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## **Almost Family Reports First Quarter 2011 Results**

### **First Quarter Highlights:**

- Net service revenues increased to approximately \$83 million
- Net income of \$5.7 million, or \$0.61 per diluted share
- Diluted EPS includes \$0.03 of expenses related to governmental inquiries and \$0.01 for acquisition costs, excluding which, diluted EPS would have been \$0.65
- Visiting Nurse segment net revenues grew to \$73 million, on 8% Medicare organic admission growth
- Quarterly operating cash flow was \$8.3 million
- Approximately \$174 million in cash plus credit facility is available to fund acquisitions

**Louisville, KY, April 28, 2011** – Almost Family, Inc. (Nasdaq: AFAM), a leading regional provider of home health nursing services, announced today its financial results for the three-months ended March 31, 2011.

William Yarmuth, Chief Executive Officer, commented, “Our first quarter operating results mark the Company’s first full quarter with the effect of the Medicare rate cut combined with other operational challenges from health care reform. Despite these headwinds, we are pleased to announce favorable operating results and continued growth produced by the unwavering patient care focus of our Senior Advocacy Mission and our team of over 6,000. Our organic admission and revenue growth continue to produce cash flow that further strengthens our balance sheet and positions us well for continued growth.”

### **First Quarter Financial Results**

Almost Family reported first quarter results that included the impact of the Medicare reimbursement rate cut for 2011 which reduced consolidated and Visiting Nurse (VN) segment revenue and pre-tax operating income by \$3.9 million. This was partially offset by volume growth.

Net service revenues for the first quarter grew to \$82.6 million, a 2% increase from \$81.3 million reported in the first quarter of 2010.

Net income for the first quarter of 2011 was \$5.7 million, or \$0.61 per diluted share, down from first quarter of 2010 net income of \$7.4 million, or \$0.80 per diluted share. Fees and expenses related to governmental inquiries lowered first quarter 2011 EPS by approximately \$0.03 while deal costs lowered first quarter 2011 EPS by approximately \$0.01, without which diluted EPS

would have been \$0.65. There were no investigation or acquisition costs included in operating results for the first quarter of 2010.

### **First Quarter Segment Results**

Net service revenues in the VN segment for the first quarter grew to \$72.7 million, a 1.6% increase from \$71.5 million in the first quarter of 2010, after the \$3.9 million effect of the previously mentioned Medicare rate cut. Organic Medicare admissions grew 8.2%, while completed episodes grew 5.7%. Operating income before corporate expenses in the VN segment for the first quarter of 2011 was \$13.0 million, a \$2.9 million decrease from \$15.9 million reported for the first quarter of 2010 as the impact of VN admission growth offset approximately \$1.0 million of the Medicare rate cut.

Net service revenues in the Personal Care (PC) segment for the first quarter of 2011 grew 1.4% or \$0.1 million to \$9.9 million from \$9.8 million in the first quarter of 2010. Operating income before unallocated corporate expenses in the PC segment increased 24.2% to \$1.5 million from \$1.2 million in the first quarter of 2010. In 2011, the Company discontinued its personal care operations previously located in Boston MA.

### **Regulatory Inquiries and Shareholder Litigation**

As previously announced, the Company is continuing to cooperate fully with investigators from the US Senate Finance Committee and the US Securities and Exchange Commission regarding their inquiries following an April 27, 2010 *Wall Street Journal* article related to Medicare home health therapy services. Fees and expenses associated with these inquiries and their impact on the Company's financial results are described above.

### **Conference Call**

A conference call to review the results will begin at 11:00 a.m. ET on April 28, 2011, and will be hosted by William Yarmuth, Chief Executive Officer, and Steve Guenther, Chief Financial Officer. To participate in the conference call, please dial 1-877-407-0789 (USA) or 1-201-689-8562 (International). In addition, a dial-up replay of the conference call will be available beginning April 28, 2011 at 2:00 p.m. ET and ending on May 12, 2011. The replay telephone number is 1-877-870-5176 (USA) or 1-858-384-5517 (International). Pin number 371592.

A live Web cast of the call will also be available from the Investor Relations section of the corporate Web site at <http://www.almostfamily.com>. A Web cast replay can be accessed on the corporate Web site beginning April 28, 2011 at approximately 2:00 p.m. ET and will remain available until May 28, 2011.



**ALMOST FAMILY, INC. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
**(In thousands)**

ASSETS	March 31, 2011 (UNAUDITED)	December 31, 2010
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 55,462	\$ 47,943
Accounts receivable - net	41,106	39,772
Prepaid expenses and other current assets	6,105	3,513
Deferred tax assets	7,325	8,521
<b>TOTAL CURRENT ASSETS</b>	<b>109,998</b>	<b>99,749</b>
<b>PROPERTY AND EQUIPMENT - NET</b>	<b>4,283</b>	<b>4,514</b>
<b>GOODWILL</b>	<b>101,060</b>	<b>101,060</b>
<b>OTHER INTANGIBLE ASSETS</b>	<b>14,258</b>	<b>14,285</b>
<b>OTHER ASSETS</b>	<b>533</b>	<b>519</b>
	<u>\$ 230,132</u>	<u>\$ 220,127</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>CURRENT LIABILITIES:</b>		
Accounts payable	\$ 5,746	\$ 5,424
Accrued other liabilities	23,612	20,529
Current portion - capital leases and notes payable	141	1,695
<b>TOTAL CURRENT LIABILITIES</b>	<b>29,499</b>	<b>27,648</b>
<b>LONG-TERM LIABILITIES:</b>		
Notes payable	1,325	1,325
Deferred tax liabilities	9,160	8,763
Other liabilities	140	223
<b>TOTAL LONG-TERM LIABILITIES</b>	<b>10,625</b>	<b>10,311</b>
<b>TOTAL LIABILITIES</b>	<b>40,124</b>	<b>37,959</b>
<b>STOCKHOLDERS' EQUITY:</b>		
Preferred stock, par value \$0.05; authorized 2,000 shares; none issued or outstanding	-	-
Common stock, par value \$0.10; authorized 25,000; 9,364 and 9,239 issued and outstanding	937	924
Treasury stock, at cost, 8 and 4 shares	(297)	(139)
Additional paid-in capital	99,353	97,073
Retained earnings	90,015	84,310
<b>TOTAL STOCKHOLDERS' EQUITY</b>	<b>190,008</b>	<b>182,168</b>
	<u>\$ 230,132</u>	<u>\$ 220,127</u>

**ALMOST FAMILY, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**(UNAUDITED)**  
**(In thousands)**

	<b>Three Months Ended March 31,</b>	
	<b>2011</b>	<b>2010</b>
<b>Cash flows from operating activities:</b>		
Net income	\$ 5,705	\$ 7,443
<b>Adjustments to reconcile income to net cash provided by operating activities:</b>		
Depreciation and amortization	745	669
Provision for uncollectible accounts	605	814
Stock-based compensation	392	430
Deferred income taxes	1,592	1,059
	<u>9,039</u>	<u>10,415</u>
<b>Change in certain net assets and liabilities, net of the effects of acquisitions:</b>		
(Increase) decrease in:		
Accounts receivable	(1,939)	(1,882)
Prepaid expenses and other current assets	248	293
Other assets	(14)	6
Increase in:		
Accounts payable and accrued expenses	929	4,750
Net cash provided by operating activities	<u>8,263</u>	<u>13,582</u>
<b>Cash flows from investing activities:</b>		
Capital expenditures	(434)	(467)
Acquisitions, net of cash acquired	-	(1)
Net cash used in investing activities	<u>(434)</u>	<u>(468)</u>
<b>Cash flows from financing activities:</b>		
Proceeds from exercise of stock options	43	107
Purchase of common stock in connection with share awards	(391)	(31)
Tax benefit from share awards	1,592	21
Principal payments on capital leases and notes payable	(1,554)	(1,600)
Net cash used in financing activities	<u>(310)</u>	<u>(1,503)</u>
Net increase in cash and cash equivalents	7,519	11,611
Cash and cash equivalents at beginning of period	47,943	19,389
Cash and cash equivalents at end of period	<u>\$ 55,462</u>	<u>\$ 31,000</u>
<b>Summary of non-cash investing and financing activities:</b>		
Settlement of Directors Deferred Compensation Plan	\$ 501	\$ -

**ALMOST FAMILY, INC. AND SUBSIDIARIES**  
**RESULTS OF OPERATIONS**  
(UNAUDITED)  
(In thousands)

	Three Months Ended March 31,					
	2011		2010		Change	
	Amount	% Rev	Amount	% Rev	Amount	%
<b>Net service revenues:</b>						
Visiting Nurse	\$ 72,690	88.0%	\$ 71,541	88.0%	\$ 1,149	1.6%
Personal Care	9,904	12.0%	9,771	12.0%	133	1.4%
	<u>\$ 82,594</u>	100.0%	<u>\$ 81,312</u>	100.0%	<u>\$ 1,282</u>	1.6%
<b>Operating income before corporate expenses:</b>						
Visiting Nurse	\$ 13,010	17.9%	\$ 15,883	22.2%	\$ (2,873)	-18.1%
Personal Care	1,459	14.7%	1,176	12.0%	283	24.1%
	<u>14,469</u>	17.5%	<u>17,059</u>	21.0%	<u>(2,590)</u>	-15.2%
Corporate expenses	<u>4,866</u>	5.9%	<u>4,514</u>	5.6%	<u>352</u>	7.8%
Operating income	9,603	11.6%	12,545	15.4%	(2,942)	-23.5%
Interest expense, net	55	0.1%	89	0.1%	(34)	-38.2%
Income tax expense	3,843	4.7%	5,013	6.2%	(1,170)	-23.3%
Net income	<u>\$ 5,705</u>	6.9%	<u>\$ 7,443</u>	9.2%	<u>\$ (1,738)</u>	-23.4%
<b>EBITDA</b>	<b>\$ 10,740</b>	<b>13.0%</b>	<b>\$ 13,644</b>	<b>16.8%</b>	<b>\$ (2,904)</b>	<b>-21.3%</b>

**ALMOST FAMILY, INC. AND SUBSIDIARIES**  
**VISITING NURSE SEGMENT OPERATING METRICS**

	Three Months Ended March 31,					
	2011		2010		Change	
	Amount	% Rev	Amount	% Rev	Amount	%
Average number of locations	91		84		7	8.3%
<b>All payors:</b>						
Patients Months	52,486		50,528		1,958	3.9%
Admissions	15,675		14,664		1,011	6.9%
Billable Visits	479,807		460,223		19,584	4.3%
<b>Medicare Statistics:</b>						
Revenue (in thousands)	\$ 67,304	92.6%	\$ 65,698	91.8%	\$ 1,606	2.4%
Billable visits	407,502		381,958		25,544	6.7%
Admissions	14,352		13,268		1,084	8.2%
Recertifications	8,327		8,104		223	2.8%
Episodes Completed	21,427		20,262		1,165	5.7%
Revenue per completed episode	\$ 2,998		\$ 3,133		\$ (135)	-4.3%
Visits per episode	18.0		18.0		-	0.0%

**PERSONAL CARE OPERATING METRICS**

	Three Months Ended March 31,					
	2011		2010		Change	
	Amount		Amount		Amount	%
Average number of locations	23		23		-	0.0%
Admissions	781		792		(11)	-1.4%
Patient months of care	10,949		11,300		(351)	-3.1%
Patient days of care	140,631		141,232		(601)	-0.4%
Billable hours	551,514		556,339		(4,825)	-0.9%
Revenue per billable hour	\$ 17.96		\$ 17.56		\$ 0.39	2.2%

**Non-GAAP Financial Measure**

The information provided in some of the tables in this release includes certain non-GAAP financial measures as defined under Securities and Exchange Commission (SEC) rules. In accordance with SEC rules, the Company has provided, in the supplemental information and the footnotes to the tables, a reconciliation of those measures to the most directly comparable GAAP measures.

**EBITDA**

Earnings before interest, taxes, depreciation and amortization (EBITDA) is not a measure of financial performance under accounting principles generally accepted in the United States of America. It should not be considered in isolation or as a substitute for net income, operating

income, cash flows from operating, investing or financing activities, or any other measure calculated in accordance with generally accepted accounting principles. The items excluded from EBITDA are significant components in understanding and evaluating financial performance and liquidity. Management routinely calculates and communicates EBITDA and believes that it is useful to investors because it is commonly used as an analytical indicator within our industry to evaluate performance, measure leverage capacity and debt service ability, and to estimate current or prospective enterprise value. EBITDA is also used in certain covenants contained in our credit agreement.

The following tables set forth a reconciliation of net income to EBITDA:

(In thousands)

	Three Months Ended March 31,	
	2011	2010
Net income	\$ 5,705	\$ 7,443
Add back:		
Interest expense	55	89
Income tax expense	3,843	5,013
Depreciation and amortization	745	669
Amortization of stock-based compensation	392	430
Earnings before interest, income taxes, depreciation and amortization (EBITDA)	<u>\$ 10,740</u>	<u>\$ 13,644</u>

### **About Almost Family**

Almost Family, Inc., founded in 1976, is a leading regional provider of home health nursing services, with branch locations in Florida, Kentucky, New Jersey, Connecticut, Ohio, Massachusetts, Missouri, Alabama, Illinois, Pennsylvania, and Indiana (in order of revenue significance). Almost Family, Inc. and its subsidiaries operate a Medicare-certified segment and a personal care segment. Altogether, Almost Family operates over 110 branch locations in 11 U.S. states.

### **Forward Looking Statements**

All statements, other than statements of historical facts, included in this news release are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements may be identified by the use of forward-looking terminology such as "may," "will," "expect," "believe," "estimate," "project," "anticipate," "continue," or similar terms, variations of those terms or the negative of those terms. These forward-looking statements are based on the Company's current plans, expectations and projections about future events.

Because forward-looking statements involve risks and uncertainties, the Company's actual results could differ materially from any future results, performance or achievements expressed or implied by such forward-looking statements. The potential risks and uncertainties which could cause actual results to differ materially include: regulatory approvals or third party consents may not be obtained, the impact of further changes in healthcare reimbursement systems, including the ultimate outcome of potential changes to Medicare reimbursement for home health services and to Medicaid reimbursement due to state budget shortfalls; the ability of the Company to maintain its level of operating performance and achieve its cost control objectives; changes in



our relationships with referral sources; the ability of the Company to integrate acquired operations; government regulation; health care reform; pricing pressures from Medicare, Medicaid and other third-party payers; changes in laws and interpretations of laws relating to the healthcare industry; and the Company's self-insurance risks. For a more complete discussion regarding these and other factors which could affect the Company's financial performance, refer to the Company's various filings with the Securities and Exchange Commission, including its filing on Form 10-K for the year ended December 31, 2010, in particular information under the headings "Special Caution Regarding Forward-Looking Statements" and "Risk Factors." The Company undertakes no obligation to update or revise its forward-looking statements.