

Sector: Health Care
Sub-Industry: Health Care Services
Peer Group: Home Health Specialized Services

Summary: This company provides home health nursing services in two operating segments, Visiting Nurse and Personal Care. AFAM has an approximate 0.04% weighting in the **S&P SmallCap**

Quantitative Evaluations

S&P Quality Ranking : B



S&P Fair Value Rank: 5-



Fair Value Calc: \$28.40 (Undervalued)

S&P Investability Quotient Percentile



AFAM scored lower than 71% of all companies for which an S&P Report is available.

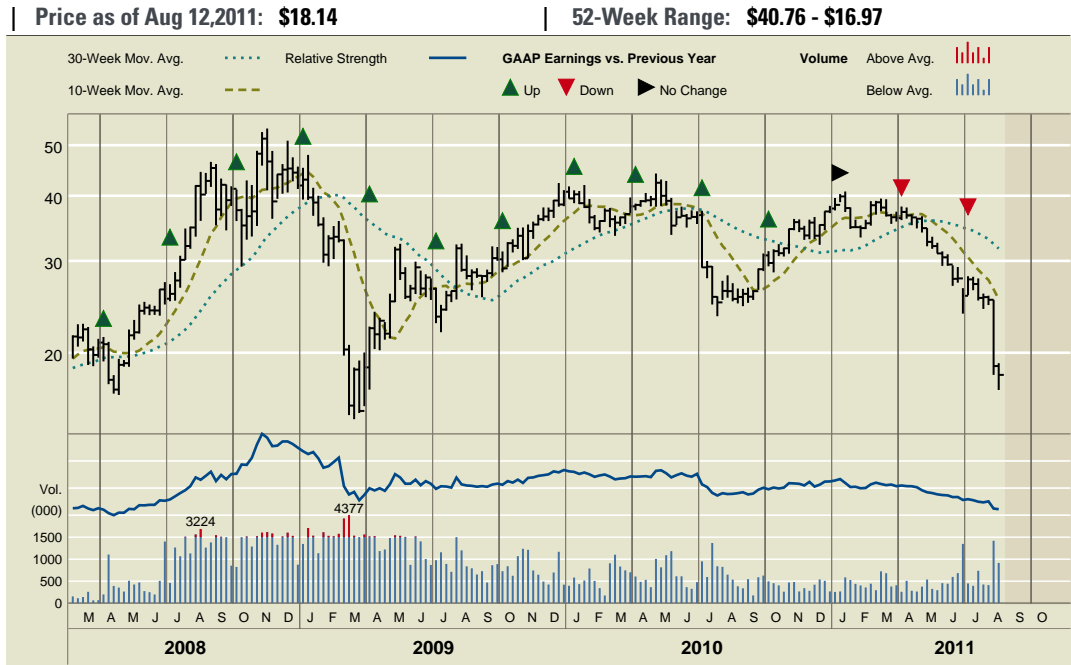
Volatility: High



Technical Evaluation: BEARISH

Since April, 2011, the technical indicators for AFAM have been BEARISH.

Relative Strength Rank: Weak



Options: CBOE

Investment Strategy

Key financial variables to consider in assessing the investment merits of an industrial company are the following:

Sales: What is the trend? Is future sales growth expected to be greater than the past 5-year and 9-year growth average? Accelerating sales growth ultimately provides the fuel behind earnings growth.

Net Margin: As a key measure of company profitability, a rising net margin assesses management capability to wring out more net income from incremental sales.

% LT Debt to Capitalization: A rising percentage implies greater financial risk, all else being equal. Rising debt leverage without a concomitant rise in Return on Equity should raise warning signals of potential cash flow problems. Percentages above 40%-50% should also be considered a warning.

% Return on Equity: A key performance measurement of capital efficiency assesses what investment returns management can earn on a company's existing capital base. A sustained percentage above 20% is considered above average.

Key Growth Rates and Averages

Past Growth Rate (%)	1 Year	3 Year	5 Year	9 Year
Sales	13.12	36.96	38.81	20.09
Net Income	24.38	57.09	66.46	45.63

Ratio Analysis (Average)

Net Margin	9.11	8.37	7.14	4.92
%LT Debt to Capitalization	0.72	8.03	17.51	25.68
% Return on Equity	18.55	21.37	21.39	17.85

Revenues/Earnings Data Fiscal year ending Dec. 31

	Revenues (Million \$)					
	2011	2010	2009	2008	2007	2006
1Q	82.59	81.78	69.20	39.03	31.95	20.79
2Q	81.72	85.61	74.85	48.70	32.71	21.85
3Q	--	84.90	76.29	58.71	32.06	22.95
4Q	--	84.64	78.02	66.17	35.41	26.23
Year	--	336.9	297.9	212.6	132.1	91.81

	Earnings per Share (\$)					
	2011	2010	2009	2008	2007	2006
1Q	0.61	0.80	0.68	0.45	0.31	0.17
2Q	0.53	0.89	0.72	0.50	0.35	0.18
3Q	--	0.85	0.73	0.57	0.34	0.20
4Q	--	0.74	0.74	0.62	0.39	0.26
Year	--	3.28	2.87	2.17	1.40	0.80

Next earnings report expected: NA

Historical GAAP earnings are as reported.

Key Stock Statistics

Average Daily Volume	0.158 mil.	Beta	0.96
Market Capitalization	\$0.170 Bil.	Trailing 12 Month EPS	\$2.73
Institutional Holdings (%)	60	12 Month P/E	6.6
Shareholders of Record	357	Current Yield (%)	Nil

Value of \$10,000 Invested five yrs Ago : **\$15,148**

Please read the required disclosures and Reg. AC certification on the last page of this report.

This report was prepared by Standard & Poor's Quantitative Services.

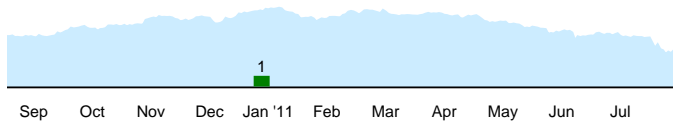
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Wall Street Opinions/Average (Mean) Opinion: Hold

	No. of Ratings	% of Total	1 Mo. Prior	3 Mo. Prior
Buy	0	0	0	1
Buy/Hold	0	0	0	0
Hold	7	100	6	6
Weak Hold	0	0	0	0
Sell	0	0	1	0
No Opinion	0	0	0	0
Total	7	100	7	7

Insider Moves

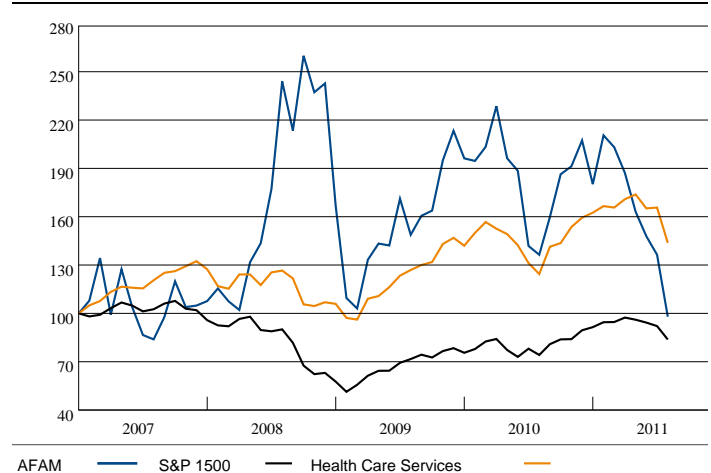
■ Insider Buys ■ Insider Sells ■ Price History



Dividend Data

No Dividend Data Available

Stock Performance



	Company(%)	Industry(%)	S&P 1500(%)
YTD Return	-52.8	-9.8	-6.4
One Year Return	-29.9	9.6	9.5
Three Year Return (% Annualized)	-21.9	4.1	-2.5
Five Year Return (% Annualized)	8.7	7.5	-1.0
Value of \$10,000 Invested 5 Years Ago	\$15,148	\$14,372	\$9,527

Company Financials Fiscal year ending Dec. 31

Per Share Data & Valuation Ratios (\$)	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Tangible Book Value	7.24	3.86	NM	NM	NA	2.20	1.54	1.29	0.83	1.33
Cash Flow	3.60	3.19	2.37	1.56	0.99	0.78	0.39	0.75	0.95	0.60
Earnings	3.28	2.87	2.17	1.40	0.80	0.56	0.29	0.25	0.25	0.39
Dividends	Nil	Nil	Nil	Nil	NA	Nil	Nil	Nil	Nil	Nil
Payout Ratio	Nil	Nil	Nil	Nil	NA	Nil	Nil	Nil	Nil	Nil
Prices:High	44.12	47.90	53.85	26.59	NA	8.93	7.43	4.73	8.25	8.17
Prices:Low	23.50	14.91	16.60	13.69	NA	5.31	3.68	2.00	2.33	1.69
P/E Ratio:High	14	17	25	19	NA	16	25	19	34	21
P/E Ratio:Low	7	5	8	10	NA	10	12	8	9	4

Income Statement Analysis (Million \$)

Revenue	337	298	213	132	91.8	75.6	86.8	86.9	85.8	59.8
Operating Income	54.6	44.8	29.7	14.9	8.04	5.28	5.47	5.25	5.94	5.85
Depreciation	2.91	2.38	1.52	0.93	1.00	1.19	2.46	2.55	3.84	1.27
Interest Expense	0.27	0.80	1.15	0.84	NA	0.11	0.45	0.66	0.81	0.71
Pretax Income	51.4	41.3	27.1	13.1	7.09	4.24	2.52	1.92	2.13	3.86
Effective Tax Rate	NA	40%	39%	40%	40%	32%	39%	34%	37%	42%
Net Income	30.7	24.7	16.4	7.81	4.27	2.88	1.53	1.27	1.34	2.24

Balance Sheet & Other Financial Data (Million \$)

Cash	47.9	19.4	1.30	0.47	4.13	7.20	0.42	0.90	0.97	1.93
Current Assets	100	64.8	43.6	20.5	19.3	18.1	15.2	17.8	20.1	22.6
Total Assets	220	183	161	67.4	53.4	30.5	28.1	33.0	36.8	35.9
Current Liabilities	27.7	25.3	37.3	15.0	12.1	8.84	8.66	8.08	9.62	10.6
Long Term Debt	1.33	2.80	27.1	16.4	13.0	1.12	5.08	12.3	15.9	14.1
Common Equity	182	149	94.8	34.8	27.7	20.1	13.6	12.3	10.1	10.4
Total Capital	185	152	126	52.0	40.8	21.3	18.7	24.6	26.0	24.5
Capital Expenditures	2.61	2.13	1.48	0.59	0.86	0.56	0.56	1.51	2.74	2.09
Cash Flow	33.6	27.4	17.9	8.75	5.28	4.07	3.99	3.81	5.18	3.51
Current Ratio	3.6	2.6	1.2	1.4	1.6	2.1	1.8	2.2	2.1	2.1
% Long Term Debt of Capitalization	0.7	1.8	22.3	31.5	31.9	5.3	27.2	49.9	61.2	57.6
% Net Income of Revenue	9.1	8.3	7.7	5.9	4.7	3.8	1.8	1.5	1.6	3.8
% Return on Assets	15.2	14.4	14.4	12.9	10.2	10.3	5.1	3.6	3.7	NM
% Return on Equity	18.6	20.3	25.3	25.0	17.9	17.9	11.8	11.3	12.7	NM

Data as orig. reptd; bef. results of disc opers/spec. items. Per share data adj. for stk. divs. as of ex-div date. NA-Not Available. NM-Not Meaningful. NR-Not Ranked.

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CEO, Chrmn & Pres: **W. B. Yarmuth**

SVP, Chief Acctg Officer, Investor Contact, Treas, Secy & CFO: **C. S. Guenther**
Dir: **H. M. Altman, Jr., S. Bing, J. D. Goldberg, D. G. McClinton, W. E. Reed, III, T. Wilburn, W. B. Yarmuth**
General Counsel: **J. Perchik**

Chief Admin Officer: **P. T. Lyles**
CIO: **M. Spurlock**
Founded: **1985**
Domicile: **Delaware**
Employees: **6,400**

Sub-Industry Outlook

Our fundamental outlook for the health care services sub-industry for the next 12 months is positive. We think most services, including home health care, rehabilitation services, clinical laboratory services and dialysis, will continue to benefit from favorable demographic trends. However, we note there has been increased pressure to reduce government spending, raising the possibility of potential Medicare reimbursement rate cuts within the sub-industry.

We are optimistic on clinical labs. Although weak employment markets adversely affected physician office visits in 2010 by an estimated 5%-7%, we believe the market has stabilized, and we expect to see a modest increase in office visits in 2011. As a result, we believe labs will benefit from higher volumes, an increase in tests per requisition, and an increase in esoteric/genomic tests, which we see spurring revenue growth beyond low to mid-single digit levels. Meanwhile, in lieu of a health care reform tax, clinical labs agreed to a 1.75% cut in the Medicare clinical lab fee schedule in each of the next five years starting in 2011. However, we believe the expansion of coverage to an additional 32 million Americans via health care reform starting in 2014 will outweigh the impact of lower reimbursement rates.

We are positive on the dialysis group, as we view newly implemented bundled dialysis payment rates as manageable. The majority of dialysis providers took an immediately implemented 4.1% rate cut rather than a 3.1% cut if phased in over four years, to mitigate the burden of implementing the new system. Over the longer term, we expect revenue per treatment to rise, given lower drug costs for

providers. We do, however, expect sustained reimbursement rate pressure due to regulatory focus on containing health care costs. We are also favorably inclined toward respiratory therapy services. We believe that while Medicare reimbursement issues may continue to pressure sales growth, the impact on revenues could be mitigated through expense management and market share gains.

We remain positive on pharmacy benefit managers (PBMs), which help managed care organizations, governments and employers control drug spending. While the soft economy has reduced pharmaceutical consumption, we believe it is spurring generic drug utilization. We also see PBMs increasingly benefiting from the billions of dollars in branded drugs slated to lose patent protection over the next few years. Increased generic drug usage would increase PBMs' profitability.

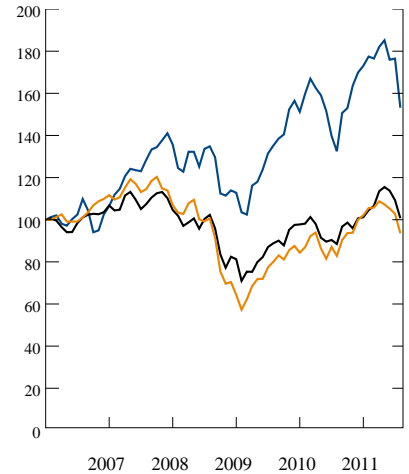
Year to date through August 5, the S&P Health Care Services Index declined 6.2%, while the S&P 1500 Composite Index fell 4.9%.

--Jeffrey Loo, CFA

Stock Performance

GICS Sector: Health Care
Sub-Industry: Health Care Services

Based on S&P 1500 Indexes
Month-end Price Performance as of 07/29/11



Sub-Industry Sector S&P 1500

NOTE: All Sector & Sub-Industry information is based on the Global Industry Classification Standard (GICS)

Sub-Industry : Health Care Services Peer Group*: Home Health Specialized Services

Peer Group	Stock Symbol	Stk.Mkt. Cap. (Mil. \$)	Recent Stock Price(\$)	52 Week High/Low(\$)	Beta	Yield (%)	P/E Ratio	Fair Value Calc.(\$)	Quality Ranking	S&P IQ %ile	Return on Revenue (%)	LTD to Cap (%)
Almost Family	AFAM	170	18.14	40.76/16.97	0.96	Nil	7	28.40	B	29	9.1	0.7
Allied Healthcare Intl	AHCI	163	3.75	3.85/1.86	0.94	Nil	19	NA	B-	82	3.6	0.3
Continuicare Corp	CNU	373	6.15	6.38/3.25	0.63	Nil	15	NA	B-	79	7.1	NA
Gentiva Health Svs	GTIV	201	6.57	29.21/6.09	0.64	Nil	5	13.50	B-	21	4.0	60.8
Lincare Holdings	LNCR	2,008	21.80	31.79/20.55	0.62	3.7	12	25.10	B+	83	10.9	33.1

NA-Not Available NM-Not Meaningful NR-Not Rated. *For Peer Groups with more than 15 companies or stocks, selection of issues is based on market capitalization.

S&P Analyst Research Notes and other Company News**August 4, 2011**

Almost Family Inc. announced unaudited consolidated earnings results for the second quarter and six months ended June 30, 2011. For the quarter, the company reported net service revenues of \$81,721,000 compared to \$85,122,000 for the same period last year. Operating income was \$8,328,000 compared to \$14,021,000 for the same period last year. Income before income taxes was \$8,284,000 compared to \$13,960,000 for the same period last year. Net income was \$4,950,000 or \$0.53 per diluted share compared to \$8,342,000 or \$0.92 per diluted share for the same period last year. EBITDA was \$9,396,000 compared to \$15,158,000 for the same period last year. Fees and expenses related to governmental inquiries lowered second quarter 2011 EPS by approximately \$0.03, while deal costs lowered second quarter 2011 EPS by approximately \$0.02, without which diluted EPS would have been \$0.58. For the second quarter of 2010, investigation costs lowered operating results by approximately \$0.01, while there were no deal costs. Excluding acquisition costs and expenses related to the government inquiry, the company announced that it earned 58 cents per share. Operating cash flows remained strong at \$5.6 million. For the six months, the company reported net service revenues of \$164,314,000 compared to \$166,434,000 for the same period last year. Operating income was \$17,930,000 compared to \$26,567,000 for the same period last year. Income before income taxes was \$17,831,000 compared to \$26,417,000 for the same period last year. Net income was \$10,654,000 or \$1.14 per diluted share compared to \$15,785,000 or \$1.69 per diluted share for the same period last year. Net cash provided by operating activities was \$13,742,000 compared to \$13,826,000 for the same period last year. Capital expenditures were \$1,104,000 compared to \$1,185,000 for the same period last year. EBITDA was \$20,135,000 compared to \$28,804,000 for the same period last year. Fees and expenses related to governmental inquiries lowered year to date 2011 EPS by approximately \$0.05 while deal costs lowered year to date 2011 EPS by approximately \$0.03, without which diluted EPS would have been \$1.22.

June 20, 2011

DOWN 2.09 to 25.68... Baird downgrades home healthcare group. Downgrades AFAM, LHCG to underperform from neutral, downgrades GTIV to neutral from outperform.

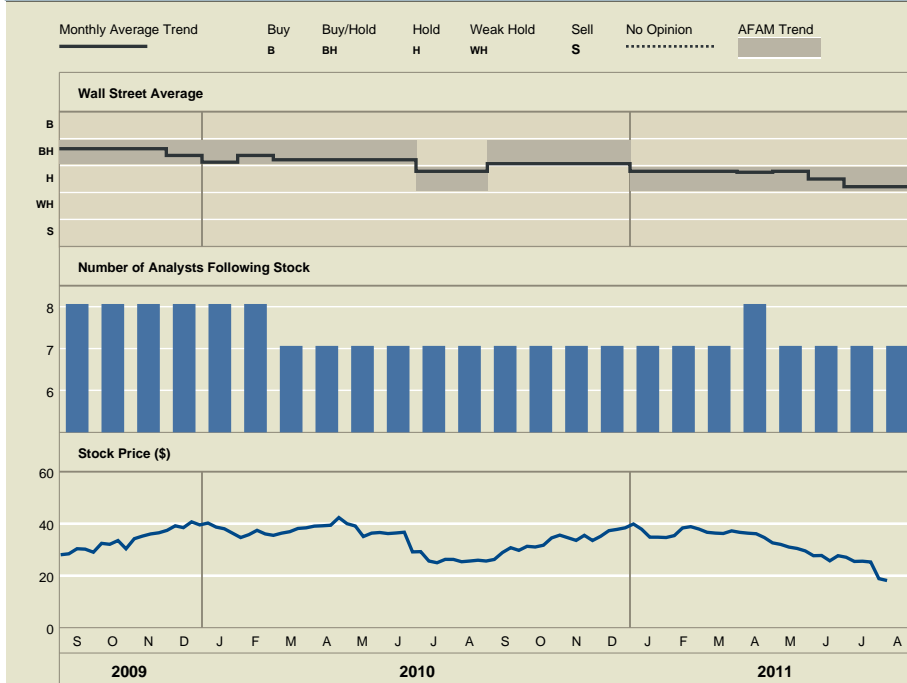
April 29, 2011

Almost Family Inc. reported consolidated unaudited earnings results for the first quarter ended March 31, 2011. For the quarter, the company reported net income of \$5.71 million or \$0.61 per diluted share on net service revenues of \$82.59 million compared to net income of \$7.4 million or \$0.80 per diluted share on net service revenues of \$81.3 million a year ago. Operating income was \$9.6 million compared to \$12.5 million a year ago. Income before income taxes were \$9.5 million compared to \$12.4 million a year ago. Net cash provided by operating activities were \$8.2 million compared to \$13.2 million a year ago. Capital expenditures were \$0.43 million compared to \$0.47 million a year ago. EBITDA was \$10.7 million compared to \$13.6 million a year ago.

March 1, 2011

Almost Family Inc. reported unaudited consolidated financial results for the fourth quarter and full year ended December 31, 2010. For the quarter, the company reported net service revenues of \$84.643 million against \$78.020 million a year ago. Operating income was \$11.816 million against \$11.978 million a year ago. Income before income taxes was \$11.760 million against \$11.849 million a year ago. Net income was \$6.987 million or \$0.75 per diluted share against \$6.808 million or \$0.73 per diluted share a year ago. EBITDA was \$12.824 million against \$12.762 million a year ago. Operating cash flow for the quarter was about \$7.5 million, compared to net income of about \$7 million. For the year, the company reported net service revenues of \$336.924 million against \$297.849 million a year ago. Operating income was \$51.657 million against \$41.869 million a year ago. Income before income taxes was \$51.391 million against \$41.066 million a year ago. Net income was \$30.713 million or \$3.28 per diluted share against \$24.564 million or \$2.86 per diluted share a year ago. Net cash provided by operating activities was \$34.769 million against \$27.100 million a year ago. Capital expenditures was \$2.607 million against \$2.134 million a year ago. EBITDA was \$56.075 million against \$45.625 million a year ago.

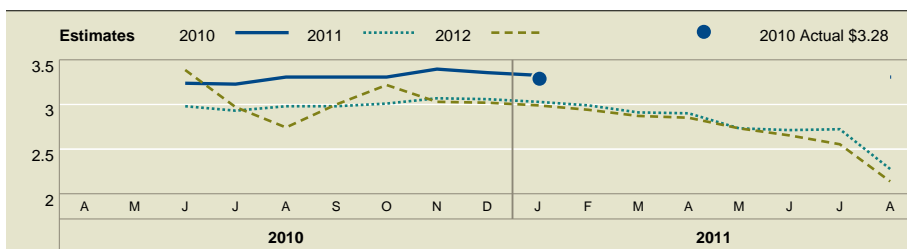
Analysts' Recommendations



Of the total 8 companies following AFAM, 7 analysts currently publish recommendations.

	No. of Ratings	% of Total	1 Mo. Prior	3 Mos. Prior
Buy	0	0	0	1
Buy/Hold	0	0	0	0
Hold	7	100	6	6
Weak Hold	0	0	0	0
Sell	0	0	1	0
No Opinion	0	0	0	0
Total	7	100	7	7

Wall Street Consensus Estimates



Fiscal Years	Avg Est.	High Est.	Low Est.	# of Est.	Est. P/E
2012	2.14	2.30	1.99	7	8.5
2011	2.28	2.31	2.20	4	8.0
2012 vs. 2011	▼ -6%	▼ -0.4%	▼ -10%	▲ 75%	▲ 6%
Q3'12	0.52	0.56	0.48	2	34.9
Q3'11	0.53	0.54	0.51	7	34.2
Q3'12 vs. Q3'11	▼ -2%	▲ 4%	▼ -6%	▼ -71%	▲ 2%

A company's earnings outlook plays a major part in any investment decision. Standard & Poor's organizes the earnings estimates of over 2,300 Wall Street analysts, and provides their consensus of earnings over the next two years. This graph shows the trend in analyst estimates over the past 15 months.

Wall Steet Consensus Opinion

HOLD

Companies Offering Coverage

- Avondale Partners LLC
- Bb&t Capital Markets
- Jefferies & Co.
- Macquarie Research
- RBC Capital Markets
- Robert W. Baird & Co., Inc.
- Stephens Inc.
- Suntrust Robinson Humphrey

Wall Street Consensus vs. Performance

For fiscal year 2011, analysts estimate that AFAM will earn \$2.28. For the 2nd quarter of fiscal year 2011, AFAM announced earnings per share of \$0.53, representing 23% of the total annual estimate. For fiscal year 2012, analysts estimate that AFAM's earnings per share will decline by 6% to \$2.14.

Glossary

S&P Quality Ranking - Growth and stability of earnings and dividends are deemed key elements in establishing S&P's quality ranking for common stocks, which are designed to capsule the nature of this record in a single symbol. It should be noted that, however, that the process also takes into consideration certain adjustments and modifications deemed desirable in establishing such rankings. The final score for each stock is measured against a scoring matrix determined by analysis of the scores of a large and representative sample of stocks. The range of scores in the array of this sample has been aligned with the following ladder of rankings:

A+	Highest	B	Lower
A	High	B-	Below Average
A-	Above Average	C	Lowest
B+	Average	D	In Reorganization
NR	Not Ranked		

S&P Fair Value Rank - Using S&P's exclusive proprietary quantitative model, stocks are ranked in one of five groups, ranging from Group 5, listing the most undervalued stocks, to Group 1, the most overvalued issues. Group 5 stocks are expected to generally outperform all others. A positive (+) or negative (-) Timing Index is placed next to the Fair Value ranking to further aid the selection process. A stock with a (+) added to the Fair Value Rank simply means that this stock has a somewhat better chance to outperform other stock with the same Fair Value Rank. A stock with a (-) has a somewhat lesser chance to outperform other stocks with the same Fair Value Rank. The Fair Value rankings imply the following: 5-Stock is significantly undervalued; Fair Value Rank. A stock with a (-) has a somewhat lesser chance to outperform other stocks with the same Fair Value Rank. The Fair Value rankings imply the following: 5-Stock is significantly undervalued; 4-Stock is moderately undervalued; 3-Stock is fairly valued; 2-Stock is modestly overvalued; 1-Stock is significantly overvalued.

Funds From Operations (FFO) - FFO is Funds from Operations and equal to a REIT's net income, excluding gains or losses from sales of property, plus real estate depreciation.

Fair Value Calculation - The current price at which a stock should sell today as calculated by S&P's computers using our quantitative model based on the company's earnings, growth potential, return on equity relative to the S&P 500 and its industry group, price to book ratio history, current yield relative to the S&P 500, and other factors.

Investability Quotient (IQ) - The IQ is a measure of investment desirability. It serves as an indicator of potential medium-to-long-term return and as a caution against downside risk. The measure takes into account variables such as technical indicators, earnings estimates, liquidity, financial ratios and selected S&P proprietary measures.

Standard & Poor's IQ Rationale:

	Raw Score	Max Value
Proprietary S&P Measures	15	115
Technical Indicators	15	40
Liquidity/Volatility Measures	17	20
Quantitative Measures	21	75
IQ Total	68	250

Volatility - Rates the volatility of the stock's price over the past year.

Technical Evaluation - In researching the past market history of prices and trading volume for each company, S&P's computer models apply special technical methods and formulas to identify and project price trends for the stock.

Relative Strength Rank - Shows, on a scale of 1 to 99, how the stock has performed versus all other companies in S&P's universe on a rolling 13-week basis.

Global Industry Classification Standard (GICS) - An industry classification standard, developed by Standard & Poor's in collaboration with Morgan Stanley Capital International (MSCI). GICS is currently comprised of 10 Sectors, 24 Industry Groups, 67 Industries, and 147 Sub-Industries.

Dividends on American Depositary Receipts (ADRs) and American Depositary Shares (ADSs) are net of taxes (paid in the country of origin).

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