficially own more than ten percent of a registered class of the Company's equity securities, to file with the Securities and Exchange Commission initial reports of stock ownership and reports of changes in stock ownership and to provide the Company with copies of all such filed forms. Section 16(a) of the Securities Exchange Act of 1934 provides that any profit realized by an insider from any purchase and sale, or sale and purchase, of the Company's equity securities within less than six months must be disgorged to the Company. Based solely on its review of such copies or written representations from reporting persons, the Company believes that all Section 16(a) reports were filed on a timely basis during fiscal 2008, except John Walker filed a Form 4 reporting one transaction late by three days.

FORM 10-K

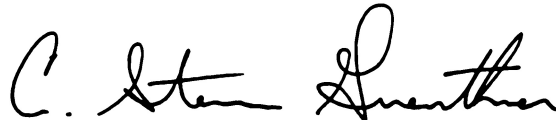
The Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2008 filed on March 6, 2009, and as amended on April 29, 2009, accompanies this proxy statement. The Company's Annual Report does not form any part of the material for solicitation of proxies.

Any stockholder who wishes to obtain a copy of the Company's Annual Report on Form 10-K for fiscal 2008, as amended, which includes financial statements and financial statement schedules, and is required to be filed with the Securities and Exchange Commission, may send a written request to C. Steven Guenther, Almost Family, Inc., 9510 Ormsby Station Road, Suite 300, Louisville, Kentucky 40223. The Company charges \$0.25 per page for exhibits to cover the Company's costs in furnishing such copies.

OTHER BUSINESS

The Board is not aware of any other matters to be presented at the Annual Meeting other than those set forth herein and routine matters incident to the conduct of the meeting. If any other matters should properly come before the Annual Meeting or any adjournment or postponement thereof, the persons named in the proxy, or their substitutes, intend to vote on such matters in accordance with their best judgment.

By Order of the Board of Directors

A handwritten signature in black ink, appearing to read "C. Steven Guenther". The signature is written in a cursive style with a large initial "C" and a prominent "S".

C. Steven Guenther
Secretary

Louisville, Kentucky
July 1, 2009

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ALMOST FAMILY, INC.

2009 EMPLOYEE STOCK PURCHASE PLAN

Section 1 -- PURPOSE

Almost Family, Inc. (the "Corporation") hereby establishes this employee stock purchase plan (the "Plan") for the benefit of its employees and the employees of its subsidiaries, as set forth below.

The purpose of the Plan is to provide employees of the Corporation and its Subsidiaries (as defined below) with an opportunity to participate in the growth of the Corporation and to further align the interests of the employees with the interests of the Corporation through the purchase of shares of the Corporation's common stock. The Plan is intended to be an employee stock purchase plan under Section 423 of the Code (as defined below).

Section 2 -- DEFINITIONS

For purposes of the Plan, the following terms shall have the meanings below unless the context clearly indicates otherwise:

- 2.1 "Board" means the Board of Directors of the Corporation.
- 2.2 "Common Stock" or "Stock" means the Corporation's voting common stock, \$.10 par value per share.
- 2.3 "Code" means the Internal Revenue Code of 1986, as it may be amended from time to time.
- 2.4 "Committee" means the Compensation Committee of the Board, or such other committee appointed by the Board pursuant to Section 6 to administer the Plan. If at any time no Committee is in service, Committee shall mean the Board.
- 2.5 "Eligible Employee" means any employee of the Corporation, or any Subsidiary, who is eligible to participate in an Offering Period in accordance with Section 3.1.
- 2.6 "Offering Period" means an offering period set by the Board pursuant to Section 5.1 during which Eligible Employees may elect to purchase Common Stock under the Plan.
- 2.7 "Participant" means an Eligible Employee who has elected to participate in the Plan and who has not ceased participation herein, or who has not declined participation under any auto-enrollment feature adopted by the Board for an Offering Period.
- 2.8 "Subsidiary" means any entity in which the Corporation owns directly or indirectly 50% or more of the voting stock, as determined in accordance with Code Section 424(f).

Section 3 -- ELIGIBILITY AND PARTICIPATION

3.1 Initial Eligibility. Except as otherwise provided by the Board in setting an Offering Period, all employees of the Corporation and its Subsidiaries shall be eligible to participate for an Offering Period, other than: (a) full-time employees who have not completed 12 consecutive months of employment; (b) employees whose customary employment is less than 20 hours per week who have not completed 24 consecutive months of employment; and (c) employees whose customary employment is less than 5 months in any calendar year.

3.2 Limitation on Eligibility. Notwithstanding Section 3.1, no Eligible Employee may participate in the Plan for an Offering Period if, upon the employee's purchase of the largest amount of shares available to him for purchase during the Offering Period, the employee would own Stock, and/or hold outstanding options to purchase Stock, possessing 5% or more of the total combined voting power or value of all classes of Stock of the Corporation (for purposes of this paragraph, the rules of Code Section 424(d) shall apply in determining stock ownership for any employee).

Section 4 -- SHARES AVAILABLE UNDER THE PLAN

4.1 Shares Available. Subject to adjustments pursuant to Section 4.3, the maximum number of shares of Common Stock that may be purchased under the Plan is 300,000.

4.2 Source of Shares. Shares of Common Stock issued under the Plan may be issued from authorized and unissued Common Stock or from any other proper source.

4.3 Adjustments in Authorized Shares. In the event of a merger, reorganization, consolidation, recapitalization, reclassification, split-up, spin-off, separation, liquidation, stock dividend, stock split, reverse stock split, share repurchase, share combination, share exchange or other change in the corporate structure of the Corporation affecting the Common Stock, the Board shall substitute or adjust the total number and class of shares of Common Stock or other stock or securities which may be issued under the Plan as the Board determines to be appropriate and equitable to prevent dilution or enlargement of the rights of Participants hereunder. If any of the events referred to above occur, outstanding shares of Common Stock shall be treated on par with all like shares of Common Stock.

Section 5 -- STOCK PURCHASES UNDER THE PLAN

5.1 Offering Periods. The Board shall, from time to time in its discretion, designate Offering Periods during which all Eligible Employees may elect to purchase stock under the Plan, provided that no Offering Period shall have a duration of longer than 27 months. The Board may designate a maximum number of shares of Common Stock that may be purchased by each Eligible Employee during the Offering Period or restrict purchases by Eligible Employees to a set percentage of Compensation, provided that no Eligible Employee may elect to purchase Common Stock with a value in excess of \$25,000 in any calendar year. During each Offering Period, each Eligible Employee may elect to purchase Common Stock in accordance with the rules set by the Committee for that Offering Period.

5.2 Payroll Deductions. The Committee may, in its discretion, allow or require Eligible Employees to purchase stock during an Offering Period by payroll deduction. If payroll deduction is available during an Offering Period, an Eligible Employee shall signify his election to participate in the Plan for the Offering Period by completing a form provided by the Committee (the "Election Form") and returning it to the Committee by the date indicated thereon. No interest shall be paid on amounts withheld from a Participant's pay during an Offering Period.

5.3 Purchase Price.

(a) Purchases of Common Stock under the Plan shall occur on the last day of each Offering Period or on such specific purchase dates set by the Board at commencement of the Offering Period (a "Purchase Date"). The purchase price (the "Purchase Price") of each share of Common Stock shall be set by the Board when it designates the Offering Period and may not be lower than the lesser of (i) 85% of the fair market value of the Common Stock on the first day of the Offering Period and (ii) 85% of the fair market value of the Common Stock on the Purchase Date. The fair market value of the Common Stock shall be the closing trading price of the Common Stock on the first day of the Offering Period or the Purchase Date, as applicable, or the nearest prior business day on which trading occurred, on any established stock exchange or national market system, or the exchange with the greatest volume of trading in the Common Stock.

(b) If no closing trading price is listed on any of the dates referenced in Section 5.3(a), the Committee may determine the fair market value of the Common Stock on that date, on such basis as it deems appropriate.

5.4 Fractional Shares. Fractional shares may not be issued under the Plan. Any accumulated payroll deductions which are not used to purchase shares will be returned to the Participant promptly after the last day of the Offering Period, without interest or carried over into the next offering period as determined by the Corporation.

5.5 Issuance of Common Stock. The purchase of Common Stock pursuant to the Plan will be effective as of the Purchase Date and the shares of Common Stock purchased will be deemed outstanding as of such date and will be registered in book entry form on the registration books maintained by the Corporation's transfer agent.

5.6 Termination of Employment or Death of the Participant. Except as otherwise determined by the Board for an Offering Period, in the event a Participant ceases to be an employee of the Corporation or a Subsidiary (except in the case of transfer from one of such companies to another) for any reason, including death, prior to the end of an Offering Period, all amounts deducted by the Corporation from the Participant's compensation or otherwise paid by the Participant toward the purchase of Common Stock during the Offering Period and prior to the date of termination shall be returned to the Participant and his or her spouse, or if there is no spouse or the spouse does not claim the refund, to the Participant's estate, and no Common Stock shall be issued to such Participant or the Participant's heirs under this Plan.

Section 6 -- ADMINISTRATION

6.1 Governance. This Plan shall be administered by the Committee. Subject to the express terms and conditions of the Plan, the Committee shall have sole power to (i) construe and interpret the Plan, including determination of factual matters; (ii) establish, amend or waive rules for its administration; and (iii) correct any inconsistencies in the Plan. The Board or the Committee may, without regard to whether Participant's rights are adversely affected, change the duration of Purchase Periods, limit the frequency and/or number of changes in the amount withheld during an Offering Period, permit payroll withholding in excess of the amount designated by a Participant in order to adjust for delays or mistakes in the Corporation's processing of properly competed withholding elections, and establish reasonable waiting and adjustment periods and/or accounting and crediting procedures.

6.2 Exculpation. No member of the Board or the Committee, nor any officer or employee acting on their behalf, shall be liable for actions, determinations or interpretations made in good faith with respect to the Plan. All members of the Board and the Committee and each officer or employee of the Corporation acting on their behalf shall, to the extent permitted by law, be fully indemnified and protected by the Corporation with respect to any such action, determination or interpretation.

6.3 Decisions Binding. All determinations and decisions made by the Board or the Committee pursuant to the provisions of the Plan shall be final, conclusive and binding on all persons, including the Corporation, its shareholders, Participants and their estates and beneficiaries.

Section 7 -- NO ASSIGNMENT

No Participant may assign or transfer any rights under the Plan to any other person, nor delegate any duties of the Participant. Any attempted assignment or delegation by the Participant is void and shall have no effect.

Section 8 -- AMENDMENT, MODIFICATION AND TERMINATION

The Board may, at any time, amend, modify or terminate the Plan without the consent of any Participant or Eligible Employee.

Section 9 -- GENERAL PROVISIONS

9.1 Not a Contract of Employment. Neither the Plan, nor any action taken under the Plan, shall be construed as conferring upon any Eligible Employee any right to continue as an employee of the Corporation or a Subsidiary.

9.2 Withholding. The Corporation shall be entitled to take whatever steps it deems necessary to satisfy its federal, state and local taxes withholding obligations under applicable law, if any, with respect to the Plan.

9.3 Restrictions on Sale of Stock. The Committee may require Participants receiving Common Stock under the Plan to represent to and agree with the Corporation in writing that the

Participant is acquiring the shares for investment without a view to distribution thereof. No shares shall be issued or transferred unless the Committee determines, in its sole discretion, that such issuance or transfer complies with all relevant provisions of law, including but not limited to, the (i) limitations, if any, imposed in the state of issuance or transfer, (ii) restrictions, if any, imposed by the Securities Act of 1933, as amended, the Securities Exchange Act of 1934, and the rules and regulations promulgated thereunder, and (iii) requirements of any stock exchange upon which the Corporation's shares may then be listed. The certificates for such shares may include any legend which the Committee deems appropriate to reflect any restrictions on transfer.

9.4 Governing Law. To the extent not preempted by federal law, the Plan shall be governed by, and construed in accordance with, the laws of the Commonwealth of Kentucky without regard to its conflicts of laws rules.

9.5 Gender and Number. Except where otherwise indicated by the context, reference to the masculine gender shall include the feminine gender, the plural shall include the singular and the singular shall include the plural.

9.6 Severability. In the event any provision of the Plan shall be held illegal or invalid for any reason, the illegality or invalidity shall not affect the remaining parts of the Plan, and the Plan shall be construed and enforced as if the illegal or invalid provision had not been included.

9.7 Not a Shareholder. No person entitled to purchase Common Stock with respect to an Offering Period hereunder will have any rights as a shareholder of the Corporation with respect to the Common Stock to be purchased during an Offering Period until such person has become the holder of record of such shares of Common Stock on the Corporation's corporate records.

9.8 Headings. The headings in this Plan have been inserted solely for convenience of reference and shall not be considered in the interpretation or construction of this Plan.

Section 10 -- EFFECTIVE DATE AND TERM OF PLAN

The Plan shall be effective on the date (the "Effective Date") when the Board adopts the Plan subject to approval of the Plan by the shareholders of the Corporation within 12 months after the Effective Date. The Plan shall begin on the Effective Date and shall continue until all Common Stock authorized for issuance under Section 4 has been issued under the Plan or until the Board terminates the Plan, if sooner.

IN WITNESS WHEREOF, the Corporation has caused this Plan to be executed by the undersigned officer this _____ day of _____, 2009.

ALMOST FAMILY, INC.

By: _____

Title: _____

Date: _____

