ALMOST FAMILY INC

FORM 10-K
(Annual Report)

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PRELIMINARY SUBJECT TO CHANGE

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2014

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

Commission file number 001-09848

ALMOST FAMILY, INC.

(Exact name of Registrant as specified in its charter)

Delaware	**06-1153720**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)

9510 Ormsby Station Road, Suite 300, Louisville, Kentucky 40223

(Address of principal executive offices)

(502) 891-1000

(Registrant's telephone number, including area code)

Not Applicable

(Former name, former address and former fiscal year, if changed since last report)

Securities registered pursuant to Section 12(b) of the Act

Title of each class	**Name of each exchange on which registered**
Common Stock, par value $0.10 per share	NASDAQ Global Select Market

Securities registered pursuant to Section 12(g) of the Act: **None**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Exchange Act. Yes ☐ No ☒

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of the Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☒

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☐	Accelerated filer ☒
Non-accelerated filer ☐ (Do not check if a smaller reporting company)	Smaller reporting company ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act) Yes ☐ No ☒

As of June 30, 2014, the aggregate market value of the registrant's common stock held by non-affiliates of the registrant was $186,146,787 based on the last sale price of a share of the common stock as of June 30, 2014 ($22.08), as reported by the NASDAQ Global Market.

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class	Outstanding at February 24, 2015
Common Stock, $0.10 par value per share	9,480,331 Shares

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the 2014 definitive proxy statement relating to the registrant's Annual Meeting of Stockholders are incorporated by reference in Part III to the extent described therein.

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In this report, the terms “Company,” “we,” “us” or “our” mean Almost Family, Inc. and all subsidiaries included in our consolidated financial statements.

Special Caution Regarding Forward-Looking Statements

Certain statements contained in this annual report on Form 10-K, including, without limitation, statements containing the words “believes,” “anticipates,” “intends,” “expects,” “assumes,” “trends” and similar expressions, constitute “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements are based upon the Company’s current plans, expectations and projections about future events. However, such statements involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. These factors include, among others, the following:

- general economic and business conditions;
- demographic changes;
- changes in, or failure to comply with, existing governmental regulations;
- legislative proposals for healthcare reform;
- changes in Medicare and Medicaid reimbursement levels;
- changes in laws and regulations with respect to Accountable Care Organizations;
- effects of competition in the markets in which the Company operates;
- liability and other claims asserted against the Company;
- potential audits and investigations by government and regulatory agencies, including the impact of any negative publicity or litigation;
- ability to attract and retain qualified personnel;
- availability and terms of capital;
- loss of significant contracts or reduction in revenues associated with major payor sources;
- ability of customers to pay for services;
- business disruption due to natural disasters or terrorist acts;
- ability to successfully integrate the operations of acquired businesses and achieve expected synergies and operating efficiencies from the acquisition, in each case within expected time-frames or at all;
- ability to successfully develop investments made by our healthcare innovations segment, in light of the highly speculative nature of these early stage investments;
- significant deterioration in economic conditions and significant market volatility;
- effect on liquidity of the Company’s financing arrangements; and
- changes in estimates and judgments associated with critical accounting policies and estimates.

For a detailed discussion of these and other factors that could cause the Company’s actual results to differ materially from the results contemplated by the forward-looking statements, please refer to Item 1A. “Risk Factors” and Item 7 “Management’s Discussion and Analysis of Financial Condition and Results of Operations” elsewhere in this report. The reader should not place undue reliance on forward-looking statements, which speak only as of the date of this report. Except as required by law, the Company does not intend to publicly release any revisions to forward-looking statements to reflect unforeseen or other events after the date of this report. The Company has provided a detailed discussion of risk factors within this annual report on Form 10-K and various filings with the Securities and Exchange Commission (“SEC”). The reader is encouraged to review these risk factors and filings.

PART I

ITEM 1. BUSINESS

Introduction

Almost Family, Inc. ™ and subsidiaries (collectively " *Almost Family* ") is a leading, regionally focused provider of home health services. We have service locations in Florida, Tennessee, Ohio, Kentucky, Connecticut, New Jersey, Massachusetts, Indiana, Illinois, Pennsylvania, Georgia, Missouri, Mississippi and Alabama (in order of revenue significance).

We were incorporated in Delaware in 1985. Through a predecessor merged into the Company in 1991, we have been providing health care services, primarily home health care, since 1976. We reported approximately $496 million of revenues for the year ended December 31, 2014. Unless otherwise indicated, the financial information included in Part I is for continuing operations.

Website Access to Our Reports

Our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and all amendments to those reports are available free of charge on our website at www.almostfamily.com as soon as reasonably practicable after such material is electronically filed with or furnished to the SEC. Information contained on Almost Family's website is not part of this annual report on Form 10-K and is not incorporated by reference in this document.

How We Are Currently Organized and Operate

The Company has two divisions, Home Health Care and Healthcare Innovations. The Home Health Care division is comprised of two reportable segments, Visiting Nurse Services (VN or Visiting Nurse) and Personal Care Services (PC or Personal Care). Healthcare Innovations is also a reporting segment. Reportable segments have been identified based upon how management has organized the business by services provided to customers and the criteria in Accounting Standards Codification (ASC) Topic 280, *Segment Reporting* .

Our VN segment provides a comprehensive range of Medicare-certified home health nursing services to patients in need of recuperative care, typically following a period of hospitalization or care in another type of inpatient facility. Our services are often provided to patients in lieu of additional care in other settings, such as long term acute care hospitals, inpatient rehabilitation hospitals or skilled nursing facilities. Our nurses, therapists, medical social workers and home health aides work closely with patients and their families to design and implement an individualized treatment response to a physician-prescribed plan of care. Under the umbrella of our "Senior Advocacy" mission, we offer special clinically-based protocols customized to meet the needs of the increasingly medically complex, chronic and co-morbid patient populations we serve. Examples include Optimum Balance, Silver Steps, Cardiocare, Orthopedic and Conjestive Heart Failure in the Home. VN Medicare revenues are generated on a per episode basis rather than a fee per visit or hourly basis. Approximately 94% of the VN segment revenues are generated from the Medicare program while the balance is generated from Medicaid and private insurance programs.

Our PC segment provides services in patients' homes primarily on an as-needed, hourly basis. These services include personal care, medication management, meal preparation, caregiver respite and homemaking. Our services are often provided to patients who would otherwise be admitted to skilled nursing facilities for long term custodial care. PC revenues are generated on an hourly basis. Approximately 79% of the PC segment revenues are generated from Medicaid and other government programs while the balance is generated from insurance programs and private pay patients.

The new Healthcare Innovations segment includes our developmental activity outside of the traditional home health business platform.

Additional financial information about our segments can be found in Part II, Item 8, “Notes to Consolidated Financial Statements” and related notes included elsewhere in this Form 10-K.

Our View on Reimbursement and Diversification of Risk

Our Company is highly dependent on government reimbursement programs which pay for the majority of the services we provide to our patients and customers. Reimbursement under these programs, primarily Medicare and Medicaid, is subject to frequent changes as policy makers balance constituents’ needs for health care services within the constraints of the specific government’s fiscal budgets. Medicare and Medicaid, respectively, are consuming a greater percentage of federal and states’ budgets, which is exacerbated in times of economic downturn. We believe that these financial issues are cyclical in nature rather than indicative of the long-term prospect for Medicare and Medicaid funding of health care services. Additionally, we believe our services offer the lowest cost alternative to institutional care and are a part of the solution to the federal government’s Medicare and states’ Medicaid financing problems.

We believe that an important key to our historical success and to our future success is our ability to adapt our operations to meet changes in reimbursement as they occur. One important way in which we have achieved this adaptability in the past, and in which we plan to achieve it in the future, is to maintain some level of diversification in our business mix.

The execution of our business plan will place primary emphasis on the development of our home health operations. As our business grows, we may evaluate opportunities for the provision of other health care services in patients’ homes that would be consistent with our Senior Advocacy mission.

Our Business Plan

Our future success depends on our ability to execute our business plan. Over the next three to five years we will try to accomplish the following:

- Generate meaningful same store sales growth through the focused provision of high quality services and attending to the needs of our patients;

- Drive our costs down, while continuing to provide high-quality patient care, by improving the productivity of our work force through improved monitoring, tighter controls, workflow automation, use of technology and other opportunities for efficiency gains;

- Expand the significance of our home health services by selectively acquiring other quality providers, through the startup of new agencies and potentially by providing new services in patients’ homes consistent with our Senior Advocacy mission;

- Make additional strategic investments which expand our Healthcare Innovation segment in its mission to find solutions for more effective, efficient and appropriate delivery of homecare; and

- Expand our capital base through both earnings performance and by seeking additional capital investments in our Company.

Overview of Our Services

Home Health Division Services

Operating Locations

Our operating locations for our VN and PC Segments in our home health division were as follows at December 31:

	2014 Branches		2013 Branches	
Geographic Clusters	Visiting Nurse	Personal Care	Visiting Nurse	Personal Care
Southeast				
Florida	51	7	64	9
Tennessee	23	8	22	8
Georgia	9	—	9	—
Mississippi	2	—	2	—
Alabama	1	—	1	—
Northeast				
Pennsylvania	8	2	9	3
New Jersey	6	—	6	—
Massachusetts	5	—	5	—
Connecticut	3	7	4	7
Midwest				
Kentucky	21	4	20	4
Ohio	12	33	14	35
Indiana	11	—	11	—
Missouri	4	—	4	—
Illinois	4	—	4	—
Total	160	61	175	66

In conjunction our 2013 acquisition activities, we realigned our operations in Florida, which resulted in the closure of certain locations during 2014.

Visiting Nurse Services

Our VN segment services consist primarily of the provision of skilled in-home medical services to patients in need of short-term recuperative health care. Our patients are referred to us by their physicians or upon discharge from a hospital or other type of in-patient facility. We operate 87 Medicare-certified home health agencies with a total of 160 locations. In the year ended December 31, 2014, approximately 94% of our visiting nurse segment revenues were derived from the Medicare program.

Our Visiting Nurse segment provides a comprehensive range of Medicare-certified home health nursing services. We receive payment from Medicare, Medicaid and private insurance companies. Our professional staff includes registered nurses, licensed practical nurses, physical, speech and occupational therapists, and medical social workers. They fulfill medical treatment plans prescribed by physicians. Our professional staff is subject to state licensing requirements in the particular states in which they practice. Para-professional staff members (primarily home health aides) also provide care to these patients.

Our Visiting Nurse segment operations located in Florida normally experience higher admissions during the first quarter and lower admissions during the third quarter than in the other quarters due to seasonal population fluctuations.

Personal Care Services

Our PC segment services are also provided in patients' homes. These services (generally provided by para-professional staff such as home health aides) are generally of a custodial rather than skilled nature. Generally, PC revenues are generated on an hourly basis. We currently operate 61 Personal Care locations. In the year ended December 31, 2014, approximately 79% of our personal care segment revenues were derived from the Medicaid program.

Healthcare Innovations Segment

Our Healthcare Innovations business segment was created to house and separately report on our developmental activities outside our traditional home health business platform. These activities are intended ultimately, whether directly or indirectly, to benefit our patients and our payers through the enhanced provision of home health services. Our activities all share a common goal of improving patient experiences and quality outcomes, while lowering costs. They include, but are not limited to, items such as: technology, information, population health management, risk-sharing, care coordination and transitions, clinical advancements, enhanced patient engagement and informed clinical decision. In particular, we seek out new and better solutions to further the performance of physician-lead ACO's and our Imperium venture.

These initiatives are highly speculative and, so far, have been made in development stage enterprises. There can be no assurance that we will receive any return on, or of, the capital we invest in these ventures. However, we believe these activities already have, and will continue to help us, discover valuable insight and experiences that would not otherwise be gained in the routine operation of our core home health business segments. These endeavors are part of a growing number of care-related innovations and reforms that have started by us and by others. We expect many more will be attempted over the next several years. Further, we believe these innovation activities, including but not limited to those undertaken in Healthcare Innovations segment, will lead policy makers, payers, providers, and anyone who assumes financial risk for managing patient populations, seek to reduce costs and quality improvement gains by caring for patients in their homes.

Imperium

Imperium's purpose is to assist independent primary care physician practices in establishing and successfully operating Accountable Care Organizations ("ACOs") first made possible by 2010's Affordable Care Act. Through Imperium, we seek to innovate using risk-based predictive models, earlier and more frequent home health interventions where appropriate, and information sharing across providers to support better and more cost-effective clinical decisions. Through improved care management, in a coordinated effort lead by primary care physicians, with nurses and home health agencies using evidence-based clinical standards, we seek to reduce avoidable hospitalizations, emergent care, and non-impactful health care services. We seek to work together with primary care physicians to manage high-cost patients in lower-cost settings, with a goal of generating, and sharing in savings, to the Medicare program. By linking physicians with home health care through the ACO vehicle we seek to deliver meaningful savings to the healthcare system and participate in a share of those savings under the Medicare Shared Savings Program ("MSSP") and such other similar models as may evolve in the future.

In the past year, Imperium has rapidly expanded its customer base growing from 3 ACO's under contract in 2013, to 7 in 2014 and 11 in 2015. In terms of covered Medicare beneficiaries, Imperium has grown from 23,000 in 2013, to 45,000 in 2014 and now has 85,000 in 2015. While the companies intend to work together toward the development of additional ACO relationships in markets in which Almost Family also provides home health services, Imperium also currently has, and will continue to seek, ACO customers in other service territories. We own 61.5% of Imperium and consolidate its result in our financial statements. We report a provision for noncontrolling interests (NCI) to reflect the income or losses attributable to the 38.5% interest that we do not own. Additionally, due to certain put-call arrangements we also reflect a mandatorily redeemable noncontrolling interest amount of $3.6 million related to Imperium between the liability and equity sections of our balance sheet.

On September 16, 2014, CMS announced the first year financial reconciliation and quality performance results for ACOs. Fifty-three ACOs generated shared savings during their first performance year ended December 31, 2013. ACOs that generated savings earned a performance payment, if they met the quality standard. One of Imperium's 3 serviced ACO's during this period received an MSSP payment and Imperium received its $1.6 million share. There can be no assurance that future payments will be made by CMS, the structure of MSSP payments will remain as currently deployed, or that an MSSP payment will be received related to our 2014 services or any future period.

NavHealth

NavHealth is a development-stage enterprise whose business plan is focused on the development of technology-based tools designed to help health systems anticipate and inform a patient's journey through the health care system. Among its other objectives, NavHealth seeks to develop and market a software platform designed to assist health care providers, managed care organizations and insurers in their efforts to aggregate patient data from various sources, improve patient engagement, satisfaction and outcomes and lower the overall cost of healthcare delivery. We are co-invested in NavHealth with founders Aneesh Chopra and Hunch Analytics which Chopra co-founded with Sanju Bansal. Mr. Bansal is the co-founder and former COO of MicroStrategy (MSTR), a worldwide provider of enterprise software for cloud business intelligence and big data services. We made an initial $1 million noncontrolling investment in NavHealth on January 29, 2015 and may, at our option, invest another $1 million. We account for this investment under the cost method.

Compensation for Home Health Services

We are compensated for our home health services by (i) Medicare (Visiting Nurse segment only), (ii) Medicaid, (iii) other third party payors (e.g., insurance companies and other sources), and (iv) private pay (paid by personal funds). The rates of reimbursement we receive from Medicare, Medicaid and other government programs are generally dictated by those programs. In determining charge rates for goods and services provided to our other customers, we evaluate several factors including cost and market competition. We sometimes negotiate contract rates with third party providers such as insurance companies.

Our reliance on government sponsored reimbursement programs makes us vulnerable to possible legislative and administrative regulation changes and budget cut-backs that could adversely affect the number of persons eligible for such programs, the amount of allowed reimbursements or other aspects of the program, any of which could materially affect us. In addition, loss of certification or qualification under

Medicare or Medicaid programs could materially affect our ability to effectively market our services.

The following table sets forth our revenues from operations derived from each major payor class during the indicated periods (by percentage of net revenues) for the years ended December 31:

Payor Group	2014	2013	2012
Medicare	72.4%	71.2%	71.7%
Medicaid and Other Government Programs	19.6%	22.5%	22.0%
Insurance and private pay	8.0%	6.3%	6.3%

Medicare revenues are earned in our VN segment, where they account for 94% of segment revenues. Historical changes in payment sources are primarily a result of changes in the types of customers we attract.

See “Government Regulation” and “Risk Factors.” We will monitor the effects of such items and may consider modifications to our expansion and development strategy when and if necessary.

Acquisitions

The Company has completed several acquisitions over the past three years and will continue to seek to acquire other quality providers of Medicare-certified home health and/or personal care services, along with making investments in healthcare innovators through our Healthcare Innovations segment.

Factors which may affect future acquisition decisions include, but are not limited to, the quality and potential profitability of the business under consideration, and our profitability and ability to finance the transaction.

2015 Acquisitions

Almost Family signed a definitive agreement to acquire the stock of Willcare. Willcare, based in Buffalo, NY, reported $72 million in revenue in 2014 with VN and PC branches locations in New York (11), Connecticut (3) and Ohio (1). The purchase price is expected to be between $46 and $53 million based on changes in earnings and working capital between execution of the definitive agreement and the expected close sometime in the second half of FY 2015 subject to New York approval. The transaction will be funded by borrowings under the Company’s bank credit facility.

On January 29, 2015, we acquired a noncontrolling interest in a development stage analytics and software company, NavHealth, Inc. (NavHealth). The investment is an asset of our Health Innovations segment.

2014 Acquisitions

During 2014, we completed a small acquisition using cash on hand to expand existing VN segment operations in Kentucky.

2013 Acquisitions

On December 6, 2013, we acquired the stock of Omni Home Health Holdings, Inc. (“SunCrest”). The total purchase price was $75.5 million, subject to a working capital adjustment. The transaction was funded primarily from borrowings from our senior secured revolving credit facility and cash on hand. SunCrest’s post acquisition operating results are primarily included in our VN segment with the remainder reported in our PC segment.

On October 4, 2013, we acquired a controlling interest in Imperium Health Management, LLC (“Imperium”). Imperium is a development-stage enterprise that provides strategic health management services to Accountable Care Organizations (“ACOs”). We acquired 61.5% interest for a total of $5.8 million. The transaction was funded

with cash on hand. Imperium's operating results are included in our Healthcare Innovations segment.

On July 17, 2013, we acquired the assets of the Medicare-certified home agencies owned by Indiana Home Care Network ("IHCN"). IHCN operated six home health agencies primarily in northern Indiana. The total purchase price was $12.5 million and was funded with cash on hand and Almost Family, Inc. common stock. ICHN's post acquisition operating results are reported in our VN segment.

2012 Acquisitions

During 2012, we completed two small acquisitions using cash on hand to expand existing VN and PC segment operations.

Competition, Marketing and Customers

The visiting nurse industry is highly competitive and fragmented. Competitors include larger publicly held companies such as Amedisys, Inc. (NasdaqGS: AMED), Kindred Healthcare, Inc. (NYSE: KND), and LHC Group, Inc. (NasdaqGS: LHCG), and numerous privately held multi-site home care companies, privately held single-site agencies and a significant number of hospital-based agencies. Competition for customers at the local market level is very fragmented and market specific. Generally, each local market has its own competitive profile and no one competitor has significant market share across all our markets. To the best of our knowledge, no individual provider has more than 6% share of the national Medicare home health market.

We believe the primary competitive factors are quality of service and reputation among referral sources. We market our services through our site managers and marketing staff. These individuals contact referral sources in their areas to market our services. Major referral sources include: physicians, hospital discharge planners, Offices on Aging, social workers, and group living facilities. We also utilize, to a lesser degree, consumer-direct sales, marketing and advertising programs designed to attract customers.

The personal care industry is likewise highly competitive and fragmented. Competitors include home health providers, senior adult associations, and the private hiring of caregivers. We market our services primarily through our site managers, and we compete by offering a high quality of care and by helping families identify and access solutions for care. Major referral sources include case managers, physicians and hospital discharge planners.

Our Healthcare Innovations segment competes in new industries, some of which were created by the Patient Protection and Affordable Care Act (the ACA), signed into law in March 2010. The relatively new and unproven markets in which we operate include new competitors that are identified regularly and which range in size from start-up companies to larger publicly held companies like Universal American Corp. (NYSE: UAM). We market our services directly to our customers.

Government Regulation

Medicare Home Health Program

Payment Methodology

As shown in "Compensation for Services" above, approximately 72% of our 2014 consolidated net service revenues were derived from the Medicare Program. Medicare reimburses home health care providers under the Prospective Payment System ("PPS"), which pays a fixed, predetermined rate for services and supplies under an episode of care. An episode of home health care spans a 60-day period, starting with the first day a billable visit is furnished to a Medicare beneficiary and ending 60 days later. If a patient is still in treatment on the 60 th day a new episode begins on the 61 st day, commonly referred to as a recertification episode, regardless of whether a billable visit is rendered on that day and ends 60 days later.

Payment rates are subject to adjustment based on certain variables including, but not limited to: (a) a case-mix adjustment, which drives the home health resource group ("HHRG") to which the Medicare patient is assigned based on such factors as the patient's clinical, functional, and services utilization characteristics; (b) geographic

wage adjustment, including rural rate add-ons, if any; (c) a payment adjustment based upon the level of therapy services required (thresholds set at 6, 14 and 20 visits); (d) a low utilization payment adjustment ("LUPA") if the number of visits was fewer than five; (e) an outlier payment if our patient's care was unusually costly (capped at 10% of total reimbursement at the agency level); (f) a partial payment if our patient transferred to another provider or we received a patient from another provider before completing the episode; (g) the number of episodes of care provided to a patient; and (h) sequestration, a 2% legislated reduction pursuant to the Budget Control Act (BCA) signed into law on August 2, 2011, which was effective for episodes ended after March 31, 2013.

In establishing payment rates for 2014, the Medicare Program reset the national average case-mix to 1.000 from 1.3464 in 2013 and maintained budget neutrality by making a corresponding adjustment to the National, Standardized 60-Day Episode Payment Rate ("Base Episode Payment Rate"). These nominal case-mix and payment rate resets result in a lower case mix and higher base rate for 2014 and are intended to have no effect on payments actually made. We have presented the Base Episode Payment Rate established by the Medicare Program for all episodes of care ended on or after the applicable time periods, along with the Base Episode Payment Rate for each period as if the case-mix reset was in effect for all prior periods below:

Period	Base Episode Payment Rate (1)	Base Episode Payment Rate Adjusted for Case-mix Reset(2)
January 1, 2015 through December 31, 2015	$ 2,961	$ 2,961
January 1, 2014 through December 31, 2014	2,869	2,974
January 1, 2013 through December 31, 2013	2,138	2,984
January 1, 2012 through December 31, 2012	2,139	2,985

(1) Reflects the payment rates as published by the Medicare Program.

(2) Presents the payment rates on a consistent basis as if the case-mix reset had been in effect for all periods presented. Adjusted payment rates for each of the years 2011-2013 were calculated by multiplying the actual Base Episode Payment by 1.3464 (2014 Final Rule) and then by 1.014 (2015 Final Rule).

After determining the appropriate PPS payment rate, we record net revenues as services are rendered to patients over the 60-day episode period. At the end of each month, a portion of our revenue is estimated for episodes that have not yet completed, which are generally referred to as episodes in progress. As a result, net service revenues recorded for an episode in progress is subject to change if the actual number of visits differs from the number anticipated at the start of care. Our revenue recognition under the Medicare reimbursement program is discussed in greater detail in Part II, Item 7 "Critical Accounting Policies" and Item 8, "Notes to Consolidated Financial Statements".

Rebasing and Other Statutory Rate Reductions

The Patient Protection and Affordable Care Act (the ACA), signed into law in March 2010, has adversely impacted our business and it is reasonable to expect it to have an impact on our business in the future. Specifically, the ACA provisions:

- Outlined annual rate reductions from 2011 through 2017 for Medicare reimbursement rates for home health care services we provide to our patients;
- Established statutory reductions to the annual inflationary rate adjustments we would have otherwise received;
- Established certain "productivity" adjustments reducing the reimbursement rates we would have otherwise received;
- Required Centers for Medicare and Medicaid Services ("CMS") to recalculate or "rebase" home health reimbursement to more closely align with the costs of providing care;
- Limited any reduction in reimbursement rates resulting from "rebasing" to a maximum of 3.5% per year in each of the four phase-in years; and
- Required the Medicare Payment Advisory Commission ("MedPac") and the US Department of Health and Human Services (HHS) Secretary to assess and report on the impact of rebasing on access and quality of care.

Home health reimbursement rates had not been "rebased" since the inception of PPS in October 1, 2000. On October 30, 2014, CMS issued the final rule for 2015. The final rule included the maximum rebasing cut in

Medicare reimbursement rates allowable by the ACA. The rebasing cuts are in addition to other legislated cuts for that same period by the ACA.

Potential Future Developments in Medicare Home Health

While there have been many changes enacted over the past several years, the Congress and/or CMS may take future actions which could have an adverse impact on our business, including possible:

- Acceleration or compressing of the rebasing period to a period shorter than the currently legislated 2014-2017 four-year phase in;
- Changes in cost sharing between the Medicare program ("Program")and beneficiaries (i.e., co-pays);
- Removal of or changes to codes in the case-mix system or recalibration of the case-mix system including further case-mix creep coding adjustments, all of which could result in changes to rates under the national standardized 60-day episodic payment;
- Post-acute care bundling;
- Removal or reductions to established statutory reductions to the annual inflationary rate adjustments we would have otherwise received;
- "Productivity" payment reductions to reimbursement rates we would have otherwise received;
- Changes that put providers "at risk" for patient outcomes, and
- Other types of changes of which we may not currently be aware.

We are unable to predict when or whether any of these types of changes may be enacted or what impact, if any, they may have on our business.

Medicaid Reimbursement

As shown in "Compensation for Services" above, approximately 20% of our 2014 consolidated net service revenues were derived from state Medicaid and Other Government Programs, with approximately 8.8%, 5.5%, 2.5% and 1.8% generated from Medicaid reimbursement programs in the states of Ohio, Connecticut, Tennessee and Kentucky, respectively. Net service revenues under such state programs are derived from services provided under a per visit, per hour or unit basis (as opposed to episodic). Revenues are calculated and recorded using payor-specific or patient-specific fee schedules based on the contracted rates.

The financial condition of the Medicaid programs in each of the states in which we operate is cyclical and many currently face significant budget issues. Such states may be expected from time to time to take actions or evaluate taking actions to control the rate of growth of Medicaid expenditures. Among these actions are the following:

- redefining eligibility standards for Medicaid coverage,
- redefining coverage criteria for home and community based care services,
- slowing payments to providers by increasing the minimum time in which payments are made,
- limiting reimbursement rate increases or implementing rate cuts,
- increased utilization of self-directed care alternatives,
- shifting beneficiaries from traditional coverage to Medicaid managed care providers, and
- changing regulations under which providers must operate.

Medicaid programs, while partially federally funded, are administered by the individual states under the broad supervision of CMS. Accordingly, developments typically occur on a state-by-state basis. For example, states in which we operate have had recent activity as follows:

- Effective January 1, 2015, Connecticut increased the fee schedule for services provided by the Connecticut Home Care Program for Elders by 1%. Service programs impacted included in-home nursing care, home health aide, occupational, speech and physical therapies, nursing assessment and evaluation and related home care services.
- Effective July 1, 2014, Tennessee implemented a 1% across the board rate cut for all medical and behavioral health services including home care under TennCare (the state Medicaid Program). In addition to this rate cut, Tennessee imposed an additional 1% across the board cut for TennCare services including home care effective July 1, 2015.

The other states in which we operate, while currently less material to our overall business, may elect to make similar or different changes in their programs. Any such changes, if enacted, could adversely impact our operations.

Medicare and Medicaid Reimbursement Summary

The health care industry has experienced, and is expected to continue to experience, extensive and dynamic periods of change. In addition to economic forces and regulatory influences, continuing political debate subjects the health care industry to significant reform. Health care reforms have been enacted as discussed elsewhere in this document and proposals for additional changes are continuously formulated by departments of the Federal government, Congress, and state legislatures. Such governmental payors provide for approximately 92% of our consolidated net service revenues, including Medicare Advantage plans run by private insurers which are also dependent on federal funding.

We expect legislators and government officials to continuously review and assess alternative health care delivery systems and payment methodologies. Changes in the law or new interpretations of existing laws may have a dramatic effect on the definition of permissible or impermissible activities, the relative cost of doing business, and the methods and amounts of payments for medical care by both governmental and other payors. We expect legislative changes intended to "balance the budget" and slow the annual rate of growth of Medicare and Medicaid to continue. Such future changes may further impact reimbursement for our services. There can be no assurance that future legislation or regulatory changes will not have a material adverse effect on our results of operations.

Governments might take or consider taking further actions because the number of Medicare and Medicaid beneficiaries and their related expenditures are growing at a faster rate than the governments' revenue. Medicare and Medicaid are consuming increasing percentages of budgets and may expand further driven by state based exchanges resulting from the ACA and implementing regulations. Health care financing issues are exacerbated when revenues slow in a down economy. We believe that these financing issues are cyclical in nature rather than indicative of the long-term prospect for Medicare and Medicaid funding of health care services for the populations we serve. Additionally, we believe our services offer the lowest cost alternative to institutional care and are a critical part of the solution to our nation's health care financing problems.

Given the broad and far reaching implications of all the changes in the rapidly evolving environment in which we operate, the incomplete nature of these changes, the pace at which the changes are taking place and the prospects for future changes to be made, we cannot predict the ultimate impact, which may be material and adverse, that health care reform efforts and resulting Medicare and Medicaid reimbursement rates will have on our liquidity, our results of operations, the realizability of the carrying amounts of our intangible assets, including goodwill, or our financial condition. Further, we are unable to predict what effect, if any, such material adverse effect, if it were to occur, might have on our ability to continue to comply with the financial covenants of our revolving credit facility and our ability to continue to access debt capital through that facility.

Permits and Licensure

Many states require companies providing certain health care services to be licensed as home health agencies. In addition, certain health care practitioners employed by us require state licensure and/or registration and must comply with laws and regulations governing standards of practice. The failure to obtain, renew or maintain any of the required regulatory approvals or licenses could adversely affect our business. We believe we are currently licensed appropriately where required by the laws of the states in which we operate. There can be no assurance that either the states or the federal government will not impose additional regulations upon our activities which might adversely affect our results of operations, financial condition, or liquidity.

Certificates of Need

Certain states require companies providing health care services to obtain a certificate of need issued by a state health-planning agency. Where required by law, we have obtained certificates of need from those states. There can be no assurance that we will be able to obtain any certificates of need which may be required in the future, if we expand the scope of our services or if state laws change to impose additional certificate of need requirements, and any attempt to obtain additional certificates of need will cause us to incur certain expenses.

Medicare and Medicaid Participation

Effective March 25, 2011, CMS implemented new enrollment regulations which were a response to aspects of the ACA designed to enhance enrollment procedures to protect against fraud. The regulations authorize the establishment of risk categories with risk level dictating the enrollment screening activities, i.e., more rigorous screening as the perceived risk increases. For Medicare, there are three categories of providers i.e., "limited," "moderate," or "high" risk, and CMS has placed newly enrolling home health agencies in the "high risk" category, with existing enrolled home health agencies categorized as "moderate risk." In addition to the low risk provider screening procedures, providers in the moderate risk category will be subject to unannounced site visits. For high risk providers, any individual with a 5% or more ownership interest will be subject to fingerprint-based criminal history record checks. Additionally, the new regulations authorize Medicare and state Medicaid agencies to impose temporary enrollment moratoria for a particular type of provider if determined to be necessary to combat fraud, waste, or abuse. To the extent that home health agencies are subject to a moratorium, any newly enrolling home health agency, including any change of ownership subject to the 36 month rule, and any expansion to add a branch would be affected by the moratorium.

Other Regulations

A series of laws and regulations dating back to the Omnibus Budget Reconciliation Act of 1987 ("OBRA 1987") and through the ACA and related subsequent legislation have been enacted and apply to us. Changes in applicable laws and regulations have occurred from time to time since OBRA 1987 including reimbursement reductions and changes to payment rules. Changes are also expected to occur continuously for the foreseeable future.

As a provider of services under Medicare and Medicaid programs, we are subject to the Medicare and Medicaid anti-kickback statute and other "fraud and abuse laws." The anti-kickback statute prohibits any bribe, kickback, rebate or remuneration of any kind in return for, or as an inducement for, the referral of Medicare or Medicaid patients. We may also be affected by the Federal physician self-referral prohibition, known as the "Stark" law, which, with certain exceptions, prohibits physicians from referring patients to entities in which they have a financial interest or from which they receive financial benefit. Penalties for violations of the federal Stark law include payment sanctions, civil monetary penalties, and/or program exclusion. Many states in which we operate have adopted similar self-referral laws, as well as laws that prohibit certain direct or indirect payments or fee-splitting arrangements between health care providers, if such arrangements are designed to induce or to encourage the referral of patients to a particular provider.

As a result of the Health Insurance Portability and Accountability Act of 1996 and other legislative and administrative initiatives, Federal and state enforcement efforts against the health care industry have increased dramatically, subjecting all health care providers to increased risk of scrutiny and increased compliance costs.

We are subject to routine and periodic surveys, audits and investigations by various governmental agencies. In addition to surveys to determine compliance with the conditions of participation, CMS has engaged a number of contractors (including Fiscal Intermediaries, Recovery Audit Contractors, Program Safeguard Contractors, Zone Program Integrity Contractors, and Medicaid Integrity Contributors) to conduct audits to evaluate billing practices and identify overpayments. In addition to audits by CMS contractors, individual states are implementing similar programs such as using Medicaid Recovery Audit Contractors. We believe that we are in material compliance with applicable laws. However, we are unable to predict what additional government regulations, if any, affecting our business may be enacted in the future, how existing or future laws and regulations might be interpreted or whether we will be able to comply with such laws and regulations either in the markets in which we presently conduct, or wish to commence, business.

Medicare Accountable Care Organizations (ACOs)

The ACA also established ACOs as a tool to improve quality and lower costs through increased care coordination in the Medicare fee-for-service (FFS) program, also known as "Original Medicare". The Medicare FFS program covers approximately 70% of the Medicare recipients or approximately 36 million eligible Medicare beneficiaries. ACOs are groups of doctors and other healthcare providers working together to provide high quality services and care for their patients. Provider and beneficiary participation in an ACO is purely voluntary and Medicare beneficiaries retain their current ability to seek treatment from any provider they wish. ACOs are legal entities that contract with CMS for three-year periods. Beneficiaries are assigned to ACOs using an "attribution" model based on a plurality of services provided by the primary care physician. Beneficiaries still have the right to use any doctor or hospital who accepts Medicare, at any time. In order to receive revenues from CMS under the MSSP, the

ACO must meet certain minimum savings rates (i.e. save the federal government money) and meet certain quality measures. More specifically, the ACO's costs of medical expenses for its members during a relevant measurement year must be below the ACO's benchmark by a minimum amount as established by CMS for such ACO.

CMS established the MSSP to facilitate coordination and cooperation among providers to improve the quality of care for Medicare Fee-For-Service (FFS) beneficiaries and reduce unnecessary costs. Eligible providers, hospitals, and suppliers may participate in the MSSP by creating, participating in or contracting with an ACO. The MSSP is designed to improve beneficiary outcomes and increase value of care by (1) promoting accountability for the care of Medicare FFS beneficiaries; (2) requiring coordinated care for all services provided under Medicare FFS; and (3) encouraging investment in infrastructure and redesigned care processes. The MSSP will reward ACOs that reduce health care costs below their benchmark while also meeting performance standards on quality of care. Under the final MSSP rules, Medicare will continue to pay individual providers and suppliers for specific items and services as it currently does under the FFS payment methodologies. MSSP rules require CMS to develop a benchmark for savings to be achieved by each ACO, if the ACO is to receive shared savings or for ACOs that have elected to accept responsibility for losses. An ACO that meets the program's quality performance standards will be eligible to receive a share of the savings to the extent its assigned beneficiary medical expenditures are below its own medical expenditure benchmark provided by CMS.

Insurance Programs and Costs

We bear significant risk under our large-deductible workers' compensation insurance program and our self-insured employee health program. Under the workers' compensation insurance program, we bear risk up to $250,000 per incident, after which stop-loss insurance coverage is maintained.

We purchase stop-loss insurance for the employee health plan that places a specific limit, generally $300,000, on our exposure for any individual covered life. The ACA also includes regulatory changes related to employer sponsored health insurance benefit plans, the most significant of which are effective for the Company January 1, 2015, absent legislative action to prevent it. Management is currently working to evaluate the implications of these changes and to develop appropriate courses of action for the Company. At this time we are unable to predict the impact of such changes on our health insurance benefit programs or the costs of such programs to the Company.

Malpractice and general patient liability claims for incidents which may give rise to litigation have been asserted against us by various claimants. The claims are in various stages of processing and some may ultimately be brought to trial. We are aware of incidents that have occurred through December 31, 2014, that may result in the assertion of additional claims. We currently carry professional and general liability insurance coverage (on a claims made basis) for this exposure with no deductible.

We also carry D&O coverage for potential claims against our directors and officers, including securities actions, with deductibles ranging from $100,000 to $200,000 per claim.

Total premiums, excluding estimated exposure to claims and deductibles, for all our non-health insurance programs were approximately $3,892,000 for the contract year ended May 31, 2014.

We record estimated liabilities for our insurance programs based on information provided by the third-party plan administrators, historical claims experience, the life cycle of claims, expected costs of claims incurred but not paid, and expected costs to settle unpaid claims. We monitor our estimated insurance-related liabilities and related insurance recoveries on a monthly basis and as required by Accounting Standards Update ("ASU") 2010-24, *Health Care Entities (Topic 954): Presentation of Insurance Claims and Related Insurance Recoveries,* have recorded amounts due under insurance policies in other current assets, while recording the estimated carrier liability in other current liabilities in our consolidated balance sheets. As facts change, it may become necessary to make adjustments that could be material to our results of operations and financial condition.

We believe that our present insurance coverage is adequate. As part of our on-going risk management, regulatory compliance and cost control efforts, we continually seek alternatives that might provide a different balance of cost and risk, including potentially accepting additional self-insurance risk in lieu of higher premium costs.

Executive Officers of the Registrant

See Part III, Item 10 of this Form 10-K for information about the Company's executive officers.

Employees and Labor Relations

As of December 31, 2014, we had approximately 10,900 employees. None of our employees are represented by a labor organization. We believe our relationship with our employees is satisfactory.

ITEM 1A. RISK FACTORS

Described below and elsewhere in this report are risks, uncertainties and other factors that can adversely affect our business, results of operations, cash flow, liquidity or financial condition. Investing in our common stock involves a degree of risk. You should consider carefully the following risks, as well as other information in this filing and the incorporated documents before investing in our common stock.

Risks Related to Our Industry

Complying with health care reform legislation and the implementing regulations and programmatic guidelines could have a material adverse impact on our results of operations or financial condition in ways not currently anticipated by us.

Part I, Item 1, "Government Regulation" summarizes US health care reform activities pertinent to our operations. Very often, sweeping new legislation is followed by subsequent legislation to address previously unanticipated consequences, or to further define provisions that were too vague to implement based on the language of the original legislation and by legal actions to challenge its constitutionality. In our view it is reasonable to expect this to occur over the next few years. As a result of the broad scope of the ACA and related legislation, the significant changes it will effect in the healthcare industry and society generally, and the complexity of the technical issues it addresses, we are unable to predict, at this time, all the ramifications the ACA and the implementing regulations may have on our business as a health care provider or a sponsor of an employee health insurance benefit plan. The ACA and implementing regulations and programmatic guidelines could have a material adverse impact on our results of operations or financial condition in ways not currently anticipated by us.

Additionally, we may be unable to take actions to mitigate any or all of the negative implications of the ACA and implementing regulations or programmatic guidelines which may result in unfavorable earnings, losses, or impairment charges.

The ACA and related subsequent legislation may be modified through future legislative action or judicial challenge. We can provide you with no assurance that the ultimate outcome of the ACA, health care reform efforts and/or the federal budget and resulting Medicare reimbursement rates will not have a material adverse effect on our liquidity, our results of operation, the realizability of the carrying amounts of our intangible assets, including goodwill, or our financial condition. Further, we are unable to predict what effect, if any, such material adverse effect, if it were to occur, might have on our ability to continue to comply with the financial covenants of our revolving credit facility and our ability to continue to access debt capital through that facility.

The current status of Federal and State budgets may have a material adverse effect on our future results of operations and financial condition, as well as our ability to access credit and capital.

There can be no assurance that Federal and State governments will be able to operate balanced budgets. While the ultimate outcome of these events cannot be predicted, they may have a material adverse effect on the Company. Historic economic conditions, stimulus efforts by the Federal government and costly new programs created by ACA have placed significant strain Federal and state budgets, many of which are in a deficit position. Efforts to reduce spending at the Federal and/or state levels may result in reductions in reimbursement by Medicare, Medicaid and other third-party payors along with tax increases, which may in turn result in decreased revenue growth and a decrease in our profitability. Our contractors and suppliers may also be negatively impacted by these conditions and our ability to provide patient care at a lower cost may diminish and reduce our profitability. Future disruptions in the credit and capital markets, if any, may restrict our access to capital. As a result, our ability to incur additional indebtedness to fund acquisitions and operations may be constrained. If the Federal and State budgets conditions deteriorate or do not improve, our results of operations or financial condition could be materially and adversely affected.

Our profitability depends principally on the level of government-mandated payment rates. Reductions in rates, or rate increases that do not cover cost increases, may adversely affect our business.

We generally receive fixed payments from Medicare and Medicaid for our services based on the level of care that we provide patients. Consequently, our profitability largely depends upon our ability to manage the cost of providing services. Although current Medicare legislation provides for an annual adjustment of the various payment rates based on the increase or decrease of the medical care expenditure category of the Consumer Price Index, these Medicare payment rate increases may be less than actual inflation or could be eliminated or reduced in any given year. Consequently, if our cost of providing services, which consists primarily of labor costs, is greater than the respective Medicare or Medicaid payment rate, our profitability would be negatively impacted.

If any of our agencies fail to comply with the conditions of participation in the Medicare program, that agency could be terminated from the Medicare program, which would adversely affect our net service revenue and profitability.

Each of our home care agencies must comply with the extensive conditions of participation in the Medicare program. If any of our agencies fail to meet any of the Medicare conditions of participation, that agency may receive a notice of deficiency from the applicable state surveyor. If that agency then fails to institute a plan of correction to correct the deficiency within the correction period provided by the state surveyor, that agency could be terminated from the Medicare program. Additionally, failure to comply with the conditions of participation related to enrollment could result in a deactivation or revocation of billing privileges. To the extent that billing privileges are revoked there is a mandated one to three-year bar to re-enrollment. The failure to pass a site verification visit, for example, could result in a revocation of billing privileges with a mandated two-year bar to re-enrollment. Although the revocation would only immediately affect the particular enrollment subject to the revocation, CMS has indicated that following a revocation it will review the enrollment files for providers under common ownership or control to determine if a similar sanction is warranted for any of the other related providers. Any termination of one or more of our home care agencies from the Medicare program for failure to satisfy the program's conditions of participation could adversely affect our net service revenue and profitability.

Any changes to the laws and regulations governing our business, or the interpretation and enforcement of those laws or regulations, could cause us to modify our operations and could negatively impact our operating results.

The federal government and the states in which we operate regulate our industry extensively. The laws and regulations governing our operations, along with the terms of participation in various government programs, regulate how we do business, the services we offer, and our interactions with patients and the public. These laws and regulations, and their interpretations, are subject to frequent change. Changes in existing laws and regulations, or their interpretations, or the enactment of new laws or regulations could reduce our profitability by:

- increasing our liability;
- increasing our administrative and other costs;
- increasing or decreasing mandated services;
- forcing us to restructure our relationships with referral sources and providers; or
- requiring us to implement additional or different programs and systems.

Violation of the laws governing our operations, or changes in interpretations of those laws, could result in the imposition of fines, civil or criminal penalties, the termination of our rights to participate in federal and state-sponsored programs, the suspension or revocation of our licenses, or claims for damages. If we become subject to material fines or if other sanctions or other corrective actions are imposed on us, we might suffer a substantial reduction in profitability.

We have been and could become the subject of governmental investigations, claims and litigation.

Historically, providers of home health services and the Company have been the subject of a number of civil investigations, and qui tam or "whistleblower" suits relating to its Medicare-reimbursed operations. We may become, or unknown to us may already be, the subject of investigations, qui tams, or lawsuits that could have a material adverse effect on our financial position, results of operation and liquidity.

Governmental agencies and their agents, such as the Medicare Administrative Contractors, fiscal intermediaries and carriers, as well as the OIG, CMS and state Medicaid programs, conduct audits of our health care operations. Depending on the nature of the conduct found in such audits and whether the underlying conduct could be considered systemic, the resolution of these audits could have a material adverse effect on our financial position,

results of operation and liquidity.

For example, home health providers, including the Company, have received pre-pay Additional Development Requests ("ADRs") in addition to Recovery Audit Contractor audits ("RACs") from the Palmetto Government Benefits Administration ("PGBA") as a result of additional CMS funding allocations to the Medicare Administrative Contractors ("MACs") to conduct pre-payment reviews. ADRs and RAC audits are both general and focused in nature. The PGBA acts as one of our four fiscal intermediaries, but processes the majority of our claims. We would expect ADRs and RAC audits to continue in the future. If such ADRs or RAC audits result in reimbursement adjustments, we may suffer reduced profitability. Further, our appeal rights related to such audits may lead to cash flow delays due to significant backlog at the Administrative Law Judge level. ADR and RAC backlog was so significant in the hospital industry that CMS agreed to settle all ADR and RAC denials at $0.60 for each dollar denied. There can be no assurances that CMS will settle such claims for home health providers.

If we are unable to maintain relationships with existing patient referral sources or to establish new referral sources, our growth and profitability could be adversely affected.

Our success depends significantly on referrals from physicians, hospitals, case managers and other patient referral sources in the communities that our home care agencies serve, as well as on our ability to maintain good relationships with these referral sources. Our referral sources are not contractually obligated to refer home care patients to us and may refer their patients to other providers. Our growth and profitability depend on our ability to establish and maintain close working relationships with these patient referral sources and to increase awareness and acceptance of the benefits of home care by our referral sources and their patients. We cannot assure you that we will be able to maintain our existing referral source relationships or that we will be able to develop and maintain new relationships in existing or new markets. Our loss of, or failure to maintain, existing relationships or our failure to develop new relationships could adversely affect our ability to expand our operations and operate profitably.

We are subject to federal and state laws that govern our financial relationships with physicians and other healthcare providers, including potential or current referral sources.

We are required to comply with federal and state laws, generally referred to as "anti-kickback laws," that prohibit certain direct and indirect payments or fee-splitting arrangements between healthcare providers that are designed to encourage the referral of patients to a particular provider for medical services. We are also required to comply with the "Stark" law, which places restrictions on physicians who refer patients to entities in which they have a financial interest or from which they receive financial benefit. In addition to the federal anti-kickback and Stark laws, some of the states in which we operate have enacted laws prohibiting certain business relationships between physicians and other providers of healthcare services. We currently have contractual relationships with certain physicians who provide consulting services to our Company. Many of these physicians are current or potential referral sources. Although we believe our physician consultant arrangements currently comply with state and federal anti-kickback and Stark laws, we cannot assure you that courts or regulatory agencies will not interpret these laws in ways that will implicate our physician consultant arrangements. Violations of anti-kickback and similar laws could lead to fines or sanctions, including under the False Claims Act, that may have a material adverse effect on our operations.

We may be subject to substantial malpractice or other similar claims.

The services we offer involve an inherent risk of professional liability and related substantial damage awards. On any given day, we have thousands of nurses, therapists and other direct care personnel driving to and from patients' homes where they deliver medical and other care. Due to the nature of our business, we and the caregivers who provide services on our behalf may be the subject of medical malpractice claims. These caregivers could be considered our agents, and, as a result, we could be held liable for their medical negligence. We cannot predict the effect that any claims of this nature, regardless of their ultimate outcome, could have on our business or reputation or on our ability to attract and retain patients and employees. We maintain malpractice and various other liability insurance or re-insurance policies and are responsible for deductibles and, as applicable, amounts in excess of the limits of our coverage. Although we contract with highly rated carriers, we cannot guarantee collection of amounts expected to be recovered under various insurance or reinsurance policies.

Delays in reimbursement may cause liquidity problems.

Our business is characterized by delays in reimbursement from the time we provide services to the time we receive reimbursement or payment for these services. Data submission requirements change from time to time for payors or payments to us may be delayed pending additional data or documentation requests by the fiscal intermediary, or our ability to effectively respond to such requirements may delay our payment cycle. If we have information system problems or issues that arise with Medicare or Medicaid, we may encounter delays in our payment cycle. Such a timing delay may cause working capital shortages. Working capital management, including prompt and diligent billing and collection, is an important factor in our results of operations and liquidity. System problems, Medicare or Medicaid issues or industry trends may extend our collection period, adversely impact our working capital. Our working capital management procedures may not successfully negate this risk. There are often timing delays when attempting to collect funds from Medicaid programs. Delays in receiving reimbursement or payments from these programs may adversely impact our working capital.

The home health care industry is highly competitive.

Our home health care agencies compete with local and regional home health care companies, hospitals, nursing homes, and other businesses that provide home nursing services, some of which are large established companies that have significantly greater resources than we do. Our primary competition comes from local companies in each of our markets, and these privately-owned or hospital-owned health care providers vary by region and market. We compete based on the availability of personnel; the quality, expertise, and value of our services; and in select instances, on the price of our services. Increased competition in the future from existing competitors or new entrants may limit our ability to maintain or increase our market share. We cannot assure you that we will be able to compete successfully against current or future competitors or that competitive pressures will not have a material adverse impact on our business, financial condition, or results of operations.

Some of our existing and potential new competitors may enjoy greater name recognition and greater financial, technical, and marketing resources than we do. This may permit our competitors to devote greater resources than we can to the development and promotion of services. These competitors may undertake more far-reaching and effective marketing campaigns and may offer more attractive opportunities to existing and potential employees and services to referral sources.

We expect our competitors to develop new strategic relationships with providers, referral sources, and payors, which could result in increased competition. The introduction of new and enhanced service offerings, in combination with industry consolidation and the development of strategic relationships by our competitors, could cause a decline in revenue or loss of market acceptance of our services or make our services less attractive. Additionally, we compete with a number of non-profit organizations that can finance acquisitions and capital expenditures on a tax-exempt basis or receive charitable contributions that are unavailable to us.

We expect that industry forces will continue to have an impact on our business and that of our competitors. In recent years, the health care industry has undergone significant changes driven by efforts to reduce costs, and we expect these cost containment measures to continue in the future. Frequent regulatory changes in our industry, including reductions in reimbursement rates and changes in services covered, have increased competition among home health care providers. If we are unable to react competitively to new developments, our operating results may suffer.

Our Healthcare Innovations segment competes in extremely new young and undeveloped markets.

Our Healthcare Innovations segment competes in extremely young and undeveloped markets with new competitors or solutions developed and introduced to the market regularly. Such new products may capture market share more quickly or may have access to more capital than the capital we have allocated for such projects. Our efforts to bring new solutions to the market may prove unsuccessful, may prove to be unprofitable or may prove to be more costly to bring to market than anticipated. Our investments in these activities are highly speculative in nature and subject to loss.

A shortage of qualified registered nursing staff, physical therapists, occupational therapists and other caregivers could adversely affect our ability to attract, train and retain qualified personnel and could increase operating costs.

We rely significantly on our ability to attract and retain caregivers who possess the skills, experience, and licenses necessary to meet the requirements of our patients. We compete for personnel with other providers of health care services. Our ability to attract and retain caregivers depends on several factors, including our ability to provide these caregivers with attractive assignments and competitive benefits and salaries. We cannot assure you that we will succeed in any of these areas. In addition, there are occasional shortages of qualified healthcare personnel in some of the markets in which we operate. As a result, we may face higher costs of attracting caregivers and providing them with attractive benefit packages than we originally anticipated, and if that occurs, our profitability could decline. Finally, although this is currently not a significant factor in our existing markets, if we expand our operations into geographic areas where healthcare providers have historically unionized, we cannot assure you that the negotiation of collective bargaining agreements will not have a negative effect on our ability to timely and successfully recruit qualified personnel. Generally, if we are unable to attract and retain caregivers, the quality of our services may decline, and we could lose patients and referral sources.

Risks Related to Our Business

We depend on government sponsored reimbursement programs with Medicare accounting for the largest portion of our revenues.

For the years ended December 31, 2014, 2013 and 2012, we received 72%, 71% and 72%, respectively, of our revenue from Medicare. Reductions in Medicare reimbursement have historically and may continue to adversely impact our profitability. Such reductions in payments to us could be caused by:

- administrative or legislative changes to the base episode rate;
- the elimination or reduction of annual rate increases based on medical inflation;
- the imposition by Medicare of co-payments or other mechanisms shifting responsibility for a portion of payment to beneficiaries;
- adjustments to the relative components of the wage index;
- changes to or imposition of regulations impacting our case-mix or therapy thresholds; or
- other adverse changes to the way we are paid for delivering our services.

Our non-Medicare revenues and profitability also are affected by the continuing efforts of third-party payors to contain or reduce the costs of health care by lowering reimbursement rates, narrowing the scope of covered services, increasing case management review of services, and negotiating reduced contract pricing. Any changes in reimbursement levels from these third-party payor sources and any changes in applicable government regulations could have a material adverse effect on our revenues and profitability. We can provide no assurance that we will continue to maintain the current payor or revenue mix.

Our reliance on government sponsored reimbursement programs such as Medicare and Medicaid makes us vulnerable to possible legislative and administrative regulations and budget cut-backs that could adversely affect the number of persons eligible for such programs, the amount of allowed reimbursements or other aspects of the programs, any of which could materially affect us. In addition, loss of certification or qualification under Medicare or Medicaid programs could materially affect our ability to effectively market our services.

We have a significant dependence on state Medicaid reimbursement programs.

Approximately 20%, 23% and 22% of our 2014, 2013 and 2012 revenues, respectively, were derived from state Medicaid and other government programs, many of which currently face significant budget issues. Further, the acquisitions completed by us in 2013 and 2011 increased our dependence on Medicaid reimbursement. Specifically, for the year ended December 31, 2014, approximately 8.8%, 5.5%, 2.5% and 1.8% of our revenues were generated from Medicaid reimbursement programs in the states of Ohio, Connecticut, Tennessee and Kentucky, respectively. Such amounts for Ohio, Connecticut and Kentucky for the year ended December 31, 2013, were approximately 11.7%, 7.1%, and 2.3%, respectively and 11.9%, 6.6% and 2.7%, respectively for the year ended December 31, 2012.

The financial condition of the Medicaid programs in each of the states in which we operate is cyclical and many may be expected from time to time to take actions or evaluate taking actions to control the rate of growth of Medicaid expenditures. Among these actions are the following:

- redefining eligibility standards for Medicaid coverage,
- redefining coverage criteria for home and community based care services,
- slowing payments to providers by increasing the minimum time in which payments are made,
- limiting reimbursement rate increases,
- increased utilization of self-directed care alternatives,
- shifting beneficiaries from traditional coverage to Medicaid managed care providers, and
- changing regulations under which providers must operate.

States may be expected to address these issues because the number of Medicaid beneficiaries and their related expenditures are growing at a faster rate than the government's revenue. Medicaid is consuming a greater percentage of states' budgets. This issue is exacerbated when revenues slow in a slowing economy. It is possible that the actions taken by the state Medicaid programs in the future could have a significant unfavorable impact on our results of operations, financial condition and liquidity.

Migration of our Medicare beneficiary patients to Medicare managed care providers could negatively impact our operating results.

Historically, we have generated a substantial portion of our revenue from the Medicare fee-for-service market. The Congress continues to allocate significant additional funds and other incentives to Medicare managed care providers in order to promote greater participation in those plans by Medicare beneficiaries. If these increased funding levels have the intended result, the size of the potential Medicare fee-for-service market could decline, thereby reducing the size of our potential patient population, which could cause our operating results to suffer.

Our growth strategy depends on our ability to manage growing and changing operations.

Our business plan calls for significant growth in our business over the next several years. This growth will place significant demands on our management and information technology systems, internal controls, and financial and professional resources. In addition, we will need to further develop our financial controls and reporting systems to accommodate future growth. This could require us to incur expenses for hiring additional qualified personnel, retaining professionals to assist in developing the appropriate control systems, and expanding our information technology infrastructure. Our inability to manage growth effectively could have a material adverse effect on our financial results.

Our home health growth strategy depends on our ability to develop and to acquire additional agencies on favorable terms and to integrate and operate these agencies effectively. If we are unable to do so, our future growth and operating results could be negatively impacted.

With regard to development, we expect to continue to open agencies in our existing and new markets. Our new agency growth, however, will depend on several factors, including our ability to:

- obtain locations for agencies in markets where need exists;
- identify and hire a sufficient number of sales personnel and appropriately trained home care and other health care professionals;
- obtain adequate financing to fund growth; and
- operate successfully under applicable government regulations.

With regard to acquisitions, we are focusing significant time and resources on the acquisition of home healthcare providers, or of certain of their assets, in targeted markets. We may be unable to identify, negotiate, and complete suitable acquisition opportunities on reasonable terms. We may incur future liabilities related to acquisitions. Should any of the following problems, or others, occur as a result of our acquisition strategy, the impact could be material:

- difficulties integrating personnel from acquired entities and other corporate cultures into our business;
- difficulties integrating information systems;
- the potential loss of key employees or referral sources of acquired companies or a reduction in patient referrals by hospitals from which we have acquired home health care agencies;

- the assumption of liabilities and exposure to undisclosed liabilities of acquired companies;
- the acquisition of an agency with undisclosed compliance problems;
- the diversion of management attention from existing operations;
- difficulties in recouping partial episode payments and other types of misdirected payments for services from the previous owners; or
- an unsuccessful claim for indemnification rights from previous owners for acts or omissions arising prior to the date of acquisition.

CMS has placed certain limitations on the sale or transfer of the Medicare Provider Agreement for any Medicare-certified home health agency that has been in existence for less than 36 months or that has undergone a change of ownership in the last 36 months. This limitation may reduce the number of home health agencies that otherwise would have been available for acquisition and may limit our ability to successfully pursue our acquisition strategy.

We have invested in development stage companies which may require further funding to support their respective business plans, which may ultimately prove unsuccessful.

Through our Imperium acquisition, we provide strategic health management services to ACOs that have been approved to participate in the Medicare Shared Savings Program ("MSSP"). In addition to our ownership interests in ACO's, we also have service agreements with ACOs that provide for sharing of MSSPs received by the ACO, if any. During 2013, we invested $5.8 million in our Imperium acquisition of which $3 million went to fund operations in pursuit of its business plan. In 2015, we invested $1 million for a noncontrolling interest in NavHealth. Our investments in Imperium and NavHealth are highly speculative, are at risk and we may choose to make further investments, all of which may ultimately provide no return and could lead to a total loss of our investment.

ACOs are entities that contract with CMS to serve the Medicare fee-for-service population with the goal of better care for individuals, improved health for populations and lower costs. ACO's share savings with CMS to the extent that the actual costs of serving assigned beneficiaries are below certain trended benchmarks of such beneficiaries and certain quality performance measures are achieved. We provide a variety of services to the ACOs, including care coordination, analytics and reporting, technology and other administrative services to enable these physicians and their associated healthcare providers to deliver better quality care, improved health and lower healthcare costs for their Medicare Fee-for-Service patients.

During the third quarter of 2014, CMS made its first MSSP payments to ACO's for the first measurement periods ending December 31, 2013. We expect payments, if any, for the second measurement period ending December 31, 2014 will be made in the third quarter of 2015. Imperium received a $1.6M MSSP payment in the third quarter of 2014, while breaking even for the year at the operating income level. As a result, we expect our Imperium operations to negatively impact our cash flows, until such time as an ACO with whom we contract with receives another MSSP payment, if ever. In order to receive revenues from CMS under the MSSP, the ACO must meet certain minimum savings rates (i.e. save the federal government money) and meet certain quality measures. More specifically, the ACO's costs of medical expenses for its members during a relevant measurement year must be below the benchmark by the minimum savings rate as established by CMS for such ACO. On the quality side, the MSSP requires ACOs to meet 33 quality measures, which CMS may vary from time to time. Notwithstanding our efforts, our ACO's may be unable to meet the required savings rates or may not satisfy the quality measures, which may result in our receiving no revenues and losing our investment. In addition, as the MSSP is a new program, it presents challenges and risks associated with the timeliness and accuracy of data and interpretation of complex rules, which may have a material adverse effect on our ability to recoup any of our investments. Further, there can be no assurance that we will maintain positive relations with our ACO partners, which may result in certain of the ACOs terminating our relationship which could result in a loss of our investment.

In addition, CMS, the US Office of Inspector General, the Internal Revenue Service, the Federal Trade Commission, US Department of Justice, and various states have adopted or are considering adopting new legislation, rules, regulations and guidance relating to formation and operation of ACOs. Such laws may, among other things, require ACOs to become subject to financial regulation such as maintaining deposits of assets with the states in which they operate, the filing of periodic reports with the insurance department and/or department of health, or holding certain licenses or certifications in the jurisdictions in which the ACOs operate. Failure to comply with legal or regulatory restrictions may result in CMS terminating the ACO's agreement with CMS and/or subjecting the ACO to loss of the right to engage in some or all business in a state, payments fines or penalties, or

may implicate federal and state fraud and abuse laws relating to anti-trust, physician fee-sharing arrangements, anti-kickback prohibitions, prohibited referrals, any of which may adversely affect our operations and/or profitability.

We may require additional capital to pursue our acquisition strategy.

On February 11, 2015 we replaced our $125 million bank credit facility due December 14, 2015 with a new $175 million credit facility that expires in February 2020.

At December 31, 2014, we had cash and cash equivalents of approximately $6.9 million and additional borrowing capacity of approximately $54 million. Based on our current plan of operations, including acquisitions, we cannot assure you that this amount will be sufficient, nor continue to be fully available, to support our current growth strategies. We cannot readily predict the timing, size, and success of our acquisition efforts and the associated capital commitments. If we do not have sufficient cash resources, our growth could be limited unless we obtain additional equity or debt financing.

We last issued additional shares of our common stock in the third quarter of 2009, other than in conjunction with an acquisition in 2013 and employee benefit plans. At some future point, we may elect to issue additional equity or debt securities in conjunction with raising capital or completing an acquisition. We cannot assure you that such issuances will not be dilutive to existing shareholders. Conversely, our board may approve stock repurchase programs in the future, which may use funds previously otherwise available for the pursuit of growth.

Our business depends on our information systems. Our inability to effectively integrate, manage, and keep secure our information systems could disrupt our operations.

Our business depends on effective and secure information systems that assist us in, among other things, monitoring utilization and other cost factors, processing claims, reporting financial results, measuring outcomes and quality of care, managing regulatory compliance controls, and maintaining operational efficiencies. These systems include software developed in-house and systems provided by external contractors and other service providers. To the extent that these external contractors or other service providers become insolvent or fail to support the software or systems, our operations could be negatively affected. Our agencies also depend upon our information systems for accounting, billing, collections, risk management, quality assurance, payroll, learning management and other information. If we experience a reduction in the performance, reliability, or availability of our information systems, our operations and ability to process transactions and produce timely and accurate reports could be adversely affected.

Our information systems and applications require continual maintenance, upgrading, and enhancement to meet our operational needs. Our acquisitions require transitions and integration of various information systems. We regularly upgrade and expand our information systems' capabilities. If we experience difficulties with the transition and integration of information systems or are unable to implement, maintain, or expand our systems properly, we could suffer from, among other things, operational disruptions, regulatory problems, working capital disruptions and increases in administrative expenses.

Our business requires the secure transmission of confidential information over public networks. Advances in computer capabilities, new discoveries in the field of cryptography or other events or developments could result in compromises or breaches of our security systems and patient data stored in our information systems. Anyone who circumvents our security measures could misappropriate our confidential information or cause interruptions in our services or operations. The Internet is a public network, and data is sent over this network from many sources. In the past, computer viruses or software programs that disable or impair computers have been distributed and have rapidly spread over the Internet. Computer viruses could be introduced into our systems, or those of our providers or regulators, which could disrupt our operations or make our systems inaccessible to our providers or regulators. We may be required to expend significant capital and other resources to protect against the threat of security breaches or to alleviate problems caused by breaches. Our security measures may be inadequate to prevent security breaches, and our business operations would be negatively impacted by cancellation of contracts and loss of patients if security breaches are not prevented.

Further, our information systems are vulnerable to damage or interruption from fire, flood, natural disaster, power loss, telecommunications failure, break-ins and similar events. A failure to implement our disaster recovery plans or ultimately restore our information systems after the occurrence of any of these events could have a material adverse effect on our business, financial condition and results of operations. Because of the confidential health information we store and transmit, loss of electronically-stored information for any reason could expose us to a risk of regulatory action, litigation, possible liability and loss.

We face additional federal requirements in the transmission and retention and protection of health information.

The Health Insurance Portability and Accountability Act of 1996 ("HIPAA") was enacted to ensure that employees can retain and at times transfer their health insurance when they change jobs and to simplify healthcare administrative processes. The enactment of HIPAA expanded protection of the privacy and security of personal medical data and required the adoption of standards for the exchange of electronic health information. Among the standards that the Secretary of Health and Human Services has adopted pursuant to HIPAA are standards for electronic transactions and code sets, unique identifiers for providers, employers, health plans and individuals, security and electronic signatures, privacy and enforcement. Failure to comply with HIPAA could result in fines and penalties that could have a material adverse effect on us.

The Health Information Technology for Economic and Clinical Health Act (HITECH Act), effective February 22, 2010, sets forth health information security breach notification requirements. The HITECH Act requires patient notification for all breaches, media notification of breaches of over 500 patients and at least annual reporting of all breaches to the Secretary of HHS. The HITECH Act also includes 4 tiers of sanctions for breaches ($100 to $1.5 million). Failure to comply with HITECH could result in fines and penalties that could have a material adverse effect on us.

We develop our clinical software system in-house. Failure of, or problems with, our system could harm our business and operating results.

We develop and utilize a proprietary clinical software system to collect assessment data, log patient visits, generate medical orders, and monitor treatments and outcomes in accordance with established medical standards. The system integrates billing and collections functionality as well as accounting, human resource, payroll, and employee benefits programs provided by third parties. Problems with, or the failure of, our technology and systems could negatively impact data capture, billing, collections, and management and reporting capabilities. Any such problems or failures could adversely affect our operations and reputation, result in significant costs to us, and impair our ability to provide our services in the future. The costs incurred in correcting any errors or problems may be substantial and could adversely affect our profitability.

We depend on outside software providers.

We depend on the proper functioning and availability of our information systems in operating our business, some of which are provided by outside software providers. These information systems and applications require continual maintenance, upgrading, and enhancement to meet our operational needs. If our providers are unable to maintain or expand our information systems properly, we could suffer from operational disruptions and an increase in administrative expenses, among other things.

Our insurance coverage may not be sufficient for our business needs and/or the cost of such coverage may adversely impact our results of operations.

We bear significant insurance risk under our large-deductible workers' compensation insurance program and our self-insured employee health program. We also carry D&O coverage for potential claims against our directors and officers, including securities actions. For additional information, please refer to Part I, Item 1, "Insurance Programs and Costs" and Part II, Item 8, "Notes to Consolidated Financial Statements". Claims made to date or in the future may exceed the limits of such insurance, if any. Such claims, if successful and in excess of such limits, could have a material adverse effect on our ability to conduct business or on our assets. Benefits provided by our employer sponsored health insurance plan may require changes as a result of the ACA or other regulatory action. Such changes may have an adverse impact on our operating results.

Our insurance coverage also includes fire, property damage, and general liability with varying limits. Although we maintain insurance consistent with industry practice, we cannot assure you that the insurance we maintain will satisfy claims made against us. In addition, as a result of operating in the home healthcare industry, our business entails an inherent risk of claims, losses and potential lawsuits alleging employee accidents that may occur in a patient's home. Finally, insurance coverage may not continue to be available to us at commercially reasonable rates, in adequate amounts or on satisfactory terms. Any claims made against us, regardless of their merit or eventual outcome, could damage our reputation and business.

We estimate Medicare and Medicaid liabilities that may be payable by us in the future. These liabilities may be subject to audit or further review, and we may owe additional amounts beyond what we expect and have reserved.

The Company is paid for its services primarily by federal and state third-party reimbursement programs, commercial insurance companies, and patients. Revenues are recorded at established rates in the period during which the services are rendered. Appropriate allowances are recorded when the services are rendered, if necessary, to give recognition to third party payment arrangements.

Laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation. It is common for issues to arise related to: 1) medical coding, particularly with respect to Medicare, 2) patient eligibility, particularly related to Medicaid; and 3) other reasons unrelated to credit risk, all of which may result in adjustments to recorded revenue amounts. Management continuously evaluates the potential for revenue adjustments and when appropriate provides allowances for losses based upon the best available information. There is at least a reasonable possibility that recorded estimates could change by material amounts in the near term.

We depend on the services of our executive officers and other key employees.

Our success depends upon the continued employment of certain members of our senior management team, including our Chairman and Chief Executive Officer, William B. Yarmuth, and our other named executive officers. We also depend upon the continued employment of the individuals that manage several of our key functional areas, including operations, business development, accounting, finance, human resources, marketing, information systems, contracting and compliance. The departure of any member of our senior management team or inability to appropriately implement succession plans may materially affect our operations.

Our operations could be affected by natural disasters.

A substantial number of our agencies are located in Florida or coastal regions in the northeast, increasing our exposure to hurricanes and other natural disasters. The occurrence of natural disasters in the markets in which we operate could not only affect the day-to-day operations of our agencies but also could disrupt our relationships with patients, employees and referral sources located in the affected areas. In addition, any episode of care that is not completed due to the impact of a natural disaster will generally result in lower revenue for the episode. We cannot assure you that hurricanes or other natural disasters will not have a material adverse impact on our business, financial condition or results of operations in the future.

Risks Related to Ownership of Our Common Stock

The price of our common stock may be volatile and this may adversely affect our stockholders.

The price at which our common stock trades may be volatile. The stock market has from time to time experienced significant price and volume fluctuations that have affected the market prices of securities, particularly securities of health care companies. The market price of our common stock may be influenced by many factors, including:

- our operating and financial performance;
- variances in our quarterly financial results compared to expectations;
- the depth and liquidity of the market for our common stock;
- future sales of common stock or the perception that sales could occur;
- investor perception of our business and our prospects;
- developments relating to litigation or governmental investigations;
- changes or proposed changes in health care laws or regulations or enforcement of these laws and regulations, or announcements relating to these matters; or
- general industry, economic and stock market conditions.

In addition, the stock market in general has experienced price and volume fluctuations that have often been unrelated or disproportionate to the operating performance of health care provider companies. These broad market and industry factors may materially reduce the market price of our common stock, regardless of our operating performance. In the past, securities class-action litigation has often been brought against companies following periods of volatility in the market price of their respective securities. We may become involved in this type of litigation in the future. Litigation of this type is often expensive to defend and may divert our management team's attention as well as resources from the operation of our business.

Sales of substantial amounts of our common stock, or the availability of those shares for future sale, could adversely affect our stock price and limit our ability to raise capital.

At December 31, 2014, outstanding shares of our common stock totaled 9,480,331. In 2013, we established the 2013 Stock and Incentive Compensation Plan for the benefit of employees and directors providing for the issuance of up to 700,000 shares of common stock. As of December 31, 2014, shares of our common stock remained reserved for issuance pursuant to our incentive compensation plans totaled 536,100 and shares of our common stock reserved for issuance pursuant to our employee stock purchase plan totaled 300,000. The market price of our common stock could decline as a result of sales of substantial amounts of our common stock to the public or the perception that substantial sales could occur. These sales also may make it more difficult for us to sell common stock in the future to raise capital.

We do not regularly pay dividends on our common stock and you should not expect to receive dividends on shares of our common stock.

Although our board of directors declared a special cash dividend of $2.00 per common share to shareholders of record on December 20, 2012, we do not regularly pay dividends and intend to retain all future earnings to finance the continued growth and development of our business. In addition, we do not anticipate paying any cash dividends on our common stock in the foreseeable future. Any future payment of cash dividends will depend upon our financial condition, capital requirements, earnings, and other factors deemed relevant by our board of directors.

Our Board of Directors may use anti-takeover provisions or issue stock to discourage control contests.

We have implemented anti-takeover provisions or provisions that could have an anti-takeover effect, including advance notice requirements for director nominations and stockholder proposals. These provisions, and others that the Board of Directors may adopt hereafter, may discourage offers to acquire us and may permit our Board of Directors to choose not to entertain offers to purchase us, even if such offers include a substantial premium to the market price of our stock. Therefore, our stockholders may be deprived of opportunities to profit from a sale of control.

ITEM 1B. UNRESOLVED STAFF COMMENTS

NONE.

ITEM 2. PROPERTIES

Our executive offices are located in Louisville, Kentucky, in approximately 33,000 square feet of space leased from an unaffiliated party.

We have 244 real estate location leases ranging from approximately 100 to 33,000 square feet of space in their respective locations. See Part I, Item 1, “Business - Operating Segments” and Part II, Item 8, “Notes to Consolidated Financial Statements”. We believe that our facilities are adequate to meet our current needs, and that additional or substitute facilities will be available if needed.

ITEM 3. LEGAL PROCEEDINGS

From time to time, we are subject to various legal actions arising in the ordinary course of our business, including claims for damages for personal injuries. In our opinion, after discussion with legal counsel, the ultimate resolution of any of these pending ordinary course claims and legal proceedings will not have a material effect on our financial position or results of operations.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II

ITEM 5. MARKET FOR THE REGISTRANT’S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Our common stock is traded on the NASDAQ Global Select market under the symbol “AFAM” Set forth below are the high and low sale prices for the common stock for the periods indicated as reported by NASDAQ:

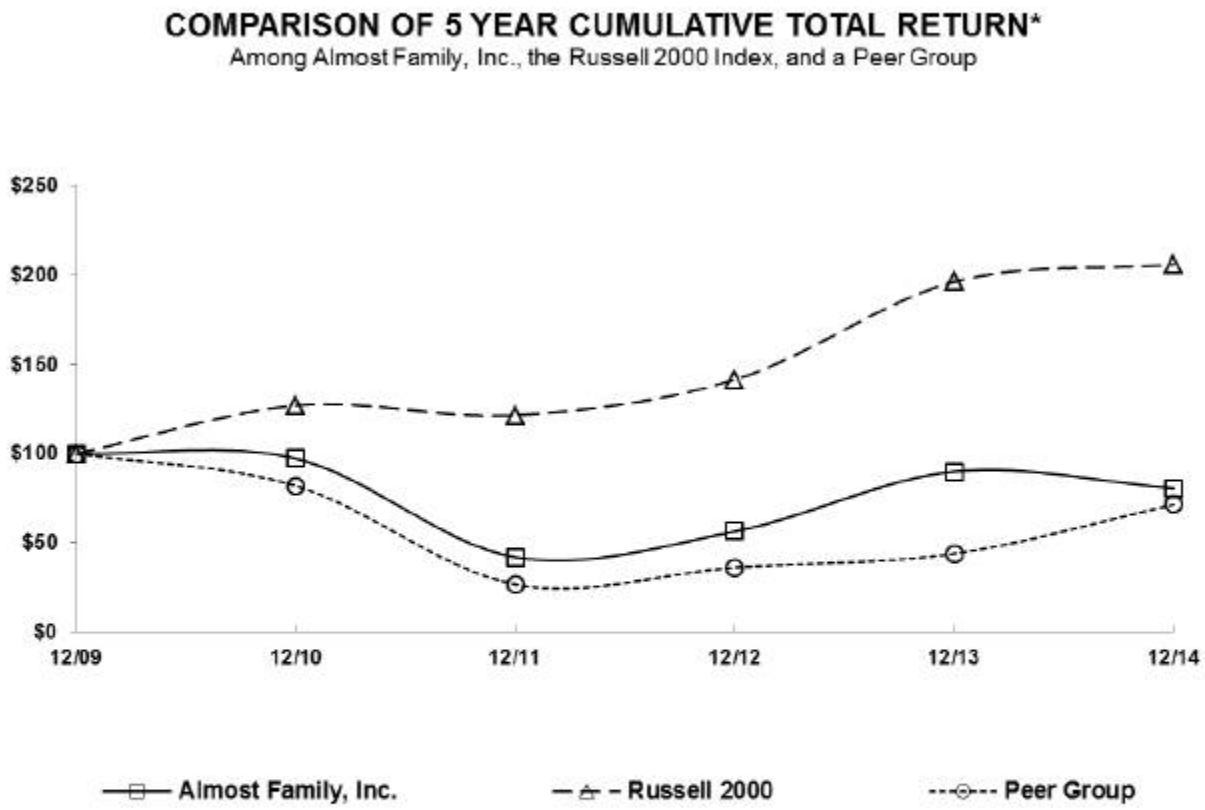
Closing Common Stock Prices Quarter Ended:	High	Low
December 31, 2014	30.30	26.35
September 30, 2014	28.76	22.47
June 30, 2014	24.29	19.98
March 31, 2014	33.27	22.21
December 31, 2013	33.63	19.08
September 30, 2013	19.89	18.58
June 30, 2013	20.45	19.09
March 31, 2013	20.89	19.58

On February 26, 2015, the last reported sale price for the common stock reported by NASDAQ was $33.20 and there were approximately 281 holders of record of our common stock. A one-time special cash dividend of $2.00 per share of common stock was declared and paid by us during the fourth quarter of 2012. We paid no other dividends in 2014 or 2013. We do not intend to pay additional dividends on our common stock and will retain our earnings for future operations and the growth of our business.

STOCK PERFORMANCE GRAPH

The following stock performance graph does not constitute soliciting material and should not be deemed filed or incorporated by reference into any other Company filing under the Securities Act of 1933 or the Securities Exchange Act of 1934, except to the extent the Company specifically incorporates the performance graph by reference therein.

The Performance Graph below compares the cumulative total stockholder return on our common stock, $0.10 par value per share, for the five-year period ended December 31, 2014, with the cumulative total return on the Russell 2000 index and an industry peer group over the same period (assuming the investment of $100 in each on December 31, 2009 and the reinvestment of dividends, if any). The peer group we selected is comprised of: Amedisys, Inc. (AMED); Gentiva Health, Inc. (GTIV) and LHC Group, Inc. (LHCG). The cumulative total stockholder return on the following graph is historical and is not necessarily indicative of future stock price performance.



	12/09	12/10	12/11	12/12	12/13	12/14
Almost Family, Inc.	**100.00**	**97.19**	**41.94**	**56.35**	**89.92**	**80.52**
Russell 2000	**100.00**	**126.86**	**121.56**	**141.43**	**196.34**	**205.95**
Peer Group	**100.00**	**81.92**	**26.68**	**36.12**	**43.93**	**71.45**

ITEM 6. SELECTED FINANCIAL DATA

The following table sets forth selected financial information derived from the consolidated financial statements of the Company for the periods and at the dates indicated. The information should be read in conjunction with the consolidated financial statements and related notes included elsewhere in this and prior year Form 10-Ks.

	Year Ended December 31,				
(In thousands except per share data)	2014	2013	2012	2011	2010
Results of operations data:					
Net service revenues	$ 495,829	$ 356,912	$ 340,620	$ 329,644	$ 326,006
Income from continued operations attributable to Almost Family, Inc.	$ 13,935	$ 8,784	$ 16,802	$ 19,337	$ 29,646
Discontinued operations	(172)	(558)	482	1,465	1,067
Net income attributable to Almost Family, Inc.	$ 13,763	$ 8,226	$ 17,284	$ 20,802	$ 30,713
Per share:					
Basic:					
Number of shares	9,333	9,279	9,285	9,278	9,123
Income from continued operations attributable to Almost Family, Inc.	$ 1.49	$ 0.95	$ 1.81	$ 2.08	$ 3.25
Discontinued operations	(0.02)	(0.06)	0.05	0.16	0.12
Net income attributable to Almost Family, Inc.	$ 1.47	$ 0.89	$ 1.86	$ 2.24	$ 3.37
Diluted:					
Number of shares	9,462	9,374	9,324	9,360	9,352
Income from continued operations attributable to Almost Family, Inc.	$ 1.47	$ 0.94	$ 1.80	$ 2.07	$ 3.17
Discontinued operations	(0.02)	(0.06)	0.05	0.16	0.11
Net income attributable to Almost Family, Inc.	$ 1.45	$ 0.88	$ 1.85	$ 2.23	$ 3.29
Dividend declared per share	$ —	$ —	$ 2.00	$ —	$ —

(1) - See page 48 for discussion of adjusted earnings from home health operations

	December 31,				
	2014	2013	2012	2011	2010
Balance sheet data					
Working capital	$ 52,796	$ 38,971	$ 62,541	$ 63,394	$ 71,350
Total assets	357,488	348,784	249,259	251,160	220,127
Long-term liabilities	72,662	75,819	17,846	15,708	10,311
Total liabilities	124,296	131,074	44,944	44,863	37,960
Noncontrolling interest-redeemable - Healthcare Innovations	3,639	3,639	—	—	—
Stockholders' equity	229,553	214,071	204,315	206,297	182,168

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

OVERVIEW

The Company has two divisions, Home Health Care and Healthcare Innovations. The Home Health Care division is comprised of two reportable segments, Visiting Nurse Services (VN or Visiting Nurse) and Personal Care Services (PC or Personal Care). Our Healthcare Innovations division is also a reporting segment. Reportable segments have been identified based upon how management has organized the business by services provided to customers and the criteria in ASC Topic 280, *Segment Reporting* .

Our VN segment provides skilled medical services in patients' homes largely to enable recipients to reduce or avoid periods of hospitalization and/or nursing home care. VN Medicare revenues are generated on a per episode basis rather than a fee per visit or an hourly basis. Approximately 94% of the VN segment revenues are generated from the Medicare program while the balance is generated from Medicaid and private insurance programs.

Our PC segment services are also provided in patients' homes. These services (generally provided by paraprofessional staff such as home health aides) are generally of a custodial rather than skilled nature. PC revenues are typically generated on an hourly basis. Approximately 79% of the PC segment revenues are generated from Medicaid and other government programs while the balance is generated from insurance programs and private pay patients.

Our Healthcare Innovations business segment was created to house and separately report on our developmental activities outside our traditional home health business platform. These activities are intended ultimately, whether directly or indirectly, to benefit our patients and our payers through the enhanced provision of home health services. Our activities all share a common goal of improving patient experiences and quality outcomes while lowering costs. They include, but are not limited to, items such as: technology, information, population health management, risk-sharing, care coordination and transitions, clinical advancements, enhanced patient engagement and informed clinical decision.

During the second quarter of 2014, we acquired a small home health agency in southern Kentucky using cash on hand to expand existing VN segment operations. During 2013, we completed three acquisitions. On December 6, 2013, the Company completed the acquisition of Omni Home Health Holdings, Inc. ("SunCrest"). SunCrest subsidiaries owned and operated 60 Medicare-certified home health agencies and 9 private duty agencies in Florida, Tennessee, Georgia, Pennsylvania, Kentucky, Illinois, Indiana, Mississippi and Alabama. On October 4, 2013, we acquired a controlling interest in Imperium Health Management, LLC ("Imperium"), a development-stage enterprise that provides strategic health management services to Accountable Care Organizations ("ACO's"). On July 17, 2013, the Company acquired the assets of the Medicare-certified home health agencies owned by Indiana Home Care Network ("IHCN"). The results of operations for SunCrest and IHCN are principally reported within the Company's Visiting Nurse reportable segment, while Imperium results are included in the Healthcare Innovations segment.

Our View on Reimbursement and Diversification of Risk

Our Company is highly dependent on government reimbursement programs which pay for the majority of the services we provide to our patients. Reimbursement under these programs, primarily Medicare and Medicaid, is subject to frequent changes as policy makers balance their own needs to meet the health care needs of constituents while also meeting their fiscal objectives. Medicare and Medicaid are consuming a greater percentage of federal and states' budgets, respectively, which is exacerbated in times of economic downturn. We believe that these

financial issues are cyclical in nature rather than indicative of the long-term prospect for Medicare and Medicaid funding of health care services. Additionally, we believe our services offer the lowest cost alternative to institutional care and is a part of the solution to both balancing the federal budget and the states' Medicaid financing problems.

We believe that an important key to our historical success and to our future success is our ability to adapt our operations to meet changes in reimbursement as they occur. One important way in which we have achieved this adaptability in the past, and in which we plan to achieve it in the future, is to maintain some level of diversification in our business mix.

The execution of our business plan will place primary emphasis on the development of our home health operations. As our business grows we may evaluate opportunities for the provision of other health care services in patients' homes that would be consistent with our Senior Advocacy mission.

Our Business Plan

Our future success depends on our ability to execute our business plan. Over the next three to five years we will try to accomplish the following:

- Generate meaningful same store sales growth through the focused provision of high quality services and attending to the needs of our patients;
- Drive our costs down, while continuing to provide high-quality patient care, by improving the productivity of our work force through improved monitoring, tighter controls, workflow automation, use of technology and other opportunities for efficiency gains;
- Expand the significance of our home health services by selectively acquiring other quality providers, through the startup of new agencies and potentially by providing new services in patients' homes consistent with our Senior Advocacy mission;
- Make additional strategic investments which expand our Healthcare Innovation segment in its mission to find solutions for more effective, efficient and appropriate delivery of homecare; and
- Expand our capital base through both earnings performance and by seeking additional capital investments in our Company.

Health Care Reform Legislation and Medicare Regulations

The Federal Government has been pursuing a comprehensive reform of the US healthcare system since early 2009. Numerous changes have been enacted, proposed and continue to be debated, which are discussed in more detail in Part I, Item 1, "Government Regulation" and Part I, Item 1A, "Risk Factors". Many of the change provisions do not take effect for an extended period of time and most will require the publication of implementing regulations and/or the issuance of programmatic guidelines.

It is reasonable to expect that the implementation of the ACA and other changes and potential changes described in Part I, Item 1, Government Regulation, might have a more immediate and negative impact on those providers generating lower margins than us, with more leverage relative to earnings than us, with less capital resources than us, or with less ability to adapt their operations. We believe this may result in a contraction of the number of home health providers. In the event of such a contraction in the number of providers, we believe the surviving providers may benefit from a higher rate of admissions growth than would have otherwise occurred. Those surviving providers may earn incremental margins on those higher admissions that may serve to offset a portion of the rate reduction from the Medicare program. However, there can be no assurance that we will be successful in attracting such higher admissions.

It is also reasonable to expect that future rate cuts will present additional opportunities for us to make acquisitions of other providers at valuations and on terms that are attractive to us and enable us to spread our segment and unallocated corporate overhead expenses across a larger business base. However, there can be no assurance that

we will be successful in making such acquisitions or that such opportunities will present themselves.

As a result of the broad scope of health care reform, the significant changes it will effect in the healthcare industry and society generally, and the complexity of the technical issues it addresses, we are unable to predict, at this time, all the ramifications health care reform may have on our business as a health care provider or a sponsor of an employee health insurance benefit plan. These matters could have a material adverse impact on our results of operations or financial condition in ways not currently anticipated by us. This may increase our costs, decrease our revenues, expose us to expanded liability or require us to revise the ways in which we conduct our business. Refer to the results of operations for the impact of these items on revenue, operating and net income for the years ended December 31, 2014 and 2013.

Management is continuing its work to evaluate the implications of these changes and to develop appropriate courses of action for the Company. Additionally, we may be unable to take actions to mitigate any, or all, of the negative implications of these matters.

We contemplate formulating and taking actions intended to mitigate or otherwise offset some of the negative effects of reimbursement changes. These actions may include any or all of the following:

- Attempting to increase our revenues by: investing more resources in sales and marketing activities, development of diagnosis related specialty programs and increasing our educational programs regarding the value of home health to drive admission growth, establishing startup branch operations to expand our service territories, and acquisitions of underperforming providers with strong referral relationships,
- Attempting to reduce our costs by: developing a more efficient delivery model, increasing the productivity standards for our staff, optimizing the appropriate use of different levels of professional staff, limiting or eliminating the growth in wage rates, limiting or reducing the size of our work force, closing unprofitable branch operations and accelerating our efforts to evaluate the use of various technological approaches to the delivery of patient care to improve patient outcomes and/or improve the productivity of our workforce,
- Evaluating the potential implications of health care reform on our employee benefit plans, and possible changes we may need to make to our plans, and
- Potentially other actions we deem appropriate including evaluation of potential additional service offerings in patients' homes consistent with our Senior Advocacy mission or changing the mix of the types of services we provide.

Although we will attempt to mitigate or otherwise offset the negative effect of health care reform on our revenue and our employee benefit plans, our actions may not ultimately be cost effective or prove successful.

Seasonality

Our Visiting Nurse segment operations located in Florida (which generated approximately 36% of that segment's revenues in 2014) normally experience higher admissions during the first quarter and lower admissions during the third quarter than in the other quarters due to seasonal population fluctuations.

Critical Accounting Policies

The accompanying consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States. When more than one accounting principle, or the method of its application, is generally accepted, we select the principle or method that is appropriate in the specific circumstances. Application of these accounting principles requires us to make estimates about the future resolution of existing uncertainties; actual results could differ from these estimates. We evaluate our estimates, including those related to revenue recognition, collectability of accounts receivable, insurance reserves, goodwill, intangibles, income taxes, stock-based compensation, litigation, and contingencies on an on-going basis. We base these estimates on our historical experience and other assumptions that we believe are appropriate under the circumstances. In preparing these consolidated financial statements, we have made our best estimates and judgments of the amounts and disclosures included in the consolidated financial statements.

Revenue Recognition

We recognize revenues when patient services are provided, primarily in our patients' homes. Net service revenues

are stated at amounts estimated by us to be their net realizable values. We are paid for our services primarily by federal and state third-party reimbursement programs and, to a lesser degree, commercial insurance companies and patients.

Medicare Episodic Revenues

Approximately 72% of our consolidated net service revenues are derived from the Medicare program. Net service revenues are recorded under the Medicare prospective payment program (PPS) based on a 60-day episode payment rate that is subject to adjustment based on certain variables including, but not limited to: (a) changes in the base episode payments established by the Medicare program; (b) adjustments to the base episode payments for case-mix and geographic wages; (c) a low utilization payment adjustment (LUPA) if the number of visits was fewer than five; (d) a partial payment if our patient transferred to another provider or we received a patient from another provider before completing the episode; (e) a payment adjustment based upon the level of therapy services required (thresholds set at 6, 14 and 20 visits); (f) an outlier payment if our patient's care was unusually costly (capped at 10% of total reimbursement at the agency level); (g) the number of episodes of care provided to a patient; and (h) 2% sequestration reduction for episodes ending after March 31, 2013.

At the beginning of each Medicare episode, we calculate an estimate of the amount of expected reimbursement based on the variables outlined above and recognize Medicare revenue on an episode-by-episode basis during the course of each episode over its expected number of visits. Over the course of each episode, as changes in the variables become known, we calculate and record adjustments as needed to reflect changes in expectations for that episode from those established at the start of the 60 day period until its ultimate outcome at the end of the 60 day period is known.

Non-Medicare Revenues

Substantially all remaining revenues are derived from services provided under a per visit, per hour or unit basis (as opposed to episodic) for which revenues are calculated and recorded using payor-specific or patient-specific fee schedules based on the contracted rates in each third party payor agreement.

Contingent Service Revenues

Our Healthcare Innovations segment provides strategic health management services to ACOs that have been approved to participate in the "MSSP". In addition to having ownership interests in a few ACO's, we also have service agreements with ACOs that provide for sharing of MSSP payments received by the ACO, if any. ACOs are entities that contract with Centers for Medicare and Medicaid Services (CMS) to serve the Medicare fee-for-service population with the goal of better care for individuals, improved health for populations and lower costs. ACOs share savings with CMS to the extent that the actual costs of serving assigned beneficiaries are below certain trended benchmarks of such beneficiaries and certain quality performance measures are achieved. The MSSP is relatively new and therefore has limited historical experience, which impacts the Company's ability to accurately accumulate and interpret the data available for calculating an ACOs' shared savings, if any. MSSP payments are not recognized in revenue until persuasive evidence of an arrangement exists, services have been rendered, the payment is fixed and determinable and collectability is assured, which generally is satisfied only upon cash receipt. Under such agreements, we recognized $1.6 million in MSSP payments for cash received during 2014 related to savings generated for the program period ended December 31, 2013, which accounted for 63% of our healthcare innovations segment revenues. No revenue has been recognized related to MSSP payments for savings generated through December 31, 2014, if any.

Revenue Adjustments

Laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation. As a result, we may adjust previously recorded revenue amounts due to issues related to: a) medical coding, particularly with respect to Medicare, b) patient eligibility, particularly with respect to Medicaid, and c) other reasons unrelated to credit risk. Revenue adjustments, if any, to reflect actual payment amounts for completed episodes or services provided under per visit, per hour or unit basis which differ from our estimates or audit adjustments are recorded when known and estimable. Historically, revenue adjustments have not been significant and as such, we believe that net service revenues and accounts receivable - net reflect their net realizable value. Changes in estimates related to prior periods (increased) decreased revenues by approximately ($320,000), $114,000, and $75,000 in the years ended December 31, 2014, 2013 and 2012, respectively.

Accounts Receivable

Accounts receivable are reported at their estimated net realizable value and are net of estimated allowances for uncollectible accounts and adjustments. Accounts receivable consist primarily of amounts due from third-party payors and patients. We evaluate the collectability of our accounts receivable based on certain factors, such as payor types, historical collection trends and aging categories. We calculate our reserve for uncollectible accounts based on the length of time that the receivables are past due. The percentage applied to the receivable balances for each payor's various aging categories is based on historical collection experience, business and economic conditions and reimbursement trends.

Insurance Programs

We bear significant risk under our large-deductible workers' compensation insurance program and our self-insured employee health program. Under the workers' compensation insurance program, we bear risk up to $250,000 per incident. We purchase stop-loss insurance for the employee health plan that places a specific limit, generally $300,000, on our exposure for any individual covered life.

Malpractice and general patient liability claims for incidents which may give rise to litigation have been asserted against us by various claimants. The claims are in various stages of processing and some may ultimately be brought to trial. We are aware of incidents that have occurred through December 31, 2014 that may result in the assertion of additional claims. We currently carry professional and general liability insurance coverage (on a claims made basis) for this exposure with no deductible. We also carry D&O coverage (also on a claims made basis) for potential claims against our directors and officers, including securities actions, with deductibles ranging from $100,000 to $200,000 per claim.

We record estimated liabilities for our insurance programs based on information provided by the third-party plan administrators, historical claims experience, the life cycle of claims, expected costs of claims incurred but not paid, and expected costs to settle unpaid claims. We monitor our estimated insurance-related liabilities and recoveries, if any, on a monthly basis and as required by ASU 2010-24, *Health Care Entities (Topic 954): Presentation of Insurance Claims and Related Insurance Recoveries*, record amounts due under insurance policies in other current assets, while recording the estimated carrier liability in other current liabilities in the consolidated balance sheets. As facts change, it may become necessary to make adjustments that could be material to our results of operations and financial condition.

Goodwill and Other Intangible Assets

Intangible assets are stated at fair value at the time of acquisition and goodwill represents the excess cost over the fair value of net assets acquired and liabilities assumed. Finite lived intangible assets are amortized on a straight-line basis over the estimated useful life of the asset. Goodwill and indefinite-lived assets are not amortized. We perform impairment tests of goodwill and indefinite lived assets as required by ASC Topic 350, *Intangibles - Goodwill and Other* on at least an annual basis. An impairment analysis requires numerous subjective assumptions and estimates to determine fair value of the respective reporting units. We estimate the fair value of the related reporting units using a combined market approach (guideline company and similar transaction method) and income approach (discounted cash flow analysis). These models are based on our projections of future revenues and operating costs and are reconciled to our consolidated market capitalization. Discounted cash flow models are highly reliant on various assumptions. Significant assumptions we utilize in these models for the current year included: projected business results and future industry direction, long-term growth factor of 3% and weighted-average cost of capital of 15%. We use assumptions that we deem to be reasonable estimates of likely future events and compares the total fair values of each reporting unit to our overall market capitalization, and implied control premium, to determine if the fair values are reasonable compared to external market indicators. Subsequent changes in these key assumptions could affect the results of future goodwill impairment reviews.

Important to our overall impairment conclusion was the comparison of the aggregate fair values of the reporting units to our overall market capitalization at the annual assessment date, including the implied control premium, to determine if the fair values are reasonable compared to external market indicators. The aggregate fair value for each reporting unit did not exceed our market value as of the annual impairment testing date. A negative control premium indicates the high degree of conservatism built into our fair value models.

Because the fair value results for each reporting unit did not indicate a potential impairment existed, we did not recognize any goodwill impairment during 2014, 2013 and 2012. Specifically, our PC reporting unit fair value was

significantly over its carrying value, while the VN reporting unit calculated fair value exceeded its carrying value by less than 10%. A lower excess of fair value over carrying value for the VN reporting unit was expected given the significance of the SunCrest acquisition to this reporting unit. Based on the sensitivity analysis performed on two key assumptions in the discounted cash flow model of the VN reporting unit, a negative 100 basis point change in the long-term growth factor assumption would have resulted in a fair value still above the current carrying value, while a negative 100 basis point change in the weighted-average cost of capital assumption would have resulted in a fair value slightly below the current carrying value. A 100 basis point change in either assumption (either individually or in the aggregate) would not result in any impairment of our goodwill within the PC reporting unit.

In calculating the fair value of VN within the model, we considered our cash flow projections and weighted average cost of capital to be conservative. Assuming no changes in the key assumptions identified and projected results, we currently anticipate the future fair value of both the VN and PC reporting units to increase over time; however, future declines in the operating results of either reporting unit could indicate a need to reevaluate the fair value of these businesses under U.S. GAAP requirements and may ultimately result in an impairment to goodwill. We will continue to monitor for any potential indicators of impairment.

Accounting for Income Taxes

We account for taxes in accordance with ASC Topic 740, *Income Taxes* . As of December 31, 2014, we have net deferred tax liabilities of approximately $11.3 million. The net deferred tax liability is composed of approximately $12.2 million of current deferred tax assets and approximately $23.5 million of long-term deferred tax liabilities. We have provided a valuation allowance against certain deferred tax assets based upon our estimates of realizability of those assets through future taxable income. This valuation allowance was based in large part on our history of generating operating income or losses in individual tax locales and expectations for the future. Our ability to generate the expected amounts of taxable income from future operations is dependent upon general economic conditions, competitive pressures on revenues and margins and legislation and regulation at all levels of government. Further, we have book goodwill of 108.7 million which is not deductible for tax purposes. The remaining deductible goodwill provides an annual tax deduction approximating $8.0 million through 2026. We have considered the above factors in reaching our conclusion that it is more likely than not that future taxable income will be sufficient to fully utilize the deferred tax assets (net of the valuation allowance) as of December 31, 2014.

RESULTS OF OPERATIONS

Year Ended December 31, 2014 Compared with Year Ended December 31, 2013
(In thousands)

Consolidated	2014 Amount	2014 % Rev	2013 Amount	2013 % Rev	Change Amount	Change %
Home Health Operations						
Net service revenues:						
Visiting Nurse	$ 380,788	77.2%	$ 263,789	73.9%	$ 116,999	44.4%
Personal Care	112,497	22.8%	92,927	26.1%	19,570	21.1%
	493,285	100.0%	356,716	100.0%	136,569	38.3%
Operating income before corporate expenses:						
Visiting Nurse	46,224	12.1%	29,533	11.2%	16,691	56.5%
Personal Care	12,968	11.5%	11,599	12.5%	1,369	11.8%
	59,192	12.0%	41,132	11.5%	18,060	43.9%
Healthcare Innovations						
Revenue	2,544		196		2,348	NM
Operating loss before noncontrolling interest	(13)	-0.5%	(482)	NM	469	NM
Corporate expenses	29,225	5.9%	21,534	6.0%	7,691	35.7%
Deal, transition and other costs	5,312	1.1%	4,323	1.2%	989	22.9%
Operating income	24,642	5.0%	14,793	4.1%	9,849	66.6%
Interest expense, net	(1,435)	-0.3%	(167)	0.0%	(1,268)	759.3%
Income tax expense	(9,511)	-1.9%	(6,020)	-1.7%	(3,491)	58.0%
Net income from continuing operations	$ 13,696	2.8%	$ 8,606	2.4%	$ 5,090	59.1%
Adjusted EBITDA-HHO (1)	$ 35,775	7.3%	$ 24,017	6.7%	$ 11,758	49.0%
Adjusted Earnings-HHO (1)	$ 17,100	3.5%	$ 11,532	3.2%	$ 5,568	48.3%

(1) See page 46 for GAAP reconciliation of Adjusted EBITDA from home health operations and Adjusted earnings from home health operations.

Approximately $127.6 million of our $136.6 million year over year increase in Home Health revenue was a result of our acquisition of SunCrest. The balance was generated from organic growth, partially offset by Medicare rate cuts in the VN segment. Refer to VN and PC segment discussions for further operating performance details.

Healthcare Innovations revenue increased $2.3 million year over year due to the receipt in 2014 of $1.6 million for Imperium's share of an MSSP payment, as a part of the first ever payments from CMS to ACO's under the ACA. Additionally, Imperium earns certain fees from ACOs that are not subject to earning an MSSP payment. Our Healthcare Innovations segment operations broke even in 2014, while losing $0.5 million in 2013.

Corporate expenses increased by $7.7 million to $29.2 million from $21.5 million in the prior year, while declining slightly as a percentage of revenue to 5.9% from 6.0% last year. The 2014 period includes $4.4 million of incremental home office costs associated with the SunCrest acquisition. Additionally, 2014 included a $3.3 million provision for performance incentive programs while the prior year provision was zero.

During 2014, we consolidated several overlapping-territory Florida branches related to the SunCrest acquisition and closed SunCrest's Nashville based home office completing the last substantial steps of our integration plan. As a result, deal, transition and other include certain one-time lease and related abandonment charges. Deal, transition and other in 2014 also includes a $1.0 million benefit from insurance recoveries, net of costs incurred during 2014, related to legal defense costs incurred by the Company primarily in 2011 and 2010. The underlying cases were dismissed in 2014.

Interest expense increased $1.3 million due to borrowings on our line of credit in conjunction with the SunCrest acquisition.

Our effective tax rate 2014 was 41.0% compared to 41.9% for 2013. The lower income tax rate in 2013 occurred primarily due to the Work Opportunity Tax Credit (WOTC) not being extended for 2012 until 2013 which resulted in our 2013 effective tax rate including the WOTC benefit for 2 years (2013 and 2012).

Visiting Nurse Segment-Years Ended December 31, 2014 and 2013

Approximately 94% of the VN segment revenues were generated from the Medicare program while the balance was generated from Medicaid and private insurance programs. In addition to our focus on operating income from the Visiting Nurse segment, we also measure this segment's performance in terms of admissions, episodes, visits, patient months of care, revenue per episode and visits per episode. (In thousands, except statistical information)

	2014		2013		Change	
	Amount	% Rev	Amount	% Rev	Amount	%
Net service revenues	$ 380,788	100.0%	$ 263,789	100.0%	$ 116,999	44.4%
Cost of service revenues	186,836	49.1%	127,695	48.4%	59,141	46.3%
Gross margin	193,952	50.9%	136,094	51.6%	57,858	42.5%
General and administrative expenses:						
Salaries and benefits	107,791	28.3%	79,367	30.1%	28,424	35.8%
Other	39,937	10.5%	27,194	10.3%	12,743	46.9%
Total general and administrative expenses	147,728	38.8%	106,561	40.4%	41,167	38.6%
Operating income before corporate expenses	$ 46,224	12.1%	$ 29,533	11.2%	$ 16,691	56.5%
Average number of locations	167		111		56	50.5%
All payors:						
Patients Months	319,430		214,279		105,151	49.1%
Admissions	98,634		64,304		34,330	53.4%
Billable Visits	2,507,067		1,759,864		747,203	42.5%
Medicare:						
Admissions (1)	87,650	89%	58,441	91%	29,209	50.0%
Revenue (in thousands)	$ 357,144	94%	$ 254,012	96%	$ 103,132	40.6%
Revenue per admission	$ 4,075		$ 4,346		$ (272)	-6.3%
Billable visits (1)	2,259,896	90%	1,668,346	95%	591,550	35.5%
Recertifications	47,875		33,597		14,278	42.5%
Payor mix % of Admissions						
Traditional Medicare Episodic	84.0%		91.9%		-7.9%	
Replacement Plans Paid Episodically	3.4%		2.6%		0.8%	
Replacement Plans Paid Per Visit	12.6%		5.5%		7.1%	
Non-Medicare:						
Admissions (1)	10,984	11%	5,863	9%	5,121	87.3%
Revenue (in thousands)	$ 23,644	6%	$ 9,777	4%	$ 13,867	141.8%
Revenue per admission	$ 2,153		$ 1,668		$ 485	29.1%
Billable visits (1)	247,171	11%	91,518	5%	155,653	170.1%
Recertifications	1,865		1,230		635	51.6%
Payor mix % of Admissions						
Medicaid & other governmental	23.3%		24.1%		-0.8%	
Private payors	76.7%		75.9%		0.8%	

(1) Percentages pertain to percentage of total admissions or total billable visits, as applicable.

Visiting Nurse segment net service revenues increased primarily due to the SunCrest acquisition which increased net service revenues by $111.3 million. The SunCrest acquisition increased operating income before corporate expenses by $15.6 million.

Substantially all of the changes in cost of service revenues and general and administrative expenses were due to the SunCrest acquisition.

Excluding the effects of the SunCrest acquisition, operating income before corporate expenses improved $1.0 million as volume growth and cost improvements more than offset the impact of Medicare rate cuts which reduced revenue and operating income by $4.2 million. Medicare rate cuts were comprised of a 1.15% 2014 rate cut on episodes ending after December 31, 2013 and a 2.0% Medicare sequestration cut effective for episodes ended after March 2013.

Salaries and wages 2014 included approximately $0.5 million of costs associated with employee pay increases in effect for the last five months of the year.

Personal Care Segment-Years Ended December 31, 2014 and 2013

Approximately 79% of the PC segment revenues were generated from Medicaid and other government programs while the balance is generated from insurance programs and private pay patients. (In thousands, except statistical information)

	2014		2013		Change	
	Amount	% Rev	Amount	% Rev	Amount	%
Net service revenues	$ 112,497	100.0%	$ 92,927	100.0%	$ 19,570	21.1%
Cost of service revenues	76,864	68.3%	62,621	67.4%	14,243	22.7%
Gross margin	35,633	31.7%	30,306	32.6%	5,327	17.6%
General and administrative expenses:						
Salaries and benefits	14,255	12.7%	12,294	13.2%	1,961	16.0%
Other	8,410	7.5%	6,413	6.9%	1,997	31.1%
Total general and administrative expenses	22,665	20.1%	18,707	20.1%	3,958	21.2%
Operating income before corporate expenses	$ 12,968	11.5%	$ 11,599	12.5%	$ 1,369	11.8%
Average number of locations	61		61		—	0.0%
Admissions	6,458		4,723		1,735	36.7%
Patient months of care	89,880		80,045		9,835	12.3%
Billable hours	5,304,089		4,682,590		621,499	13.3%
Revenue per billable hour	$ 21.21		$ 19.85		$ 1.36	6.9%

Net service revenues increased $19.6 million, or 21.1%, to $112.5 million in 2014 from $92.9 million in 2013, primarily due to the SunCrest acquisition which increased revenues by $16.2 million, with the remainder due to organic volume growth. Cost of service revenues as a percentage of net service revenues increased slightly to 68.3% in 2014 from 67.4% in 2013, primarily due to changes in business mix partially due to the SunCrest acquisition.

Total general and administrative expenses as a percent of net service revenues was unchanged at 20.1% in 2014 and 2013.

As a result, PC segment operating income before corporate expenses increased to $13.0 million from $11.6 million in 2013, while operating income before corporate expenses as a percentage of revenue decreased 1.0%.

Year Ended December 31, 2013 Compared with Year Ended December 31, 2012
(in thousands)

Consolidated	2013 Amount	2013 % Rev	2012 Amount	2012 % Rev	Change Amount	Change %
Home Health Operations						
Net service revenues:						
Visiting Nurse	$ 263,789	73.9%	$ 251,645	73.9%	$ 12,144	4.8%
Personal Care	92,927	26.1%	88,975	26.1%	3,952	4.4%
	356,716	100.0%	340,620	100.0%	16,096	4.7%
Operating income before corporate expenses:						
Visiting Nurse	29,533	11.2%	37,104	14.7%	(7,571)	-20.4%
Personal Care	11,599	12.5%	11,758	13.2%	(159)	-1.4%
	41,132	11.5%	48,862	14.3%	(7,730)	-15.8%
Healthcare Innovations						
Revenue	196		—		196	0.0%
Operating loss before noncontrolling interest	(482)	NM	—		(482)	0.0%
Corporate expenses	21,534	6.0%	20,321	6.0%	1,213	6.0%
Deal, transition and other costs	4,323	1.2%	588	0.2%	3,735	635.2%
Operating income	14,793	4.1%	27,953	8.2%	(13,160)	-47.1%
Interest expense, net	(167)	0.0%	(104)	0.0%	(63)	60.6%
Income tax expense	(6,020)	-1.7%	(11,047)	-3.2%	5,027	-45.5%
Net income from continuing operations	$ 8,606	2.4%	$ 16,802	4.9%	$ (8,196)	-48.8%
Adjusted EBITDA-HHO(1)	$ 24,017	6.7%	$ 32,566	9.6%	$ (8,549)	-26.3%
Adjusted Earnings-HHO(1)	$ 11,532	3.2%	$ 17,152	5.0%	$ (5,620)	-32.8%

(1) See page 46 for GAAP reconciliation of Adjusted EBITDA from Home Health operations and Adjusted earnings from Home Health operations.

The year over year increase in revenue was primarily driven by growth in our VN and PC segments (both acquired and organic), which was partially offset by Medicare rate cuts and a business shift in our VN segment. Refer to segment discussions for further detail.

Healthcare Innovations revenue and operating loss was the result of our investment in Imperium in October of 2013 and the operating costs in excess of revenue subsequent to acquisition.

Deal, transition and other costs increased $3.7 million primarily related to the acquisition of Omni Home Health Holdings, Inc. (“SunCrest Acquisition”) on December 6, 2013 with the remainder due to the acquisition of Indiana HomeCare Network (“IHCN Acquisition”) on July 19, 2013.

Corporate expenses as a percent of revenue was unchanged at 6.0% in 2013 and 2012.

Interest expense increased $0.1 million due to borrowings on our line of credit in conjunction with closing the SunCrest Acquisition.

The effective tax rate was approximately 41.9% for 2013, which increased slightly from the 39.2% in 2012, primarily due to increased deal and transaction cost that do not result in the establishment of a deferred tax asset

Visiting Nurse Segment-Years Ended December 31, 2013 and 2012

Approximately 96% of the VN segment revenues were generated from the Medicare program while the balance was generated from Medicaid and private insurance programs. (In thousands, except statistical information)

	2013		2012		Change	
	Amount	% Rev	Amount	% Rev	Amount	%
Net service revenues	$ 263,789	100.0%	$ 251,645	100.0%	$ 12,144	4.8%
Cost of service revenues	127,695	48.4%	117,014	46.5%	10,681	9.1%
Gross margin	136,094	51.6%	134,631	53.5%	1,463	1.1%
General and administrative expenses:						
Salaries and benefits	79,367	30.1%	73,325	29.1%	6,042	8.2%
Other	27,194	10.3%	24,202	9.6%	2,992	12.4%
Total general and administrative expenses	106,561	40.4%	97,527	38.8%	9,034	9.3%
Operating income before corporate expenses	$ 29,533	11.2%	$ 37,104	14.7%	$ (7,571)	-20.4%
Average number of locations	111		104		7	6.7%
All payors:						
Patients Months	214,279		201,679		12,600	6.2%
Admissions	64,304		61,516		2,788	4.5%
Billable Visits	1,759,864		1,620,133		139,731	8.6%
Medicare:						
Admissions (1)	58,441	91%	55,885	91%	2,556	4.6%
Revenue (in thousands)	$ 254,012	96%	$ 243,673	97%	$ 10,339	4.2%
Revenue per admission	$ 4,346		$ 4,360		$ (14)	-0.3%
Billable visits (1)	1,668,346	95%	1,534,709	95%	133,637	8.7%
Recertifications	33,597		30,948		2,649	8.6%
Payor mix % of Admissions						
Traditional Medicare Episodic	91.9%		93.7%		-1.8%	
Replacement Plans Paid Episodically	2.6%		3.2%		-0.6%	
Replacement Plans Paid Per Visit	5.5%		3.1%		2.4%	
Non-Medicare:						
Admissions (1)	5,863	9%	5,631	9%	232	4.1%
Revenue (in thousands)	$ 9,777	4%	$ 7,972	3%	$ 1,805	22.6%
Revenue per admission	$ 1,668		$ 1,416		$ 252	17.8%
Billable visits (1)	91,518	5%	85,424	6%	6,094	7.1%
Recertifications	1,230		1,836		(606)	-33.0%
Payor mix % of Admissions						
Medicaid & other governmental	24.1%		31.3%		-7.2%	
Private payors	75.9%		68.7%		7.2%	

(1) Percentages pertain to percentage of total admissions or total billable visits, as applicable.

Visiting Nurse segment net service revenues increased primarily due to the SunCrest Acquisition, which closed December 6, 2013, combined with the IHCN Acquisition, which closed on July 19, 2013, to increase net service revenues by $12.7 million and operating income before corporate expenses by $2.1 million.

Excluding acquisitions, revenues decreased by $2.3 million as a result of a) Medicare rate cuts of $4.3 million, b) $2.4 million reduction due to a shift of certain Medicare Advantage plans to per visit from episodic reimbursement, which also led to the termination of certain payor contracts (the “MA Shift”) and c) $4.4 million of revenue

generated on increased volume and patient mix. Medicare rate cuts were comprised of a 2.0% Medicare sequestration cut effective for episodes ended after March 2013 and 2014 rate cuts on yearend straddle episodes.

Cost of service revenues grew 9.1% primarily due to acquired and organic volume growth which lead to a 8.6% increase in visits and to a lesser degree an increase in cost per visit of 0.5%. General and administrative expenses — Salaries and benefits increased approximately $6.0 million primarily due to the acquired and organic volume increases reflected in the growth in patient months and to a lesser degree an increase in cost per patient month of about 1.9%.

General and administrative expenses — Other increased $1.6 million due to acquired operations with the balance due primarily due to an increase in the provision for uncollectible commercial accounts related to increased levels of non-episodic revenues and increased Medicare ADR and RAC audit related denials under appeal.

As a result, VN segment operating income before corporate expenses declined $7.6 million to $29.5 million from $37.1 million in 2012, while operating income before corporate expenses as a percent of revenues decreased by 3.5% to 11.2% in 2013 from 14.7% in 2012. In summary, the 3.5% drop in operating margins is primarily comprised of 1.8% in Medicare rate cuts and approximately 1.6% increase in labor costs.

Personal Care Segment-Years Ended December 31, 2013 and 2012

Approximately 81% of the PC segment revenues were generated from Medicaid and other government programs while the balance is generated from insurance programs and private pay patients. (In thousands, except statistical information)

	2013		2012		Change	
	Amount	% Rev	Amount	% Rev	Amount	%
Net service revenues	$ 92,927	100.0%	$ 88,975	100.0%	$ 3,952	4.4%
Cost of service revenues	62,621	67.4%	59,662	67.1%	2,959	5.0%
Gross margin	30,306	32.6%	29,313	32.9%	993	3.4%
General and administrative expenses:						
Salaries and benefits	12,294	13.2%	12,046	13.5%	248	2.1%
Other	6,413	6.9%	5,509	6.2%	904	16.4%
Total general and administrative expenses	18,707	20.1%	17,555	19.7%	1,152	6.6%
Operating income before corporate expenses	$ 11,599	12.5%	$ 11,758	13.2%	$ (159)	-1.4%
Average number of locations	61		61		—	0.0%
Admissions	4,723		4,813		(90)	-1.9%
Patient months of care	80,045		79,104		941	1.2%
Billable hours	4,682,590		4,370,705		311,885	7.1%
Revenue per billable hour	$ 19.85		$ 20.36		$ (0.51)	-2.5%

Net service revenues increased $4.0 million, or 4.4%, to $93.0 million in 2013 from $89.0 million in 2012, primarily due to a 7.1% increase in billable hours due to organic growth and to a lesser degree the SunCrest acquisition which increased revenues by $1.0 million, both of which were partially offset by mix changes. Cost of service revenues as a percent of revenue increased slightly to 67.4% in 2013 from 67.1% in 2012.

Total general and administrative expenses as a percent of net service revenue increased to 20.1% in 2013 from 19.7% in 2012, primarily due to $0.7 million higher bad debt provision in 2013.

As a result, PC segment operating income before corporate expenses decreased to $11.6 million from $11.8 million in 2012, while operating income before corporate expenses as percentage of revenue decreased 1.4%.

Liquidity and Capital Resources

We believe that a certain amount of debt has an appropriate place in our overall capital structure, when reimbursement visibility permits, and it is not our strategy to eliminate all debt financing. We believe that our cash flow from operations, cash on hand, and borrowing capacity on our bank credit facility, described below, will be sufficient to cover operating needs, future capital expenditure requirements and scheduled debt payments of miscellaneous small borrowing arrangements. In addition, it is likely that we will pursue growth from acquisitions, partnerships and other ventures that would be funded from excess cash from operations, cash on hand, credit available under the bank credit agreement and other financing arrangements that are normally available in the marketplace. Further, our board may pursue a stock repurchase program or may decide to pay special dividends in the future.

Revolving Credit Facility

On February 12, 2015, we entered into a new five-year $175 million revolving credit facility (the "New Facility"). J.P. Morgan Securities LLC acted as lead bookrunner and arranger, while Bank of America, N.A. acted as joint lead arranger under the New Facility which replaced the Company's previous $125 million credit facility (the "Old Facility"). The new Facility includes an accordion feature which permits expansion up to $250 million. Borrowings, other than letters of credit, under the credit facility generally will bear interest at a rate varying from LIBOR rate plus 1.75% to LIBOR rate plus 3.00%, depending on leverage. The New Facility is secured by substantially all of the Company's assets and the stock of its subsidiaries.

Borrowings under the New Facility are subject to various covenants including a multiple of 3.5 times earnings before interest, taxes, depreciation and amortization ("EBITDA"). "EBITDA" may include "Acquired EBITDA" from pro-forma acquisitions as defined. Borrowings under the New Facility may be used for general corporate purposes, including acquisitions. Application of the New Facility's borrowing formula as of December 31, 2014, would have permitted $80.0 million to be used. We had irrevocable letters of credit totaling $7.5 million outstanding in connection with our self-insurance programs, which resulted in a total of $72.5 million being available for use at December 31, 2014. As of December 31, 2014, we were in compliance with the various financial covenants. Under the most restrictive of its covenants, we were required to maintain minimum net worth of at least $163.5 million at December 31, 2014. At such date, our net worth was approximately $229.6 million.

At December 31, 2014, the Old Facility consisted of a $125 million credit line with a maturity date of December 2, 2015. Borrowings (other than letters of credit) under the credit facility were at either the bank's prime rate plus a margin (ranging from 1.25% to 2.25%, currently 1.25%) or LIBOR plus a margin (ranging from 2.25% to 3.25%, currently 2.25%). The margin for prime rate or LIBOR borrowings was determined by the Company's leverage. Borrowings under the Old Facility were secured by a first priority perfected security interest in all tangible and intangible assets of the Company, and all existing and future direct and indirect subsidiaries of the Company, as guarantors. The effective interest rates on our borrowings were 2.7% and 5.0% for 2014 and 2013, respectively.

We believe the New Facility will be sufficient to fund our operating needs for at least the next year. We will continue to evaluate additional capital, including possible debt and equity investments in the Company, to support a more rapid development of the business than would be possible with internal funds.

Cash Flows

Key elements to the Consolidated Statements of Cash Flows were as follows for the years ended December 31 (in thousands):

Net Change in Cash and Cash Equivalents	2014	2013	2012
Provided by (used in):			
Operating activities	$ 6,662	$ 19,546	$ 16,336
Investing activities	(2,201)	(90,967)	(2,963)
Financing activities	(10,146)	55,209	(21,581)
Discontinued operations	325	2,338	635
Net decrease in cash and cash equivalents	$ (5,360)	$ (13,874)	$ (7,573)

2014 Compared to 2013

Net cash provided by operating activities resulted primarily from current period net income of $13.5 million, plus certain non-cash items, which was partially offset by a net cash outflow related to the acquired SunCrest business. Conversion of SunCrest payroll, payment of other liabilities in excess of acquired cash and payment of SunCrest transition and severance related costs reduced cash flow from operating activities by $11.6 million. In addition, SunCrest clinical system conversions, transition of billing and collection activities from the SunCrest home office to our Louisville home office at the end of third quarter and some non-SunCrest payer specific conversions to managed care combined to increase accounts receivable by $10.8 million. Conversely, tax benefits related to the SunCrest acquisition increased operating cash flow by $7.8 million. Cash from operating activities for 2014 was also reduced due to payment delays related to the conversion to managed care payers with longer payment cycles in certain same store PC segment markets.

The cash used in investing activities was primarily due to an April 2014 acquisition and capital expenditures.

The cash used in financing activities was primarily related to a $9.6 million payment on the line of credit drawn in connection with the SunCrest acquisition.

2013 Compared to 2012

Net cash provided by operating activities resulted primarily from current period net income of $8.0 million plus certain non-cash items, net of changes in accounts receivable, accounts payable and accrued expenses. The increase from 2013 is primarily due to accounts receivable days revenues outstanding which decreased to 46 at December 31, 2014 from 53 at December 31, 2012 due primarily to removing processing delays experienced in the prior year in addition to adjusting to changes related to the MA Shift.

The cash used in investing activities for 2013 was primarily due to the SunCrest, IHCN and Imperium acquisitions and capital expenditures, while 2012 included $0.5 million for two small acquisitions.

Net cash provided by financing activities for 2013 increased over the prior year period primarily due to the $56.0 million borrowing on the Company's senior secured revolving credit facility for the SunCrest Acquisition.

Acquisitions

The Company completed several acquisitions over the past three fiscal years and will continue to actively seek to acquire other quality providers of home health services like our current operations.

Factors which may affect future acquisition decisions include, but are not limited to, the quality and potential profitability of the business under consideration, potential regulatory limitations and our profitability and ability to finance the transaction. See Part II, Item 8, Notes 12 and 14 to the accompanying Notes to Consolidated Financial Statements for details regarding these acquisitions.

2015 Acquisitions

On February 24, 2015 Almost Family signed a definitive agreement to acquire the stock of WillCare. WillCare, based in Buffalo NY, reported $72 million in revenue in 2014 with VN and PC branch locations in New York (11), Connecticut (3) and Ohio (1). The purchase price is expected to be between $46 and $53 million based on changes in earnings and working capital between execution of the definitive agreement and the expected close sometime in the second half of FY2015 subject to New York approval. The transaction will be funded by borrowings under the Company's bank credit facility.

On January 29, 2015, we acquired a noncontrolling interest in a development stage analytics and software company, NavHealth, Inc. (NavHealth). The investment is an asset of our Health Innovations segment.

2014 Acquisitions

During 2014, we completed a small acquisition using cash on hand to expand existing VN segment operations.

2013 Acquisitions

During 2013, in conjunction with our SunCrest and IHCN Acquisitions, we acquired 60 VN and 13 PC branch locations in Tennessee, Pennsylvania, Georgia, Indiana, Mississippi, Illinois, Florida and Alabama (in order of revenue significance). We funded these acquisitions with cash on hand of $31.8 million, $0.5 million in stock, issuance of a $1.5 million promissory note and borrowings of $56.0 million on our senior secured revolving credit facility.

In October of 2013, we also acquired a controlling interest in Imperium, a development-stage enterprise that provides strategic health management services to Accountable Care Organizations (ACO's). We acquired a 61.5% interest in Imperium for a total of $5.8 million of which $3 million went into Imperium for its general corporate purposes including pursuit of its business plan. The transaction was funded from cash on hand.

2012 Acquisitions

During 2012, we completed two small acquisitions using cash on hand to expand existing VN and PC segment operations.

Contractual Obligations

The following table provides information about the payment dates of our contractual obligations at December 31, 2014, excluding current liabilities except for the current portion of long-term debt and additional consideration related to acquisitions (in thousands):

	2015	2016	2017	2018	2019	Thereafter	Total
Revolving credit facility	$ —	$ —	$ —	$ —	$ —	$ 46,447	$ 46,447
Capital lease obligations	52	16	—	—	—	—	68
Notes payable	—	—	—	—	1,500	—	1,500
Operating leases	6,841	4,230	2,464	1,080	304	18	14,937
Total	$ 6,893	$ 4,246	$ 2,464	$ 1,080	$ 1,804	$ 46,465	$ 62,952

Letters of Credit

We have outstanding letters of credit totaling $7.5 million at December 31, 2014, which benefit our third-party insurer/administrators for our self-insurance programs. The amount of such insurance program letters of credit is subject to negotiation annually upon renewal and may vary in the future based upon such negotiation, our historical claims experience and expected future claims. It is reasonable to expect that the amount of the letter of credit will increase in the future, however, we are unable to predict to what degree.

We currently have no contingent obligations related to acquisition agreements other than those related to the closure of the Willcare acquisition in 2015.

Our commitments and contingencies are also impacted by our general and professional liabilities, pending litigation and health care reform discussed elsewhere in this form 10-K. Please refer to Part I, Item 1, "Government Regulation", Part I, Item 1A, "Risk Factors", Part I, Item 3 "Legal Proceedings", Part II, Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations — Overview" and Part II, Item 8, "Notes to Consolidated Financial Statements".

Impact of Inflation

We do not believe that inflation has had a material effect on income during the past several years.

Non-GAAP Financial Measures

The information provided in this Annual Report use certain non-GAAP financial measures as defined under 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.

Adjusted Earnings from Home Health Operations

Adjusted earnings from home health operations (Adjusted Earnings-HHO) is not a measure of financial performance under accounting principles generally accepted in the United States of America (US GAAP). 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. We believe the use of non-GAAP measures on a consolidated and business segment basis assists investors in understanding the ongoing operating performance by presenting comparable financial results between periods. The non-GAAP information provided is used by us and may not be determined in a manner consistent with the methodologies used by other companies.

	Year Ended December 31,		
(in thousands)	**2014**	**2013**	**2012**
Net income attributable to Almost Family, Inc.	$ 13,763	$ 8,226	$ 17,284
Addbacks:			
Deal, transition and other, net of tax	3,160	2,572	350
Loss on discontinued operations, net of tax	172	558	(482)
Adjusted earnings	17,095	11,356	17,152
Healthcare Innovations operating loss after NCI, net of tax	5	176	—
Adjusted Earnings-HHO	$ 17,100	$ 11,532	$ 17,152
Per share amounts-basic:			
Average shares outstanding	9,333	9,279	9,285
Net income attributable to Almost Family, Inc.	$ 1.47	$ 0.89	$ 1.86
Addbacks:			
Deal, transition and other, net of tax	0.34	0.28	0.05
Loss on discontinued operations, net of tax	0.02	0.05	(0.04)
Adjusted earnings	1.83	1.22	1.85
Healthcare Innovations operating loss after NCI, net of tax	0.00	0.02	—
Adjusted Earnings-HHO	$ 1.83	$ 1.24	$ 1.85
Per share amounts-diluted:			
Average shares outstanding	9,462	9,374	9,324
Net income attributable to Almost Family, Inc.	1.45	$ 0.88	$ 1.85
Addbacks:			
Deal, transition and other, net of tax	0.34	0.27	0.04
Loss on discontinued operations, net of tax	0.02	0.06	(0.05)
Adjusted earnings	1.81	1.21	1.84
Healthcare Innovations operating loss after NCI, net of tax	0.00	0.02	—
Adjusted Earnings-HHO	$ 1.81	$ 1.23	$ 1.84

Adjusted EBITDA from Home Health Operations

Adjusted earnings before interest, income tax, depreciation, amortization, amortization of stock-based compensation, Healthcare Innovations operating loss and deal, transition and other from Home Health Operations (Adjusted EBITDA-HHO) is not a measure of financial performance under U.S. GAAP. 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 Adjusted EBITDA-HHO are significant components in understanding and evaluating financial performance and liquidity. Management routinely calculates and communicates Adjusted EBITDA-HHO 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. Adjusted EBITDA is used in certain covenants contained in our Credit Facility.

The following table sets forth a reconciliation of net income to Adjusted EBITDA-HHO as of December 31 (in thousands):

	2014	2013	2012
Net income from continuing operations	$ 13,696	$ 8,606	$ 16,802
Add back:			
Interest expense, net	1,435	167	104
Income tax expense	9,511	6,020	11,047
Depreciation and amortization	4,103	2,862	2,552
Amortization of stock-based compensation	1,814	1,465	1,473
Deal, transition and other costs	5,312	4,323	588
Adjusted EBITDA	35,871	23,443	32,566
Healthcare Innovations, net of items above	(96)	574	—
Adjusted EBITDA-HHO	$ 35,775	$ 24,017	$ 32,566

ITEM 7A. Quantitative and Qualitative Disclosures About Market Risk

Derivative Instruments

We do not use derivative instruments.

Market Risk of Financial Instruments

Our primary market risk exposure with regard to financial instruments is to changes in interest rates.

At December 31, 2014, a hypothetical 100 basis point increase in short-term interest rates would result in a reduction of approximately $464,000 in our annual pre-tax earnings.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

ALMOST FAMILY, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
(In thousands, except per share data)

	Year Ended December 31,		
	2014	2013	2012
Net service revenues	$ 495,829	$ 356,912	$ 340,620
Cost of service revenues (excluding depreciation and amortization)	263,994	190,548	176,683
Gross margin	231,835	166,364	163,937
General and administrative expenses:			
Salaries and benefits	141,359	102,498	95,975
Other	60,522	44,750	39,421
Deal, transition and other non-recurring costs	5,312	4,323	588
Total general and administrative expenses	207,193	151,571	135,984
Operating income	24,642	14,793	27,953
Interest expense, net	(1,435)	(167)	(104)
Income before income taxes	23,207	14,626	27,849
Income tax expense	(9,511)	(6,020)	(11,047)
Net income from continuing operations	13,696	8,606	16,802
Discontinued operations:			
(Loss) gain from operations, net of tax of ($121), $882, and $108	(172)	(729)	482
Gain on sale, net of tax of $973	—	171	—
(Loss) gain on discontinued operations	(172)	(558)	482
Net income	13,524	8,048	17,284
Net loss attributable to noncontrolling interest	239	178	—
Net income attributable to Almost Family, Inc.	$ 13,763	$ 8,226	$ 17,284
Per share amounts-basic:			
Average shares outstanding	9,333	9,279	9,285
Income from continued operations attributable to Almost Family, Inc.	$ 1.49	$ 0.95	$ 1.81
Discontinued operations	(0.02)	(0.06)	0.05
Net income attributable to Almost Family, Inc.	$ 1.47	$ 0.89	$ 1.86
Per share amounts-diluted:			
Average shares outstanding	9,462	9,374	9,324
Income from continued operations attributable to Almost Family, Inc.	$ 1.47	$ 0.94	$ 1.80
Discontinued operations	(0.02)	(0.06)	0.05
Net income attributable to Almost Family, Inc.	$ 1.45	$ 0.88	$ 1.85

The accompanying notes to consolidated financial statements are an integral part of these financial statements.

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

	As of December 31,	
	2014	**2013**
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 6,886	$ 12,246
Accounts receivable - net	74,894	59,902
Prepaid expenses and other current assets	10,420	9,854
Deferred tax assets	12,230	12,224
TOTAL CURRENT ASSETS	104,430	94,226
PROPERTY AND EQUIPMENT - NET	5,575	8,120
GOODWILL	192,523	192,489
OTHER INTANGIBLE ASSETS	54,402	53,174
OTHER ASSETS	558	775
TOTAL ASSETS	$ 357,488	$ 348,784
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable	$ 9,257	$ 12,057
Accrued other liabilities	42,326	42,496
Current portion - notes payable and capital leases	51	702
TOTAL CURRENT LIABILITIES	51,634	55,255
LONG-TERM LIABILITIES:		
Revolving credit facility	46,447	56,000
Deferred tax liabilities	23,510	18,004
Other liabilities	2,705	1,815
TOTAL LONG-TERM LIABILITIES	72,662	75,819
TOTAL LIABILITIES	124,296	131,074
NONCONTROLLING INTEREST - REDEEMABLE - HEALTHCARE INNOVATIONS	3,639	3,639
STOCKHOLDERS' EQUITY:		
Preferred stock, par value $0.05; authorized 2,000 shares; none issued or outstanding	—	—
Common stock, par value $0.10; authorized 25,000; 9,574 and 9,500 issued and outstanding	957	950
Treasury stock, at cost, 94 and 92 shares	(2,392)	(2,340)
Additional paid-in capital	105,862	103,858
Noncontrolling interest - nonredeemable	(420)	(186)
Retained earnings	125,546	111,789
TOTAL STOCKHOLDERS' EQUITY	229,553	214,071
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 357,488	$ 348,784

The accompanying notes to consolidated financial statements are an integral part of these financial statements.

***ALMOST FAMILY, INC.* AND SUBSIDIARIES**
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(In thousands)

	Common Stock		Treasury Stock		Additional Paid-in Capital	Retained Earnings	Non-controlling Interest - Non-redeemable	Total Stockholders' Equity	Non-controlling Interest - Redeemable
	Shares	Amount	Shares	Amount					
Balance, December 31, 2011	9,381	$ 938	(13)	$ (431)	$ 100,678	$ 105,112	$ —	$ 206,297	$ —
Options exercised, net of shares surrendered or withheld	11	1	—	—	69	—	—	70	—
Share awards and related compensation	29	3	(78)	(1,889)	1,471	—	—	(415)	—
Special dividend	—	—	—	—	—	(18,648)	—	(18,648)	—
Tax loss from stock-based compensation	—	—	—	—	(273)	—	—	(273)	—
Net income	—	—	—	—	—	17,284	—	17,284	—
Balance, December 31, 2012	9,421	$ 942	(91)	$ (2,320)	$ 101,945	$ 103,748	$ —	$ 204,315	$ —
Stock award maturities, net of shares surrendered or withheld	1	1	(1)	(20)	17	—	—	(2)	—
Share awards and related compensation	52	5	—	—	1,460	—	—	1,465	—
Tax loss from stock-based compensation			—	—	(62)	—	—	(62)	—
Stock provided in acquisitions	26	2	—	—	498	—	—	500	—
Acquired noncontrolling interest	—	—	—	—		—	(193)	(193)	3,639
Net loss noncontrolling interests - redeemable	—	—	—	—	—	—	—	—	(185)
Noncontrolling interests - redeemable fair value accretion	—	—	—	—	—	(185)	—	(185)	185
Net loss noncontrolling interests - nonredeemable	—	—	—	—	—	—	7	7	—
Net income attributable to Almost Family, Inc.	—	—	—	—	—	8,226	—	8,226	—
Balance, December 31, 2013	9,500	$ 950	(92)	$ (2,340)	$ 103,858	$ 111,789	$ (186)	$ 214,071	$ 3,639
Stock award maturities, net of shares surrendered or withheld	14	1	(2)	(52)	156	—	—	105	—
Share awards and related compensation	60	6	—	—	1,808	—	—	1,814	—
Tax gain from stock-based compensation	—	—	—	—	40	—	—	40	—
Net loss noncontrolling interests - redeemable	—	—	—	—	—	—	—	—	(6)
Noncontrolling interests - redeemable fair value accretion	—	—	—	—	—	(6)	—	(6)	6
Net loss noncontrolling interests - nonredeemable	—	—	—	—	—	—	(234)	(234)	—
Net income attributable to Almost Family, Inc.	—	—	—	—	—	13,763	—	13,763	—
Balance, December 31, 2014	9,574	$ 957	(94)	$ (2,392)	$ 105,862	$ 125,546	$ (420)	$ 229,553	$ 3,639

The accompanying notes to consolidated financial statements are an integral part of these financial statements.

***ALMOST FAMILY, INC.* AND SUBSIDIARIES**
CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands)

	Year Ended December 31,		
	2014	**2013**	**2012**
Cash flows from operating activities:			
Net income	$ 13,524	$ 8,048	$ 17,284
(Loss) gain on discontinued operations, net of tax	(172)	(558)	482
Net income from continuing operations	13,696	8,606	16,802
Adjustments to reconcile income to net cash provided by operating activities:			
Depreciation and amortization	4,103	2,862	2,552
Provision for uncollectible accounts	9,413	5,378	2,761
Stock-based compensation	1,814	1,465	1,473
Deferred income taxes	5,500	2,099	3,753
	34,526	20,410	27,341
Change in certain net assets and liabilities, net of the effects of acquisitions:			
(Increase) decrease in:			
Accounts receivable	(24,824)	(4,440)	(8,708)
Prepaid expenses and other current assets	(824)	4,229	(1,129)
Other assets	215	235	228
Accounts payable and accrued expenses	(2,431)	(888)	(1,705)
Net cash provided by operating activities	6,662	19,546	16,027
Cash flows from investing activities:			
Capital expenditures	(1,232)	(2,502)	(2,427)
Acquisitions, net of cash acquired	(969)	(88,465)	(536)
Net cash used in investing activities	(2,201)	(90,967)	(2,963)
Cash flows from financing activities:			
Credit facility (repayments) borrowings	(9,553)	56,000	—
Proceeds from stock option exercises	156	11	70
Purchase of common stock in connection with share awards	(52)	(20)	(1,889)
Tax impact of share awards	40	(62)	—
Payment of special dividend	(35)	—	(18,562)
Principal payments on notes payable and capital leases	(702)	(720)	(1,200)
Net cash (used in) provided by financing activities	(10,146)	55,209	(21,581)
Cash flows from discontinued operations:			
Operating activities	323	(742)	1,004
Investing activities	2	3,080	(60)
Net cash from discontinued operations	325	2,338	944
Net change in cash and cash equivalents	(5,360)	(13,874)	(7,573)
Cash and cash equivalents at beginning of period	12,246	26,120	33,693
Cash and cash equivalents at end of period	$ 6,886	$ 12,246	$ 26,120
Supplemental disclosures of cash flow information:			
Cash payment of interest, net of amounts capitalized	$ 1,264	$ 97	$ 104
Cash payment of taxes	$ 1,953	$ 6,084	$ 8,352
Summary of non-cash investing and financing activities:			
Acquisitions funded by notes payable	$ —	$ 1,500	$ —
Acquisitions funded by stock	$ —	$ 500	$ —
Dividends declared, not paid	$ —	$ —	$ 86

The accompanying notes to consolidated financial statements are an integral part of these financial statements.

***ALMOST FAMILY, INC.* AND SUBSIDIARIES**
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unless otherwise indicated all dollar and share amounts are in thousands)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Consolidation and Description Of Business

The consolidated financial statements include the accounts of *Almost Family, Inc.* (a Delaware corporation) and its wholly-owned subsidiaries (collectively " *Almost Family* " or the "Company"). The Company is a leading, regionally focused provider of home health services and has service locations in Florida, Tennessee, Ohio, Kentucky, Connecticut, New Jersey, Massachusetts, Indiana, Illinois, Pennsylvania, Georgia, Missouri, Mississippi and Alabama (in order of revenue significance).

The Company was incorporated in Delaware in 1985. Through a predecessor that merged into the Company in 1991, the Company has been providing health care services, primarily home health care, since 1976. All material intercompany transactions and accounts have been eliminated in consolidation.

On December 6, 2013, the Company completed the acquisition of Omni Home Health Holdings, Inc. ("SunCrest"). Branded principally under the SunCrest name, its subsidiaries owned and operated 66 Medicare-certified home health agencies and 9 private duty agencies in Florida, Tennessee, Georgia, Pennsylvania, Kentucky, Illinois, Indiana, Mississippi and Alabama. On October 4, 2013, the Company acquired a controlling interest in Imperium Health Management, LLC ("Imperium"), a development-stage enterprise that provides strategic health management services to Accountable Care Organizations ("ACO's"). On July 17, 2013, the Company acquired the assets of the Medicare-certified home health agencies owned by Indiana Home Care Network ("IHCN"). The acquisitions are more fully described in Note 12, "Acquisitions". The results of operations for SunCrest and IHCN are principally reported within the Company's Visiting Nurse reportable segment, while Imperium results are currently included the Company's Healthcare Innovations segment. The Company's consolidated financial statements are prepared in accordance with U.S. generally accepted accounting principles (US GAAP). All intercompany balances and transactions have been eliminated.

New Accounting Pronouncements

The Financial Accounting Standards Board issued Accounting Standards Update No. 2014-09, Revenue from Contracts with Customers (Topic 606), during the second quarter of 2014. Topic 606 affects virtually all aspects of an entity's revenue recognition, including determining the measurement of revenue and the timing of when it is recognized for the transfer of goods or services to customers. Topic 606 is effective for annual reporting periods beginning after December 15, 2016. The Company is currently evaluating the effect of the adoption of Topic 606 on its financial position and results of operations.

Cash and Cash Equivalents

The Company considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

Uninsured deposits at December 31, 2014 and 2013 were approximately $4,183 and $9,449, respectively. These amounts have been deposited with national financial institutions.

Property and Equipment

Property and equipment are stated at cost. Depreciation is computed using the straight-line method over the estimated useful lives (generally two to ten years for medical and office equipment and three years for internally developed software). Leasehold improvements are depreciated over the terms of the respective leases (generally three to ten years). Such costs are periodically reviewed for recoverability when impairment indicators are present. Such indicators include, among other factors, operating losses, unused capacity, market value declines and technological obsolescence. Recorded values of asset groups of property, plant and equipment that are not expected to be recovered through undiscounted future net cash flows are written down to current fair value, which generally is determined from estimated discounted future net cash flows (assets held for use) or net realizable value (assets held for sale).

Goodwill and Other Intangible Assets

Goodwill and indefinite lived intangible assets acquired are stated at fair value at the date of acquisition. Subsequent to acquisition, the Company conducts annual reviews for impairment, or more frequently if circumstances indicate impairment may have occurred. The Company reviews goodwill for

impairment based on its identified reporting units, which are the same as its reportable segments. The Company tests goodwill for impairment by comparing the carrying value to the estimated fair value of its reporting units, determined using a combination of the market approach (guideline company and similar transaction method) and income approach (discounted cash flow analysis). The Company annually tests its indefinite-lived intangible assets, principally trade names, certificates of need, provider numbers and licenses. Specifically trade names are tested using a "relief-from-royalty" valuation method compared to the carrying value. Significant assumptions inherent in the valuation methodologies for goodwill and other intangibles are employed and include, but are not limited to, such estimates as future projected business results, growth rates, legislated changes in payment rates, weighted-average cost of capital for a market participant, royalty and discount rates. The Company has completed its most recent annual impairment tests as of December 31, 2014 and determined that no impairment existed.

Finite-lived intangible assets are amortized on a straight-line basis over their estimated useful lives, such as the cost of non-compete agreements for which their estimated useful life is usually 3 years, beginning after the earn-out period, if any.

The following table summarizes the activity related to the Company's goodwill and other intangible assets:

		Other Intangible Assets			
	Goodwill	Certificates of Need and Licenses	Trade Names	Non-compete Agreements	Total
December 31, 2012 balance	$ 133,471	$ 9,391	$ 10,421	$ 155	$ 19,967
Acquisitions	60,475	28,930	4,370	—	33,300
Disposals	(1,457)	—	—	—	—
Amortization	—	—	(10)	(83)	(93)
December 31, 2013 balance	$ 192,489	$ 38,321	$ 14,781	$ 72	$ 53,174
Acquisitions	—	1,290	—	—	1,290
Changes	34	—	—	—	—
Amortization	—	—	(10)	(52)	(62)
December 31, 2014 balance	$ 192,523	$ 39,611	$ 14,771	$ 20	$ 54,402

Additions were due to acquisitions (Note 12) and disposals were due to asset dispositions (Note 11).

The following table summarizes the Company's goodwill and other intangible assets by segment:

		Other Intangible Assets			
	Goodwill	Certificates of Need and Licenses	Trade Names	Non-compete Agreements	Total
Visiting Nurse	$ 147,368	$ 37,541	$ 11,401	$ 23	$ 48,965
Personal Care	37,571	780	3,380	49	4,209
Healthcare Innovations	7,550	—	—	—	—
December 31, 2013 balance	$ 192,489	$ 38,321	$ 14,781	$ 72	$ 53,174
Visiting Nurse	$ 147,368	$ 38,831	$ 11,391	$ 10	$ 50,232
Personal Care	37,571	780	3,380	10	4,170
Healthcare Innovations	7,584	—	—	—	—
December 31, 2014 balance	$ 192,523	$ 39,611	$ 14,771	$ 20	$ 54,402

Capitalization Policies

Maintenance, repairs and minor replacements are charged to expense as incurred. Major renovations and replacements are capitalized to appropriate property and equipment accounts. Upon sale or retirement of property, the cost and related accumulated depreciation are eliminated from the accounts and the related gain or loss is recognized in the consolidated statement of income.

The Company capitalizes the cost of internally developed computer software for the Company's own use. Software development costs of approximately $327, $647 and $968 were capitalized in the years ended December 31, 2014, 2013 and 2012, respectively.

Insurance Programs

The Company bears significant risk under its large-deductible workers' compensation insurance program and its self-insured employee health program. Under the workers' compensation insurance program, the Company bears risk up to $250 per incident, after which stop-loss coverage is maintained. The Company purchases stop-loss insurance for the employee health plan that places a specific limit, generally $300, on its exposure for any individual covered life.

Malpractice and general patient liability claims for incidents which may give rise to litigation have been asserted against the Company by various claimants. The claims are in various stages of processing and some may ultimately be brought to trial. The Company currently carries professional and general liability insurance coverage (on a claims made basis) for this exposure with no deductible. The Company also carries D&O coverage (also on a claims made basis) for potential claims against the Company's directors and officers, including securities actions, with deductibles ranging from $100 to $200 per claim.

The Company records estimated liabilities for its insurance programs based on information provided by the third-party plan administrators, historical claims experience, the life cycle of claims, expected costs of claims incurred but not paid, and expected costs to settle unpaid claims. The Company monitors its estimated insurance-related liabilities and recoveries, if any, on a monthly basis and as required by ASU No. 2010-24, *Health Care Entities (Topic 954): Presentation of Insurance Claims and Related Insurance Recoveries* , records amounts due under insurance policies in other current assets, while recording the estimated carrier liability in other current liabilities. As facts change, it may become necessary to make adjustments that could be material to the Company's results of operations and financial condition.

Accounting for Income Taxes

The Company recognizes deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the financial statements or tax returns. Under this method, deferred tax assets and liabilities are determined based on the difference between the Company's book and tax bases of assets and liabilities and tax carry-forwards using enacted tax rates in effect for the year in which the differences are expected to reverse. The effect of changes in tax rates on deferred taxes is recognized in the period in which the enactment dates change. Valuation allowances are established when necessary on a jurisdictional basis to reduce deferred tax assets to the amounts expected to be realized.

Seasonality

The Company's VN segment operations located in Florida (which generated approximately 36% of that segment's revenues in 2014) normally experience higher admissions during the first quarter and lower admissions during the third quarter than in the other quarters due to seasonal population fluctuations.

Net Service Revenues

The Company is paid for its services primarily by federal and state third-party reimbursement programs, commercial insurance companies, and patients. Revenues are recorded at established rates in the period during which the services are rendered. Appropriate allowances to give recognition to third party payment arrangements are recorded when the services are rendered.

Approximately 72% of the Company's consolidated net service revenues are derived from the Medicare program. Net service revenues are recorded under the Medicare prospective payment program (PPS) based on a 60-day episode payment rate that is subject to adjustment based on certain variables including, but not limited to: (a) changes in the base episode payments established by the Medicare program; (b) adjustments to the base episode payments for case-mix and geographic wages; (c) a low utilization payment adjustment (LUPA) if the number of visits was fewer than five; (d) a partial payment if a patient is transferred to another provider or if a patient is

received from another provider before completing the episode; (e) a payment adjustment based upon the level of therapy services required (thresholds set at 6, 14 and 20 visits); (f) an outlier payment if the patient's care was unusually costly (capped at 10% of total reimbursement); (g) the number of episodes of care provided to a patient; and (h) a 2% reduction for sequestration.

At the beginning of each Medicare episode the Company calculates an estimate of the amount of expected reimbursement based on the variables outlined above and recognizes Medicare revenue on an episode-by-episode basis during the course of each episode over its expected number of visits. Over the course of each episode, as changes in the variables become known, adjustments are calculated and recorded as needed to reflect changes in expectations for that episode from those established at the start of the 60 day period until its ultimate outcome at the end of the 60 day period is known.

Substantially all remaining revenues are earned on a per visit, hour or unit basis (as opposed to episodic). For all services provided, the Company uses either payor-specific or patient-specific fee schedules for the recording of revenues at the amounts actually expected to be received.

Laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation. It is common for issues to arise related to: 1) medical coding, particularly with respect to Medicare, 2) patient eligibility, particularly related to Medicaid, and 3) other reasons unrelated to credit risk, all of which may result in adjustments to recorded revenue amounts. The Company continuously evaluates the potential for revenue adjustments and when appropriate provides allowances for losses based upon the best available information. There is at least a reasonable possibility that recorded estimates could change by material amounts in the near term. Changes in estimates related to prior periods (increased) decreased revenues by approximately ($320), $114, and $75 in the years ended December 31, 2014, 2013 and 2012, respectively.

Revenue and Receivable Concentrations

The following table sets forth the percent of the Company's revenues generated from Medicare, state Medicaid programs and other payors for the year ended December 31:

	2014	2013	2012
Medicare	72.4%	71.2%	71.7%
Medicaid & other government programs:			
Ohio	8.8%	11.7%	11.9%
Connecticut	5.5%	7.1%	6.6%
Tennessee	2.5%	0.2%	0.0%
Kentucky	1.8%	2.3%	2.7%
Florida	0.6%	0.7%	0.5%
Others	0.4%	0.5%	0.3%
Subtotal	19.6%	22.5%	22.0%
All other payors	8.0%	6.3%	6.3%
Total	100.0%	100.0%	100.0%

Concentrations in the Company's accounts receivable were as follows as of December 31:

	2014		2013	
	Amount	Percent	Amount	Percent
Medicare	$ 46,634	55.7%	$ 42,823	56.7%
Medicaid & other government programs:				
Ohio	9,239	11.0%	5,925	7.8%
Connecticut	3,982	4.8%	4,884	6.5%
Kentucky	3,686	4.4%	2,536	3.4%
Tennessee	5,617	6.7%	4,099	5.4%
Others	2,835	3.4%	1,968	2.6%
Subtotal	25,359	30.3%	19,412	25.7%
All other payors	11,781	14.1%	13,253	17.6%
Subtotal	83,774	100.0%	75,488	100.0%
Allowances	(8,880)		(15,586)	
Total	$ 74,894		$ 59,902	

The ability of payors to meet their obligations depends upon their financial stability, future legislation and regulatory actions. The Company does not believe there are any significant credit risks associated with receivables from Federal and state third-party reimbursement programs. The allowance for uncollectible accounts principally consists of management's estimate of amounts that may prove uncollectible for coverage, eligibility and technical reasons.

Payor Mix Concentrations and Related Aging of Accounts Receivable

The approximate breakdown by payor classification as a percent of total accounts receivable, net of contractual allowances, if any, at December 31, 2014 and 2013 is set forth in the following tables:

	2014				
Payor	0-90	91-180	181-365	>1 yr.	Total
Medicare	36%	13%	9%	0%	58%
Medicaid & Government	19%	6%	3%	1%	29%
Self Pay	1%	0%	1%	0%	2%
Insurance	6%	3%	2%	0%	11%
Total	62%	22%	15%	1%	100%

	2013				
Payor	0-90	91-180	181-365	>1 yr.	Total
Medicare	30%	12%	5%	3%	50%
Medicaid & Government	18%	4%	4%	7%	33%
Self Pay	4%	1%	1%	1%	7%
Insurance	4%	1%	2%	3%	10%
Total	56%	18%	12%	14%	100%

Variations between years are largely attributable to the SunCrest acquisition.

Allowance for Uncollectible Accounts by Payor Mix and Related Aging

The Company records an estimated allowance for uncollectible accounts by applying estimated bad debt percentages to its accounts receivable aging. The percentages to be applied by payor type are based on the Company's historical collection and loss experience. The Company's effective allowances for uncollectible accounts as a percent of accounts receivable were as follows at December 31, 2014 and 2013:

	2014				
Payor	0-90	91-180	181-365	>1 yr.	>2 yrs.
Medicare	0%	0%	8%	75%	100%
Medicaid & Government	1%	8%	31%	66%	100%
Self Pay	1%	12%	51%	74%	100%
Insurance	5%	22%	46%	83%	100%
Total	1%	6%	23%	74%	100%

	2013				
Payor	0-90	91-180	181-365	>1 yr.	>2 yrs.
Medicare	0%	1%	9%	100%	100%
Medicaid & Government	2%	16%	49%	92%	100%
Self Pay	5%	36%	80%	87%	100%
Insurance	5%	22%	38%	87%	100%
Total	1%	8%	33%	92%	100%

Variations between years are largely attributable to the SunCrest acquisition.

The Company's allowance for uncollectible accounts at December 31, 2014 and 2013 was approximately $8,880 and $15,586, respectively. The increase is primarily due to the SunCrest acquisition.

Contingent Service Revenues

The Company, through its Imperium acquisition, provides strategic health management services to ACOs that have been approved to participate in the Medicare Shared Savings Program ("MSSP"). While the Company did not have ownership interests in ACO's at December 31, 2014, it had service agreements with ACOs that provide for sharing of MSSPs received by the ACO, if any.

ACOs are entities that contract with CMS to serve the Medicare fee-for-service population with the goal of better care for individuals, improved health for populations and lower costs. ACOs share savings with CMS to the extent that the actual costs of serving assigned beneficiaries are below certain trended benchmarks of such beneficiaries and certain quality performance measures are achieved. The MSSP is relatively new and therefore has limited historical experience, which impacts the Company's ability to accurately accumulate and interpret the data available for calculating an ACOs' shared savings, if any. MSSP payments are not recognized in revenue until persuasive evidence of an agreement exists, services have been rendered, the payment is fixed and determinable and collectability is insured, which is generally satisfied upon cash receipt. Under such agreements, the Company recognized $1.6 million in MSSP payments for cash received during 2014 related to savings generated for the program period ended December 31, 2013, which is included in the Company's Healthcare Innovations segment revenues. The Company has yet to recognize MSSP payments, if any, for savings generated through December 31, 2014.

Weighted Average Shares

Net income per share is presented as a unit of basic shares outstanding and diluted shares outstanding. Diluted shares outstanding is computed based on the weighted average number of common shares and common equivalent shares outstanding. Common equivalent shares result from dilutive stock options and unvested restricted shares. The following table is a reconciliation of basic to diluted shares used in the earnings per share calculation for the year ended December 31:

	2014	2013	2012
Basic weighted average outstanding shares	9,333	9,279	9,285
Dilutive effect of outstanding compensation awards	129	95	39
Diluted weighted average outstanding shares	9,462	9,374	9,324

The assumed conversions to common stock of 94, 195, and 218 of the Company's outstanding stock options were excluded from the diluted EPS computation in 2014, 2013, and 2012, respectively, because these items, on an individual basis, have an anti-dilutive effect on diluted EPS.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Financial Statement Reclassifications

Certain prior period amounts and data have been reclassified in the financial statements and related notes in order to conform to the 2014 presentation. Such reclassifications had no effect on previously reported net income. In connection with the SunCrest acquisition, the consolidated balance sheet at December 31, 2013 has been recast to include retrospective purchase accounting adjustments. These adjustments were retrospectively applied to the December 6, 2013 acquisition date balance sheet. These adjustments pertain to measurement period adjustments during the year ended December 31, 2014, which coincides with the one year anniversary date of the acquisition, based on the valuation of assets acquired and liabilities assumed in the SunCrest acquisition. The effect on the consolidated balance sheet at December 31, 2014 is included in Note 12 to the consolidated financial statements.

Stock-Based Compensation

Stock options and restricted stock are granted under various stock compensation programs to employees and independent directors. The Company accounts for such grants in accordance with ASC Topic 718, *Compensation — Stock Compensation* and amortizes the fair value of awards, after estimated forfeiture, on a straight-line basis over the requisite service periods.

Accounting for Leases

The Company accounts for operating leases using the straight-line rents method, which amortizes contracted total rents due evenly over the lease term.

Advertising Costs

The Company expenses the costs of advertising as incurred. Advertising expense was $306, $326 and $316 for the years ended December 31, 2014, 2013, and 2012, respectively.

NOTE 2 - ACCRUED LIABILITIES

Accrued liabilities consist of the following as of December 31:

	2014	2013
Wages and employee benefits	$ 20,084	$ 20,755
Insurance accruals	14,217	11,602
Accrued taxes	563	1,046
Kentucky Medicaid cost report payable	1,360	3,170
Accrued professional fees and other	6,102	5,923
	$ 42,326	$ 42,496

NOTE 3 - PROPERTY AND EQUIPMENT, NET

Property and equipment, net, consist of the following as of December 31:

	2014	2013
Leasehold improvements	$ 1,367	$ 1,448
Medical equipment	937	1,671
Computer equipment	9,607	14,594
Internally developed software	3,807	1,404
Office and other equipment	4,502	5,071
Vehicles	449	387
	20,669	24,575
Less accumulated depreciation	(15,094)	(16,455)
	$ 5,575	$ 8,120

Depreciation and amortization expense related to property, plant and equipment is recorded in general and administrative expenses - other and was $3,850, $2,594 and $2,315 for the years ended December 31, 2014, 2013 and 2012, respectively.

NOTE 4 - REVOLVING CREDIT FACILITY

On February 12, 2015, the Company entered into a new five-year $175 million revolving credit facility (the “New Facility”) which replaces the prior revolving credit facility. J.P. Morgan Securities LLC acted as lead bookrunner and arranger, while Bank of America, N.A. acted as joint lead arranger under the New Facility which replaced the Company’s previous $125 million credit facility (the “Old Facility”). The New Facility includes an accordion feature which permits expansion up to $250 million. Borrowings, other than letters of credit, under the credit facility generally will bear interest at a rate varying from LIBOR rate plus 1.75% to LIBOR rate plus 3.00%, depending on leverage. The New Facility is secured by substantially all of the Company’s assets and the stock of its subsidiaries.

Borrowings under the New Facility are subject to various covenants including a multiple of 3.5 times earnings before interest, taxes, depreciation and amortization (“EBITDA”). EBITDA may include “Acquired EBITDA” from pro-forma acquisitions as defined. Borrowings under the New Facility may be used for general corporate purposes, including acquisitions. Application of the New Facility’s borrowing formula as of December 31, 2014, would have permitted $80.0 million to be used. We had irrevocable letters of credit totaling $7.5 million outstanding in connection with our self-insurance programs, which resulted in a total of $72.5 million being available for use at December 31, 2014. As of December 31, 2014, we were in compliance with the various financial covenants. Under the most restrictive of its covenants, we were required to maintain minimum net worth of at least $163.5 million at December 31, 2014. At such date, our net worth was approximately $229.6 million.

At December 31, 2014, the Old Facility consisted of a $125 million credit line with a maturity date of December 2, 2015. Borrowings (other than letters of credit) under the credit facility were at either the bank’s prime rate plus a margin (ranging from 1.25% to 2.25%, currently 1.25%) or LIBOR plus a margin (ranging from 2.25% to 3.25%, currently 2.25%). The margin for prime rate or LIBOR borrowings was determined by the Company’s leverage. Borrowings under the Old Facility were secured by a first priority perfected security interest in all tangible and intangible assets of the Company, and all existing and future direct and indirect subsidiaries of the Company, as guarantors. The effective interest rates on our borrowings were 2.7% and 5.0% for 2014 and 2013, respectively.

NOTE 5 - FAIR VALUE MEASUREMENTS

The Company’s financial instruments consist of cash, accounts receivable, payables and debt instruments. Due to their short-term nature, the book values of cash, accounts receivable and payables are considered representative of their respective fair values. The fair value of the Company’s debt instruments approximates their carrying values as substantially all of such debt instruments have rates which fluctuate with changes in market rates.

As of December 31, 2014, the Company does not have any assets or liabilities carried at fair value that are

measured on a recurring basis.

NOTE 6 - INCOME TAXES

The provision for income taxes consists of the following as of December 31:

	2014	2013	2012
Federal - current	$ 2,829	$ 3,557	$ 6,113
State and local - current	1,182	364	1,181
Deferred	5,500	2,099	3,753
	$ 9,511	$ 6,020	$ 11,047

A reconciliation of the statutory to the effective rate of the Company is as follows as of December 31:

	2014	2013	2012
Tax provision using statutory rate	35.0%	35.0%	35.0%
State and local taxes, net of Federal benefit	4.7%	5.7%	4.1%
Valuation allowance	1.0%	-0.6%	-0.6%
Noncontrolling interest related	0.4%	0.5%	0.0%
Other, net	-0.1%	1.3%	0.7%
Tax provision for continuing operations	41.0%	41.9%	39.2%

The Company has provided a valuation allowance against certain net deferred tax assets based upon management’s estimation of realizability of those assets through future taxable income. This valuation allowance was based in large part on the Company’s history of generating operating income or losses in individual tax locales and expectations for the future. The Company’s ability to generate the expected amounts of taxable income from future operations to realize its recorded net deferred tax assets is dependent upon general economic conditions, competitive pressures on revenues and margins and legislation and regulation at all levels of government. There can be no assurances that the Company will meet its expectations of future taxable income. However, management has considered the above factors in reaching its conclusion that it is more likely than not that future taxable income will be sufficient to realize the deferred tax assets (net of valuation allowance) as of December 31, 2014.

During 2014, the valuation allowance increased by $0.2 million due to a change in expected realizability of deferred tax assets.

The principal tax carry-forwards and temporary differences were as follows as of December 31:

	2014	2013
Deferred tax assets		
Non-deductible reserves and allowances	$ 9,853	$ 10,760
Insurance accruals	3,174	2,408
Net operating loss carryforwards	1,484	1,160
	14,511	14,328
Valuation allowance	(1,746)	(1,521)
Deferred tax assets	12,765	12,807
Deferred tax liabilities		
Goodwill & intangibles	(23,038)	(17,093)
Accelerated depreciation	(1,007)	(1,494)
Deferred tax liabilities	(24,045)	(18,587)
Net deferred tax liabilities	$ (11,280)	$ (5,780)
Deferred tax (liabilities) assets are reflected in the accompanying balance sheet as:		
Current assets	12,230	12,224
Long-term liabilities	(23,510)	(18,004)
Net deferred tax liabilities	$ (11,280)	$ (5,780)

The Company had book goodwill of $108.7 million and $109.0 million at December 31, 2014 and 2013, respectively, which was not deductible for tax purposes.

State operating loss carryforwards totaling $29.8 million at December 31, 2014 are being carried forward in jurisdictions where the Company is permitted to use tax losses from prior periods to reduce future taxable income. If not used to offset future taxable income, these losses will expire between 2015 and 2034. Due to uncertainty regarding the Company's ability to use some of the carryforwards, a valuation allowance has been established on $25.9 million of state net operating loss carryforwards. Based on the Company's historical record of producing taxable income and expectations for the future, the Company has concluded that future operating income will be sufficient to give rise to taxable income sufficient to utilize the remaining state net operating loss carryforwards.

US GAAP prescribes a recognition threshold and measurement attribute for the accounting and financial statement disclosure of tax positions taken or expected to be taken in a tax return. The evaluation of a tax position is a two-step process. The first step requires the Company to determine whether it is more likely than not that a tax position will be sustained upon examination based on the technical merits of the position. The second step requires the Company to recognize in the financial statements each tax position that meets the more likely than not criteria, measured at the amount of benefit that has a greater than 50% likelihood of being realized. The Company's unrecognized tax benefits would affect the tax rate, if recognized. The Company includes the full amount of unrecognized tax benefits in other noncurrent liabilities in the consolidated balance sheets. The Company anticipates it is reasonably possible an increase or decrease in the amount of unrecognized tax benefits could be made in the next twelve months. However, the Company does not presently anticipate that any increase or decrease in unrecognized tax benefits will be material to the consolidated financial statements. During the year ended December 31, 2014, changes in unrecognized tax benefits were as follows.

Balance at December 31, 2013	$ —
Increases related to positions taken on items from prior years	—
Decreases related to positions taken on items from prior years	—
Increases related to positions taken in the current year	1,186
Lapse of statute of limitations	—
Settlement of uncertain tax positions with tax authorities	—
Balance at December 31, 2014	$ 1,186

For federal tax purposes, the Company is currently subject to examinations for tax years after 2010, while for state purposes, tax years after 2007 are subject to examination, depending on the specific state rules and regulations. The Internal Revenue Service completed an examination of the December 31, 2011 tax year and is currently conducting an examination of Omni Home Health Holdings, Inc.'s federal tax returns for the year ended December 31, 2012 and the period ended December 6, 2013.

The Company may from time to time be assessed interest and penalties by major tax jurisdictions, although any such assessments historically have been minimal and immaterial to its financial results. Assessments for interest and/or penalties are classified in the financial statements as general and administrative - other.

NOTE 7 - STOCKHOLDERS' EQUITY

Employee Stock Incentive Plans

The Company has a 2000 Employee Stock Option Plan which initially provided for options to purchase up to 1,000 shares of the Company's common stock to key employees, officers and directors. The Board of Directors determines the amount and terms of the options, which cannot exceed ten years. At December 31, 2014, options for 103 shares were outstanding under this plan. There are no shares available for future grant.

Historically, the Company has issued restricted share and/or option awards to employees and non-employee directors. The Board of Directors determines the amount and terms of the options, which cannot exceed ten years. Under both the 2013 and 2007 Stock and Incentive Compensation Plans, restricted share awards cliff vest on the third anniversary, while option share awards vest annually in 25% increments over four years.

The 2007 Stock and Incentive Compensation Plan provided for stock awards up to 500 shares of the Company's common stock to employees, non-employee directors or independent contractors, with a maximum number of full value restricted share awards up to 200. As of December 31, 2014, options for 245 shares were outstanding under this plan, while 162 restricted shares had been awarded. There are no shares available for future grant.

The 2013 Stock and Incentive Compensation Plan provides for stock awards up to 700 shares of the Company's common stock to employees, non-employee directors or independent contractors, with a maximum number of full value restricted share awards up to 200. As of December 31, 2014, options for 78 shares had been granted and were outstanding under this plan, while 86 restricted shares had been awarded. There are 536 shares available for future grant.

Changes in award shares outstanding are summarized as follows:

	Restricted shares		Options		
	Shares	Wtd. Avg. Grant Price	Shares	Wtd. Avg. Ex. Price	Aggregate Intrinsic Value
December 31, 2011	71	$ 37.85	292	$ 25.15	$ 1,110
Granted	29	24.16	63	24.16	302
Vested or Exercised	(44)	37.61	(11)	6.49	(247)
Forfeited	(6)	28.55	(3)	(20.19)	(147)
December 31, 2012	50	$ 31.35	341	$ 25.62	1,136
Granted	58	20.29	68	20.71	560
Vested or Exercised	(8)	19.57	(2)	12.29	(33)
Forfeited	—	—	(24)	(30.29)	(1,422)
December 31, 2013	100	$ 24.12	383	$ 24.52	1,697
Granted	61	23.27	70	24.28	327
Vested or Exercised	(39)	27.35	(13)	2.87	(339)
Forfeited	—	—	(13)	(24.57)	(696)
December 31, 2014	122	$ 22.68	427	$ 24.89	1,734

Aggregate intrinsic value represents the estimated value of the Company's common stock at the end of the period in excess of the weighted average exercise price multiplied by the number of options outstanding or exercisable.

The following table summarizes information about stock options at December 31, 2014:

Range of Exercise Price	Options Outstanding Shares	Wtd. Avg. Remaining Contractual Life	Wtd. Avg. Exercise Price	Options Exercisable Shares	Wtd. Avg. Remaining Contractual Life	Wtd. Avg. Exercise Price
$0.00-20.00	116	2.51	$ 19.41	106	2.25	$ 19.40
$20.01-30.00	214	7.60	$ 22.91	80	5.38	$ 22.62
Over $30.00	97	4.68	$ 35.88	87	4.68	$ 35.80
	427	5.55	$ 24.89	273	3.95	$ 25.59

The following table details exercisable options and related information for the year ended December 31:

	2014	2013	2012
Exercisable at end of year	273	259	240
Weighted average price	$ 25.59	$ 24.89	$ 24.33
Weighted average fair value of options granted during the year	$ 11.61	$ 9.59	$ 10.92

The following table details unvested options for the year ended December 31, 2014:

	Shares	Wtd. Avg. Ex. Price
December 31, 2013	124	$ 23.77
Vested	38	25.08
Granted	70	24.28
Forfeited	(2)	(25.75)
December 31, 2014	154	$ 23.65

The fair value of each option award is estimated on the date of grant using the Monte Carlo option valuation model with suboptimal exercise behavior. The Monte Carlo 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. Stock options have a contractual term of 10 years. The following assumptions were used in determining the fair value of option awards for 2014:

Grant date	Equivalent interest rate	Equivalent volatility	Implied expected lives
March 17, 2014	2.68%	40.00%	8.32

Expected volatility is based on an analysis that looks at the unbiased standard deviation of the Company's common stock over the option term as well as implied volatilities of all long-term exchange traded options for the Company. The expected life of the options represents the period of time that the Company expects the options granted to be outstanding. The risk-free rate is based on the U.S. Treasury yield curve in effect at the time of the grant of the option for the expected term of the instrument. A 0% dividend yield was assumed as no dividend payout over the term of the award is expected.

As of December 31, 2014, there was $2,238 of total unrecognized compensation cost, after estimated forfeitures, related to unvested share-based compensation granted under the plans. That cost is expected to be recognized over a weighted-average period of 2.48 years. The total fair value of option shares vested during the 2014 and 2013 was $370 and $375, respectively.

Employee Stock Purchase Plan

The Company has an Employee Stock Purchase Plan ("2009 ESPP") which, if implemented, could 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. Under the 2009 ESPP, 300 shares of the Company's Common Stock have been authorized for issuance. As of December 31, 2014, all 300 shares remain available for issuance.

Directors Deferred Compensation Plan

The Company had a Non-Employee Directors Deferred Compensation Plan (the "Deferred Plan") which allowed Directors to elect to receive fees for Board services in the form of shares of the Company's common stock. Directors' fees were expensed as incurred whether paid in cash or deferred into the Deferred Plan. The Deferred Plan was terminated as of February 22, 2010 with all shares distributed on February 23, 2011. During 2012, the Company redeemed 72 shares of stock for $1.7 million related to this distribution.

NOTE 8 - RETIREMENT PLAN

The Company administers a 401(k) defined contribution retirement plan for the benefit of the majority of its employees. Employees may participate in the plan immediately upon employment. The Company matches contributions in an amount equal to one-quarter of the first 5% of each participant's contribution to the plan after completion of one year of service with the Company. 401(k) assets are held by an independent trustee, are not assets of the Company, and accordingly are not reflected in the Company's balance sheets. The Company's retirement plan expense was approximately $910, $550 and $509 for the years ended December 31, 2014, 2013, and 2012, respectively.

NOTE 9 - COMMITMENTS AND CONTINGENCIES

Operating Leases

The Company leases certain real estate, office space, and equipment under non-cancelable operating leases expiring at various dates through 2019 and which contain various renewal and escalation clauses. Rent expense amounted to approximately $12,846, $8,619 and $8,656 for years ended December 31, 2014, 2013 and 2012, respectively. At December 31, 2014, minimum rental payments under these leases were as follows:

2015	$	6,841
2016		4,230
2017		2,464
2018		1,080
2019		304
Thereafter		18
Total	$	14,937

Legal Proceedings

The Company is currently, and from time to time, subject to claims and suits arising in the ordinary course of its business, including claims for damages for personal injuries. In the opinion of management, after discussions with legal counsel, the ultimate resolution of any of these ordinary course pending claims and legal proceedings will not have a material effect on the Company's financial position or results of operations.

NOTE 10 - SEGMENT DATA

At December 31, 2014, the Company has two divisions, Home Health Care and Healthcare Innovations. The Home Health Care division is comprised of two reportable segments, Visiting Nurses Services (VN or Visiting Nurse) and Personal Care Services (PC or Personal Care). Healthcare Innovations is also a reportable segment. The Company has updated its business segment reporting at December 31, 2014, in light of changes in how management has organized the business by services provided to customers and the resulting changes in how the chief operating decision maker manages the business and allocates resources, consistent with the criteria in ASC 280, Segment Reporting. Under the new segment structure, the Company has moved the results of Imperium, an acquisition the Company completed in 2013, from Unallocated into a new reportable segment, Healthcare Innovations. The Company has also moved its behavioral health business from the VN segment to the PC

segment. Within PC, patient length of stays are much longer, often exceeding a year, which better aligns the types of services offered to behavioral health customers.

Consistent with information given to the chief operating decision maker, the Company does not allocate certain corporate expenses to the reportable segments. These expenses are included in Unallocated below. The Company evaluates the performance of its business segments based on operating income. Intercompany and intersegment transactions have been eliminated. Segment information within the consolidated financial statements have been recast for all periods presented to conform with the new segment reporting structure.

The Company's VN segment provides skilled medical services in patients' homes largely to enable recipients to reduce or avoid periods of hospitalization and/or nursing home care. VN Medicare revenues are generated on a per episode basis rather than a fee per visit or day of care. Approximately 94% of the VN segment revenues are generated from the Medicare program, while the balance is generated from Medicaid and private insurance programs.

The Company's PC segment services are also provided in patients' homes. These services (generally provided by paraprofessional staff such as home health aides) are generally of a custodial rather than skilled nature. PC revenues are generated on an hourly basis. Approximately 79% of the PC segment revenues are generated from Medicaid and other government programs, while the balance is generated from insurance programs and private pay patients.

The Company's Healthcare Innovations business segment was created to house and separately report on our developmental activities outside the traditional home health business platform. These activities are intended ultimately, whether directly or indirectly, to benefit the Company's patients and payers through the enhanced provision of home health services. The activities all share a common goal of improving patient experiences and quality outcomes while lowering costs. They include, but are not limited to, items such as: technology, information, population health management, risk-sharing, care coordination and transitions, clinical advancements, enhanced patient engagement and informed clinical decision.

	Year Ended December 31,		
	2014	2013	2012
Net service revenues			
Home Health			
Visiting Nurse	$ 380,788	$ 263,789	$ 251,645
Personal Care	112,497	92,927	88,975
Healthcare Innovations	2,544	196	—
	$ 495,829	$ 356,912	$ 340,620
Operating income			
Home Health			
Visiting Nurse	$ 46,224	$ 29,533	$ 37,104
Personal Care	12,968	11,599	11,758
Healthcare Innovations	(13)	(482)	—
Unallocated	(34,537)	(25,857)	(20,909)
	$ 24,642	$ 14,793	$ 27,953
Identifiable assets			
Home Health			
Visiting Nurse	$ 259,521	$ 257,315	
Personal Care	67,238	56,885	
Healthcare Innovations	9,287	9,642	
Unallocated	21,442	24,942	
	$ 357,488	$ 348,784	
Identifiable liabilities			
Home Health			
Visiting Nurse	$ 28,180	$ 34,973	
Personal Care	19,498	5,520	
Healthcare Innovations	180	645	
Unallocated	76,438	89,936	
	$ 124,296	$ 131,074	
Noncontrolling Interest - Redeemable			
Healthcare Innovations	$ 3,639	$ 3,639	
Capital expenditures			
Home Health			
Visiting Nurse	$ 465	$ 764	$ 680
Personal Care	149	267	648
Unallocated	618	1,471	1,099
	$ 1,232	$ 2,502	$ 2,427
Depreciation and amortization			
Home Health			
Visiting Nurse	$ 1,250	$ 1,004	$ 1,004
Personal Care	271	224	156
Unallocated	2,582	1,634	1,392
	$ 4,103	$ 2,862	$ 2,552

NOTE 11 — DISCONTINUED OPERATIONS

The Company follows the guidance in Accounting Standards Codification (ASC) 205-20, *Discontinued Operations* and, when appropriate, reclassifies operating units closed, sold or held for sale out of continuing operations and into discontinued operations for all periods presented. In the first quarter of 2014, the Company's VN segment exited a market in the Northeast through the closure of a branch location. In conjunction with the SunCrest acquisition in 2013, the Company acquired some operations which had been discontinued prior to acquisition. In 2013, the Company completed the sale of two Alabama locations, which operated in the VN segment. The

operations and gain on sale related to the Alabama operations were reclassified from continuing operations into discontinued operations for all periods presented. The operations and any related gain on sale for these operations were reclassified from continuing operations into discontinued operations for all periods presented. The effective tax rate for discontinued operations is high in 2013 due primarily to the impact of writing off non-deductible goodwill in addition to providing a valuation allowance for Alabama net operating loss carryforwards. Unless otherwise noted, amounts in these Notes to Consolidated Financial Statements exclude amounts attributable to discontinued operations.

NOTE 12 - ACQUISITIONS

The Company completed each of the following acquisitions in pursuit of its strategy for operational expansion in the eastern United States through an expanded service base and enhanced position in certain geographic areas. The purchase price of each acquisition was determined based on the Company's analysis of comparable acquisitions, expected cash flows and arm's length negotiation with the sellers. Each acquisition was included in the Company's consolidated financial statements from the respective acquisition date.

Goodwill recognized from the acquisitions primarily relates to expected contributions of each entity to the overall corporate strategy in addition to synergies and acquired workforce, which are not separable from goodwill. Goodwill and other intangible assets generated in asset purchase transactions are expected to be amortizable for tax purposes on a straight-line basis over 15 years, unless otherwise noted. Goodwill and other intangible assets generated in stock purchase transactions are not amortizable, unless otherwise noted. The purchase price allocations for 2013 acquisitions are final.

During 2014, we completed a small acquisition using cash on hand to expand existing VN segment operations.

On December 6, 2013, the Company acquired the stock of SunCrest. SunCrest and its subsidiaries owned and operated 66 Medicare-certified home health agencies and 9 private duty agencies in Florida, Tennessee, Georgia, Pennsylvania, Kentucky, Illinois, Indiana, Mississippi and Alabama. The total SunCrest purchase price for the stock was $76.6 million, subject to a working capital adjustment. The purchase price consisted of cash consideration of $75.1 million and a $1.5 million note payable, net of acquired cash balances of $2.2 million. The following table summarizes the estimated fair values of the assets acquired and liabilities assumed of the SunCrest acquisition.

	Final Purchase Price Allocation	Preliminary Purchase Price Allocation	Change
Accounts Receivable	$ 11,330	$ 16,237	$ (4,907)
Property, plant & equipment	2,254	2,276	(22)
Other assets	2,497	2,933	(436)
Deferred tax assets	5,720	—	5,720
Goodwill	43,748	44,096	(348)
Other intangibles	31,750	33,390	(1,640)
Assets acquired	97,299	98,932	(1,633)
Liabilities assumed	(20,742)	(22,375)	1,633
Net assets acquired	$ 76,557	$ 76,557	$ —

Amortizable goodwill and intangibles acquired in the SunCrest acquisition are expected to provide an annual tax deduction approximating $4.3 million through 2025.

On October 4, 2013, the Company acquired 61.5% of Imperium for $5.8 million, of which $3.0 million was working capital for Imperium. Imperium is a development-stage enterprise that provides strategic health management services to ACOs. Substantially all of the purchase price was allocated to goodwill. The Company is party to a put and call arrangement with respect to the remaining 38.5% non-controlling interest in Imperium. The redemption value for both the put and the call arrangement is equal to fair value. Due to the existing put and call arrangements, the non-controlling interest is considered to be redeemable and is recorded on the balance sheet as a redeemable non-controlling interest outside of permanent equity. The redeemable non-controlling interest is

recognized at the higher of 1) the accumulated earnings associated with the non-controlling interest or 2) the redemption value as of the balance sheet date.

On July 17, 2013, the Company acquired the assets of the Medicare-certified home agencies owned by IHCN. IHCN operated six home health agencies primarily in northern Indiana for a total purchase price of $12.5 million consisting of cash and $0.5 million of Almost Family, Inc. common stock. A preliminary allocation of purchase price resulted primarily in the allocation of $9.9 million to goodwill, $1.8 million to identified intangibles with the remainder primarily due to property plant and equipment and accounts receivable.

During 2012, the Company completed two small acquisitions to expand existing VN and PC segment operations.

NOTE 13 - QUARTERLY FINANCIAL DATA— (UNAUDITED)

Summarized quarterly financial data are as follows for the years ended December 31:

	2014				2013			
	Dec. 31	Sept. 30	Jun. 30	Mar. 31	Dec. 31	Sept. 30	Jun. 30	Mar. 31
Net service revenues	$ 124,756	$ 125,540	$ 125,193	$ 120,340	$ 96,588	$ 88,471	$ 86,400	$ 85,453
Gross margin	58,366	59,019	59,636	54,813	45,006	41,096	40,254	40,008
Income from continuing operations attributable to Almost Family, Inc.	4,747	3,820	4,025	1,343	578	2,315	2,581	3,310
Discontinued operations	1	(39)	(64)	(70)	(250)	(186)	(59)	(63)
Net income attributable to Almost Family, Inc.	$ 4,748	$ 3,781	$ 3,961	$ 1,273	$ 328	$ 2,129	$ 2,522	$ 3,247
Average shares outstanding								
Basic	9,352	9,347	9,338	9,293	9,308	9,302	9,270	9,254
Diluted	9,474	9,443	9,431	9,426	9,401	9,348	9,348	9,338
Net income attributable to Almost Family, Inc. per share								
Basic	$ 0.50	$ 0.40	$ 0.42	$ 0.14	$ 0.03	$ 0.23	$ 0.27	$ 0.35
Diluted	$ 0.49	$ 0.40	$ 0.42	$ 0.14	$ 0.02	$ 0.23	$ 0.27	$ 0.35

NOTE 14 - SUBSEQUENT EVENTS

Management has evaluated all events and transactions that occurred after December 31, 2014. The following non-recognized subsequent events were noted:

On February 24, 2015 the Company signed a definitive agreement to acquire the stock of WillCare. WillCare, based in Buffalo NY, reported $72 million in revenue in 2014 with VN and PC branch locations in New York (11), Connecticut (3) and Ohio (1). The purchase price is expected to be between $46 and $53 million based on changes in earnings and working capital between execution of the definitive agreement and the expected close sometime in the second half of FY2015 subject to New York approval. The transaction will be funded by borrowings under the Company’s bank credit facility.

On January 29, 2015, the Company entered into an agreement to invest up to $2 million for a noncontrolling interest in a development stage data analytics software company, NavHealth, Inc. The cost basis investment is an asset of our Health Innovations segment.

Report of Independent Registered Public Accounting Firm

The Board of Directors and Shareholders of Almost Family, Inc. and Subsidiaries

We have audited the accompanying consolidated balance sheets of Almost Family, Inc. and Subsidiaries as of December 31, 2014 and 2013, and the related consolidated statements of income, stockholders' equity, and cash flows for each of the three years in the period ended December 31, 2014. Our audits also included the financial statement schedule listed in the Index at Item 15(a). These financial statements and schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Almost Family, Inc. and Subsidiaries at December 31, 2014 and 2013, and the consolidated results of their operations and their cash flows for each of the three years in the period ended December 31, 2014, in conformity with U.S. generally accepted accounting principles

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Almost Family, Inc. and subsidiaries' internal control over financial reporting as of December 31, 2014, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) and our report dated February 27, 2015 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP

Louisville, Kentucky
February 27, 2015

Management's Report on Internal Control over Financial Reporting

The consolidated financial statements appearing in this Annual Report have been prepared by management that is responsible for their preparation, integrity and fair presentation. The statements have been prepared in accordance with U.S. generally accepted accounting principles, which requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes.

Our management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rules 13a-15 (f) and 15d-15(f) of the Securities Exchange Act of 1934, as amended). Our internal control system was designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

All internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation. Further, because of changes in conditions, the effectiveness of an internal control system may vary over time.

Under the supervision and with the participation of our management, including our Chief Executive Officer (CEO) and Principal Financial Officer (PFO), we conducted an evaluation of the effectiveness of our internal control over financial reporting as of December 31, 2014 based on the framework in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (COSO). Based on that evaluation, our management concluded our internal control over financial reporting was effective based on the criteria described above as of December 31, 2014.

Ernst & Young LLP, an independent registered public accounting firm, has audited and reported on the consolidated financial statements of Almost Family, Inc. and on the effectiveness of our internal control over financial reporting. The reports of Ernst & Young LLP are contained in this Annual Report.

/s/ William B. Yarmuth	/s/ C. Steven Guenthner
William B. Yarmuth	C. Steven Guenthner
Chairman and Chief Executive Officer	President & Principal Financial Officer
Date: February 27, 2015	February 27, 2015

Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders of Almost Family, Inc. and Subsidiaries

We have audited Almost Family, Inc. and Subsidiaries' internal control over financial reporting as of December 31, 2014, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). Almost Family, Inc. and Subsidiaries' management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, Almost Family, Inc. and Subsidiaries maintained, in all material respects, effective internal control over financial reporting as of December 31, 2014, based on the COSO criteria **.**

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of Almost Family Inc. and Subsidiaries as of December 31, 2014 and 2013 and the related consolidated statements of income, stockholders' equity and cash flows for each of the three years in the period ended December 31, 2014 of Almost Family, Inc. and Subsidiaries and our report dated February 27, 2015 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP

Louisville, Kentucky
February 27, 2015

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures — As of December 31, 2014, the Company's management, with participation of the Company's Chief Executive Officer and Principal Financial Officer, evaluated the effectiveness of the Company's disclosure controls and procedures as defined in Exchange Act Rules 13a-15(e) and 15d-15(e). Based on that evaluation, the Chief Executive Officer and Principal Financial Officer concluded that the Company's disclosure controls and procedures were effective as of December 31, 2014.

Internal Control — Pursuant to Section 404 of the Sarbanes-Oxley Act of 2002, we have included a report that provides management's assessment of our internal control over financial reporting as part of this Annual Report on Form 10-K for the year ended December 31, 2014. Management's report is included in Item 8 of this report under the caption entitled "Management's Report on Internal Control Over Financial Reporting," and is incorporated herein by reference. Our independent registered public accounting firm has issued an attestation report on the effectiveness of our internal control over financial reporting. This attestation report is included in item 8 of this report under the caption entitled "Report of Independent Registered Public Accounting Firm" and is incorporated herein by reference.

Changes in Internal Control Over Financial Reporting - There were no changes in the Company's internal control over financial reporting during the fourth quarter of 2014, that have materially affected, or are reasonably likely to materially affect, Almost Family, Inc.'s internal control over financial reporting.

ITEM 9B. OTHER INFORMATION

None.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The information required by this Item is set forth in the Registrant's definitive proxy statement to be filed with the Commission no later than 120 days after December 31, 2014, except for the information regarding executive officers of the Company. The information required by this Item contained in such definitive proxy statement is incorporated herein by reference.

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

Name	Age	Position with the Company
William B. Yarmuth (1)	62	Chairman of the Board and Chief Executive Officer
C. Steven Guenthner (2)	54	President and Principal Financial Officer
P. Todd Lyles (3)	53	Senior Vice President — Administration
Daniel J. Schwartz (4)	48	Senior Vice President and Chief Operating Officer
Rajneesh Kaushal (5)	54	Senior Vice President and Chief Clinical Officer
Jeffrey T. Reibel (6)	43	Vice President and Chief Accounting Officer

Executive officers of the Company are elected by the Board of Directors 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.

(1) William B. 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, and also served as President until the appointment of Steve Guenthner as President in 2012. He was Chairman of the Board, President and Chief Executive Officer of National from 1981 to 1991.

(2) C. Steven Guenthner has been President and Principal Financial Officer since June of 2012. Prior to which, Mr. Guenthner served as Senior Vice President and Chief Financial Officer of the Company for twenty years. From 1983 through 1992, Mr. Guenthner was employed as a C.P.A. with Arthur Andersen LLP.

(3) P. Todd Lyles joined the Company as Senior Vice President Planning and Development in 1997 and now serves as Senior Vice President — Administration. Prior to 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.

(4) Daniel J. Schwartz joined the Company as Senior Vice President - Operations in April 2013 , becoming Senior Vice President and Chief Operating Officer in December 2013. Mr. Schwartz's healthcare operations management experience includes previously serving as Chief Operating Officer of Addus Healthcare, Inc. from January 2011 until November 2012; owner of New Paradigm Senior Services, LLC from April 2010 until January 2011; and Senior Vice President — North American Operations for Sunrise Senior Living, Inc. from 2006 until April 2010. Mr. Schwartz served Sunrise Senior Living, Inc. a total of 15 years. Mr. Schwartz also served as chief operating officer of New Perspective Senior Living from November 2012 until joining the Company.

(5) Rajneesh Kaushal joined the company as Senior Vice President in October 2011 and now also serves as Chief Clinical Officer. Prior to joining the Company, Mr. Kaushal had served as Executive Vice President and Chief Clinical Officer for AccentCare, a national home health care company, which merged with Guardian Home Care Holdings (Guardian) in December of 2010. Mr. Kaushal joined Guardian in 2006 and his experience also includes hospital and post-acute care geriatrics.

(6) Jeffrey T. Reibel, a C.P.A., joined the Company in September of 2010 as Vice President of Finance and became Vice President and Chief Accounting Officer in 2012. Prior to joining the Company, Mr. Reibel served as Chief Executive Officer of a private compliance company he founded in 2006. Mr. Reibel's experience also includes three years as Controller and Principal Accounting Officer for a publicly traded company in addition to twelve years with Ernst & Young LLP, specializing in audits of public companies and various clients in the healthcare industry, including home health.

Code of Ethics

The Company has adopted a Code of Ethics for Senior Financial Officers that applies to its chief executive officer, principal financial officer, chief accounting officer and any person performing similar functions. The Company has made the Code of Ethics available on its website at www.almostfamily.com and will post any waivers to the Code of Ethics on the website.

ITEMS 11, 12, 13 and 14. EXECUTIVE COMPENSATION; SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS; CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS AND DIRECTOR INDEPENDENCE; AND PRINCIPAL ACCOUNTANT FEES AND SERVICES

The Registrant intends to file a definitive proxy statement with the Commission pursuant to Regulation 14A (17 CFR 240.14a) not later than 120 days after the close of the fiscal year covered by this report. In accordance with General Instruction G(3) to Form 10-K, the information called for by Items 11, 12, 13 and 14 is incorporated herein by reference to portions of the definitive proxy statement.

Equity Compensation Plans

As of December 31, 2014, shares of common stock authorized for issuance under our equity compensation plans are summarized in the following table. See note 7 to the consolidated financial statements for a description of the plans. The table below is furnished pursuant to item 12.

Plan Category	Shares to be Issued Upon Exercise	Weighted Average Option Exercise Price	Shares Available for Future Grants
Plans approved by shareholders	426,551	$ 24.89	536,100
Plans not approved by shareholders	—	—	—
Total	426,551	$ 24.89	536,100

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a) The following items are filed as part of this report:

1. Index to Consolidated Financial Statements

2. Index to Financial Statement Schedule

All other Schedules have been omitted because they are either not required, not applicable or, the information has otherwise been supplied in the financial statements or notes thereto.

(b) Exhibits required to be filed by Item 601 of Regulation S-K are set forth below:

Number	Description of Exhibit
2.1*	Share Purchase Agreement dated as of February 24, 2015 by and among Almost Family, Inc, National Health Industries, Inc., Bracor, Inc. and Bracor's shareholders, Summer Street Capital II, L.P., Summer Street Capital NYS Fund II, L.P., David W. Brason, Todd W. Brason and David W. Brason Multi-Generational Irrevocable Trust. (Schedules have been omitted pursuant to Item 601(b)(2) of Regulation S-K. Almost Family hereby undertakes to furnish supplementally copies of any of the omitted schedules upon request by the U.S. Securities and Exchange Commission.)
2.2*	Stock Purchase Agreement dated as of February 24, 2015 by and among Almost Family, Inc, National Health Industries, Inc., and Bracor, Inc. (Schedules have been omitted pursuant to Item 601(b)(2) of Regulation S-K. Almost Family hereby undertakes to furnish supplementally copies of any of the omitted schedules upon request by the U.S. Securities and Exchange Commission.)
3.1	Certificate of Incorporation, as amended, of the Registrant (incorporated by reference to Exhibit No. 3.1 of the Registrant's Annual Report on Form 10-K for the year ended March 31, 1997 and Exhibit 3.1 of the Registrant's Quarterly Report Form 10-Q for the quarter ended September 30, 2008)
3.2	Amended and Restated Bylaws of the Registrant (incorporated by reference to Exhibit 3.1 of the Registrant's Current Report on Form 8-K as filed on June 8, 2012)
4.1	Other Debt Instruments — copies of other debt instruments for which the total debt is less than 10% of assets will be furnished to the Commission upon request.
10.1+	Employment Agreement, dated January 1, 1996, between the Company and William B. Yarmuth (incorporated by reference to Exhibit 10.24 to the Registrant's report on Form 10-K for the year ended March 31, 1996).
10.2+	2007 Stock and Incentive Compensation Plan (incorporated by reference to Appendix A of the Definitive Proxy Statement on Schedule 14A as filed on June 25, 2007).
10.3+	Amended and Restated 2000 Stock Option Plan (incorporated by reference to Exhibit 4.1 to the Registrant's Registration Statement on Form S-8 Reg. No. 333-88744).
10.4+	Amended and Restated Non-Employee Directors Deferred Compensation Plan (incorporated by reference to the Exhibit 10.13 to Registrant's Report on Form 10-K for the year ended December 31, 2009).
10.5+	Forms of Stock Option Agreements and Restricted Stock Award Agreement pursuant to 2007 Stock and Incentive Plan (incorporated by reference to Exhibit 10.15 to the Registrant's report on Form 10-K for the year ended December 31, 2008).
10.6+	Amendment dated January 1, 2009 to Employment Agreement effective January 1, 1996, between the Registrant and William B. Yarmuth (incorporated by reference to Exhibit 10.20 to the Registrant's report on Form 10-K for the year ended December 31, 2008).
10.7+	Amendment to Amended and Restated 2000 Stock Option Plan dated January 1, 2009 (incorporated by reference to Exhibit 10.22 to the Registrant's report on Form 10-K for the year ended December 31, 2008).
10.8+	Almost Family, Inc. 2009 Employee Stock Purchase Plan (incorporated by reference to Appendix A of the Definitive Proxy Statement on Schedule 14A as filed on July 1, 2009).
10.9	Credit Agreement, dated as of December 2, 2010 among Almost Family, Inc., the lenders party thereto, JPMorgan Chase Bank, N.A. as Administrative Agent and Bank of America, N.A., as Syndication Agent. (Incorporated by reference to Exhibit 10.1 of the Registrant's Current Report on Form 8-K dated December 2, 2010).
10.10+	2013 Stock and Incentive Plan (incorporated by reference to Appendix A of the Definitive Proxy Statement on Schedule 14A as filed on April 4, 2013).
10.11+	Forms of Stock Option Agreement and Restricted Stock Award Agreement pursuant to 2013 Stock and Incentive Compensation Plan (incorporated by reference to Exhibit 10.1 of the Registrant's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2013)
10.12+	Offer of Employment letter dated March 12, 2013, between the Registrant and Daniel

	Schwartz (incorporated by reference to Exhibit 10.2 of the Registrant's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2013).
10.13	Credit Agreement, dated as of February 12, 2015 among Almost Family, Inc., the lenders party thereto, JPMorgan Chase Bank, N.A. as Administrative Agent and Bank of America, N.A., as Syndication Agent. (Incorporated by reference to Exhibit 10.1 of the Registrant's Current Report on Form 8-K as filed February 18, 2015).
10.14*	Second Amendment to Credit Agreement dated as of December 6, 2013 by and among Almost Family, Inc. and JPMorgan Chase Bank, N.A., for itself and as Administrative Agent under the Credit Agreement dated as of December 2, 2010.
10.15*	Letter Agreement dated as of December 10, 2012 by and among Almost Family, Inc. and JPMorgan Chase Bank, N.A., for itself and as Administrative Agent under the Credit Agreement dated as of December 2, 2010.
21*	List of Subsidiaries of Almost Family, Inc.
23.1*	Consent of Ernst & Young LLP
31.1*	Certification of Chief Executive Officer pursuant to Rule 13a-14(a) and Rule 15d-14(a) of the Securities Exchange Act, as amended.
31.2*	Certification of Principal Financial Officer pursuant to Rule 13a-14(a) and Rule 15d-14(a) of the Securities Exchange Act, as amended.
32.1*	Certification of Chief Executive Officer pursuant to 18 U.S.C 1350, as adopted pursuant to section 906 of the Sarbanes Oxley Act of 2002.
32.2*	Certification of Principal Financial Officer pursuant to 18 U.S.C 1350, as adopted pursuant to section 906 of the Sarbanes Oxley Act of 2002.
101	Financial statements from the annual report on Form 10-K of Almost Family, Inc. for the year ended December 31, 2014, filed on February 27, 2015, formatted in XBRL: (i) Consolidated Balance Sheets, (ii) Consolidated Statements of Income, (iii) Consolidated Statements of Cash Flows, (iv) Consolidated Statements of Stockholders' Equity, and (v) the Notes to Consolidated Financial Statements.

***** Denotes filed herein.
+Denotes compensatory plan or management contract.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

ALMOST FAMILY, INC.

By: /s/ William B. Yarmuth February 27, 2015
William B. Yarmuth
Chairman, Chief Executive Officer

By: /s/ C. Steven Guenthner February 27, 2015
C. Steven Guenthner
President and Principal Financial Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Title	Date
By: /s/ William B. Yarmuth William B. Yarmuth	Director, Chief Executive Officer (principal executive officer)	February 27, 2015
By: /s/ C. Steven Guenthner C. Steven Guenthner	President and Principal Financial Officer	February 27, 2015
By: /s/ Jeffrey T. Reibel Jeffrey T. Reibel	Vice President of Finance and Chief Accounting Officer	February 27, 2015
By: /s/ Steven B. Bing Steven B. Bing	Director	February 27, 2015
By: /s/ Donald G. McClinton Donald G. McClinton	Director	February 27, 2015
By: /s/ Tyree G. Wilburn Tyree G. Wilburn	Director	February 27, 2015
By: /s/ Jonathan D. Goldberg Jonathan D. Goldberg	Director	February 27, 2015
By: /s/ W. Earl Reed, III W. Earl Reed, III	Director	February 27, 2015
By: /s/ Henry M. Altman, Jr. Henry M. Altman, Jr.	Director	February 27, 2015

***ALMOST FAMILY, INC.* AND SUBSIDIARIES**
VALUATION AND QUALIFYING ACCOUNTS
SCHEDULE II
(In thousands)

Description	Col. A Balance at Beginning of Period	Col. B Additions/(Deductions) (1) Charged to Costs and Expenses	Col. C Additions/(Deductions) (2) Charged to Other Accounts	Col. D (3) Deductions	Col. E Balance at End of Period
Allowances:					
Year Ended December 31, 2013	$ 15,586	$ 9,413	$ —	$ (16,119)	$ 8,880
Year Ended December 31, 2013	$ 5,236	$ 5,526	$ 8,910	$ (4,086)	$ 15,586
Year Ended December 31, 2012	$ 6,664	$ 2,825	$ 46	$ (4,299)	$ 5,236

(1) Charged to bad debt expense.
(2) Acquired uncollectible accounts reserves, primarily SunCrest acquisition related.
(3) Write-off of accounts.

Exhibit 2.1

Execution Copy

SHARE PURCHASE AGREEMENT

by and among

NATIONAL HEALTH INDUSTRIES, INC.,

ALMOST FAMILY, INC.,

BRACOR, INC.

and

THE SHAREHOLDERS OF

BRACOR, INC.

dated as of

February 24, 2015

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Disclosure Schedule — Exceptions to Representations and Warranties of Sellers and the Company and Certain Other Exceptions and Disclosures**

*The information scheduled at this Exhibit has been omitted pursuant to Item 601(b)(2) of Regulation S-K. Almost Family hereby undertakes to furnish supplementally copies of any of the omitted schedules upon request by the U.S. Securities and Exchange Commission.

**Schedules have been omitted pursuant to Item 601(b)(2) of Regulation S-K. Almost Family hereby undertakes to furnish supplementally copies of any of the omitted schedules upon request by the U.S. Securities and Exchange Commission.

SHARE PURCHASE AGREEMENT

THIS SHARE PURCHASE AGREEMENT (this " Agreement ") dated as of February 24, 2015, is entered into by and among National Health Industries, Inc., a Kentucky corporation (" Buyer "), Almost Family, Inc., a Delaware corporation (" Parent "), Bracor, Inc., a New York corporation (the " Company "), and each of the Persons executing this Agreement as a Seller (each, a " Seller " and collectively, " Sellers "). Each of Buyer, Parent, the Company and Sellers is referred to in this Agreement individually as a " Party " and together as the " Parties ." Capitalized terms not otherwise defined in this Agreement have the meanings given to such terms in Article I.

RECITALS

WHEREAS , Sellers own all of the issued and outstanding shares of capital stock (the " Shares ") of the Company;

WHEREAS , the Parties desire that, upon the terms and subject to the conditions set forth in this Agreement, Buyer will purchase from Sellers, and Sellers will sell to Buyer, all of the Shares;

WHEREAS , Buyer is a wholly owned subsidiary of Parent, and Parent desires to guarantee certain obligations of Buyer under this Agreement.

WHEREAS , the Company operates its Ohio home health through BHC Services, Inc.;

WHEREAS , simultaneously with the execution and delivery of this Agreement, the Buyer, Parent and the Company entered into a Stock Purchase Agreement (the " Ohio SPA ") pursuant to which Buyer agreed to purchase all of the stock of BHC Services, Inc. from the Company;

NOW, THEREFORE , in consideration of the premises and the mutual covenants and agreements contained in this Agreement, the Parties agree as follows:

ARTICLE I
DEFINITIONS

Unless otherwise expressly provided in this Agreement, the following terms, as used in this Agreement, have the following meanings:

" Accounting Firm " means Chiampou Travis Besaw & Kershner LLP, which is the accounting firm that has historically audited the Company Group's Financial Statements.

" Accounting Policies and Principles " means GAAP using and applying the same accounting principles, practices, procedures, policies and methods (with consistent classifications, judgments, elections, inclusions, exclusions and valuation and estimation methodologies) used and applied by the Company Group in the preparation of the Most Recent Audited Financial Statements. But to the extent that the accounting principles, practices,

procedures, policies and methods used and applied by the Company Group in the preparation of the Most Recent Audited Financial Statements are not in accordance with GAAP, then the applicable determination or preparation of financial information required by this Agreement shall be undertaken without regard to the accounting principles, practices, procedures, policies or methods that deviate from GAAP.

" Acquisition Date " means July 18, 2008, which is the date Sellers acquired the Business.

" Action " means any claim, action, cause of action, demand, lawsuit, arbitration, inquiry, audit, notice of violation, proceeding, litigation, citation, summons, subpoena or investigation of any nature, civil, criminal, administrative, regulatory or otherwise, whether at law or in equity.

" Adjusted EBITDA " means the Branch Contribution to the Company Group's net income before interest, income taxes, depreciation and amortization, determined in accordance with GAAP, and otherwise applied and calculated in a manner consistent with the Adjusted EBITDA calculation and protocols set forth on Exhibit B . In determining the Branch Contribution, only those items historically charged to the Subsidiaries' operation of their respective health care businesses shall be included in the calculation and any items historically charged to the Company (or "corporate") shall be excluded from the calculation.

" Affiliate " means, with respect to any Person, any other Person directly or indirectly controlling, controlled by, or under common control with, such Person and, in the case of an individual, includes the individual's immediate family, and the trustees of a trust the beneficiaries of which include any one or more of the foregoing.

" Agreement " is defined in the preamble to this Agreement.

" Ancillary Documents " means the agreements, documents, instruments and certificates contemplated by this Agreement to be executed in connection with the consummation of the transactions contemplated by this Agreement.

" Annualized EBITDA " means Adjusted EBITDA for the Calculation Period *divided by* the number of full months constituting the Calculation Period, with the resulting quotient *multiplied by* 12. But to ensure its reliability, the period used for annualization shall be no less than the six-month period ending with the last full month prior to Closing.

" Balance Sheet Date " means December 31, 2013.

" Benefit Plans and Arrangements " is defined in Section 5.20(a).

" Bonus Amount " means the aggregate amount of (i) bonuses payable to those current or former Employees of the Company Group in the amounts set forth on Exhibit C , and arising out of or relating to the closing of the transactions contemplated by this Agreement, all of which shall be paid prior to or at Closing, which amount shall include, without limitation, all amounts payable pursuant to the Leadership Retention Plan referenced in the Sellers' Disclosure Schedule, plus (ii) an amount equal to 50% of all amounts payable under the Retention Bonus Plan, plus (iii) any payroll, withholding or similar costs and expenses associated with items (i) and (ii) above.

" Branch Contribution " means the items of income and expense arising out of the Subsidiaries' operation of their respective health care businesses.

" Business " means the business of operating home health agencies and licensed home care agencies in New York and Connecticut as currently conducted by the Company Group.

" Business Day " means any day other than a Saturday, a Sunday or a United States federal or New York State banking holiday.

" Buyer " is defined in the preamble to this Agreement.

" Buyer Closing Certificate " has the meaning set forth in Section 7.2(e).

" Buyer's Fundamental Representations " is defined in Section 8.1(a)(i).

" Buyer Indemnitees " is defined in Section 8.2.

" Buyer Losses " is defined in Section 8.2.

" Calculation Period " shall mean the period commencing on the first day of the first full month following execution of this Agreement (or if execution of this Agreement is executed on the first day of a month, then on such date) and ending on the last day of the last full month preceding the Closing Date.

" Cerner " is defined in Section 8.2(l).

" Claim for Indemnification " means a good faith written notice by Buyer Indemnitees or Seller Indemnitees asserting a claim for Losses under Article VIII delivered in accordance with Section 10.6. Such notice shall provide, in reasonable detail: (i) a specific description of the Losses that the Indemnified Party has suffered, or is reasonably likely to suffer; (ii) the dollar amount of such Losses (to the extent known or ascertainable, or if not, a good faith estimate of the amount thereof with reasonable explanation of the basis for the estimate); (iii) the representation, warranty or covenant set forth in this Agreement the breach of which is giving rise to such Losses; and (iv) the facts and circumstances underlying such asserted breach.

" Closing " is defined in Section 2.6.

" Closing Date " is defined in Section 2.6.

" Closing Company Indebtedness " means the aggregate outstanding amount as of the Closing Date of the Company Indebtedness.

" Closing Sale Proceeds " means, with respect to each Seller, the amount of the Preliminary Purchase Price such Seller is entitled to receive, less such Seller's share of amounts payable pursuant to Section 2.4(b) through (k) out of the Preliminary Purchase Price, determined in accordance with Exhibit A . No later than two Business Days prior to the Closing, Sellers' Representative shall deliver to Buyer a spreadsheet consistent with Exhibit A , reflecting each Seller's Closing Sale Proceeds.

" Code " means the Internal Revenue Code of 1986, as amended.

" Commitment " means any: (i) option, warrant, convertible security, exchangeable security, subscription right, conversion right, exchange right or other contract that requires an Entity to issue any of its Equity Interests; (ii) other security convertible into, exchangeable or exercisable for, or representing the right to subscribe for, any Equity Interest of an Entity; (iii) statutory pre-emptive right or pre-emptive right granted under an Entity's Organizational Documents; and (iv) stock appreciation right, phantom stock, profit participation or other similar right with respect to an Entity.

" Company " is defined in the preamble to this Agreement.

" Company Enterprise Value " is defined in Section 2.2(a).

" Company Group " means Company and its Subsidiaries together, and, as appropriate, shall mean each of the Company and the Subsidiaries separately.

" Company Indebtedness " means, as of any particular time, with respect to the Company Group, the outstanding principal amount of, accrued and unpaid interest on, and other payment obligations (including any prepayment fees, make-whole premiums or other similar fees or premiums payable as a result of the repayment of such Indebtedness on the Closing Date) arising under, without duplication: (i) indebtedness for borrowed money, including all liabilities generally regarded as indebtedness for borrowed money in accordance with GAAP; (ii) indebtedness evidenced by any note, bond, debenture, mortgage or other debt security, including, but not limited to, the Subordinated Notes; (iii) obligations under capitalized leases determined under GAAP; (iv) indebtedness secured by an Encumbrance on assets or properties; (v) accrued and unpaid director and management fees; (vi) obligations under any performance bond or letter of credit, but only to the extent drawn or called prior to the Closing Date; (vii) guarantees with respect to any indebtedness, obligation or liability of any other Person of a type described in clauses (i) through (vi) above; and (viii) obligations under interest rate, currency or commodity hedging transactions, including swaps, hedges, collars, futures and similar arrangements; provided , that , Company Indebtedness shall not include any intercompany Company Indebtedness.

" Company Intellectual Property " is defined in Section 5.15(a).

" Company Options " means a stock option with respect to the Series B Nonvoting Common Stock of the Company issued under the Bracor, Inc. 2009 Stock Option Plan.

" Company Transaction Expenses " means, without duplication, all amounts due and payable (and not previously paid) for costs and expenses incurred by the Company Group in connection with the negotiation and preparation of this Agreement and the consummation of the transactions contemplated hereby, including for services rendered by third party brokers, bankers, attorneys, accountants or other representatives. At least two Business Days prior to Closing, Sellers shall cause each of the Company's Group's brokers, bankers, attorneys, accountants and other representatives to deliver to Buyer a statement setting forth the entire

amount payable to such service provider for services rendered for the benefit of the Company Group through Closing.

" Company Warrants " mean, collectively, those outstanding warrants issued to certain of the Shareholders representing the right to acquire shares of the Company's Series A Voting Common Stock.

" Confidentiality Agreement " means that certain Confidentiality Agreement, dated July 29, 2014, entered into by Parent in favor of the Company.

" Contract " means any contract, agreement or other legally binding commitment, whether written or oral, to which the Company Group is a party and which is in effect as of the date of this Agreement.

" Current Assets " means, in respect of the Company Group as of any date, the aggregate amount of each of the line items (and no others) under the heading "Current Assets" set forth on the Working Capital Reference Statement, determined in accordance with Section 2.8, including, without limitation, cash and cash equivalents of the Company Group.

" Current Liabilities " means, in respect of the Company Group as of any date, the aggregate amount of each of the line items (and no others) under the heading "Current Liabilities" set forth on the Working Capital Reference Statement, determined in accordance with Section 2.8.

" Decree " means any injunction, judgment, order, decree or ruling of any applicable Governmental Authority.

" Deductible Amount " is defined in Section 8.6(a)(i).

" Directors Fees Amount " means any fees or other compensation payable to any director or any limited liability company manager of the Company or any of its Subsidiaries, as set forth on Exhibit K .

" Disclosure Schedule " is defined in Article III.

" Effective Time " means the close of business on the Business Day immediately prior to the Closing Date.

" Employee " means any individual who, as reflected in the payroll records of the Company Group, is, as of a specified date: (i) employed by and rendering personal services to the Company Group; (ii) receiving short-term or long-term disability benefits from the Company Group under a Benefit Plan and Arrangement; or (iii) on vacation or an approved leave of absence from his or her employment with the Company Group.

" Encumbrance " means, with respect to any asset, any mortgage, pledge, lien, encumbrance, easement, right of way, property right or interest, restriction on transfer, security interest, or defect in title in respect of such asset. For the avoidance of doubt, the term "Encumbrance" shall not include any license of any Intellectual Property.

" Entity " means a partnership, a corporation, a limited liability company, an association, a trust, a joint venture or an unincorporated organization.

" Entity Sellers " means Summer Street Capital II, L.P. and Summer Street Capital NYS Fund II, L.P.

" Environment " means surface or ground water, water supply, soil, the ambient air, oceans, rivers or other bodies of water.

" Environmental Laws " means all Laws that relate to the prevention, abatement or elimination of pollution or the protection of the Environment.

" Equity Interest " means: (i) with respect to a corporation, any share of its capital stock; (ii) with respect to a limited liability company, any of its units or other limited liability company interests; and (iii) any other direct equity ownership in an Entity.

" ERISA " means the Employee Retirement Income Security Act of 1974, as amended.

" Escrow Account " is defined in Section 2.9(b).

" Escrow Agent " means Fifth Third Bank.

" Escrow Agreement " means the Escrow Agreement to be entered into at Closing substantially in the form attached as Exhibit D to this Agreement.

" Estimated Balance Sheet " means an estimated balance sheet of the Company Group as of the Effective Time, prepared by the Company Group in accordance with Section 2.8 and the Accounting Policies and Principles.

" Estimated Closing Company Indebtedness " means the aggregate amount of the Closing Company Indebtedness, as set forth on the Estimated Balance Sheet; provided , that , any amount of Closing Company Indebtedness taken into account in determining the Estimated Working Capital Adjustment shall not be taken into account in determining the Estimated Closing Company Indebtedness.

" Estimated Closing Statement " has the meaning set forth in Section 2.3.

" Estimated Company Transaction Expenses " means the aggregate unpaid amount of Company Transaction Expenses as set forth on the Estimated Balance Sheet; provided , that , any Company Transaction Expenses taken into account in determining the Estimated Working Capital Adjustment shall not be taken into account in determining the Estimated Company Transaction Expenses.

" Estimated Working Capital " means the Working Capital of the Company Group as of the Effective Time, calculated based on the Estimated Balance Sheet.

" Estimated Working Capital Adjustment " means (i) the Estimated Working Capital minus (ii) the Target Working Capital.

" Final Balance Sheet " means a balance sheet of the Company Group as of the Effective Time, which shall be audited by the Accounting Firm in accordance with Section 2.8 and the Accounting Policies and Principles.

" Final Closing Company Indebtedness " means the aggregate amount of the Closing Company Indebtedness, as set forth on the Final Balance Sheet; provided , that , any amount of Closing Company Indebtedness taken into account in determining the Final Working Capital Adjustment shall not be taken into account in determining the Final Closing Company Indebtedness.

" Final Closing Statement " is defined in Section 2.5.

" Final Company Transaction Expenses " means the aggregate amount of Company Transaction Expenses, as set forth on the Final Balance Sheet; provided , that , any Company Transaction Expenses taken into account in determining the Final Working Capital Adjustment shall not be taken into account in determining the Final Company Transaction Expenses.

" Final Adjusted EBITDA " is defined in Section 2.2(c).

" Final Income Statement " means an income statement of the Company Group for the period commencing with the first day of the month immediately following the date of this Agreement and ending on the month-end of the month immediately preceding the Closing, which shall be audited by the Accounting Firm.

" Final Purchase Price " is defined in Section 2.2(a).

" Final Working Capital " means the Working Capital of the Company Group as of the Effective Time, calculated based on the Final Balance Sheet.

" Final Working Capital Adjustment " means (i) the Final Working Capital minus (ii) the Target Working Capital.

" Financial Statements " is defined in Section 5.8.

" GAAP " means United States generally accepted accounting principles as in effect from time to time.

" Governmental Authority " means any foreign, federal, national, state, provincial, local or other government, governmental authority or regulatory body, agency, instrumentality or commission or any court, tribunal or judicial or arbitral body, or any entity exercising regulatory or administrative functions of or pertaining to a government or political subdivision thereof.

" Governmental Programs " is defined in Section 5.10(b).

" Guaranty Fees Amount " means all guaranty fees owed by the Company and its Subsidiaries to any Person, as set forth on Exhibit M .

" Hazardous Substance " means any liquid, gaseous or solid material, substance or waste that is defined or listed as hazardous or toxic under any applicable Environmental Law.

" Health Care Laws " is defined in Section 5.10(b).

" Health Care Permits " is defined in Section 5.10(c).

" Home Health Agency " means each home health agency owned or operated by a member of the Company Group, including licensed home care services agencies and certified home health agencies.

" Indemnification Escrow Amount " is defined in Section 2.4(b).

" Indemnified Party " is defined in Section 8.4(a).

" Indemnifying Party " is defined in Section 8.4(a).

" Intellectual Property " means all patents, patent applications, trademarks, service marks and trade names, and all registrations and applications therefor, copyrights, copyright registrations and applications, internet domain names, software, trade secrets, and know how, in each case, to the extent protectable by applicable Law.

" Interim Balance Sheet Date " means December 31, 2014.

" Knowledge of the Company " or " Company's Knowledge " means the actual knowledge of Todd Brason, David Brason, Eric Armenat, Patrick Mathews and Andrew Fors.

" Law " means any constitution, statute, treaty, code, ordinance, law, rule or regulation of any applicable Governmental Authority.

" Leased Property " is defined in Section 5.6(b).

" Losses " is defined in Section 8.2.

" Management Fees Amount " means all fees, compensation and other amounts payable to any Seller or any Seller Affiliate pursuant to any management agreement, administrative services agreement, back-office agreement or other related or similar agreement, as set forth on Exhibit L .

" Material Adverse Change " or " Material Adverse Effect " means any event, occurrence, fact, condition or change that is, or could reasonably be expected to become, individually or in the aggregate, materially adverse to (a) the business, results of operations, condition (financial or otherwise), assets or prospects of the Company Group, or (b) the ability of Sellers to consummate the transactions contemplated hereby on a timely basis; provided , however , that the term "Material Adverse Change" or "Material Adverse Effect" shall not include, alone or in combination, and no change, event or occurrence arising from or relating to any of the following shall be taken into account in determining whether there has been a "Material Adverse Change" or "Material Adverse Effect": (i) general conditions affecting the U.S. health care or home care industries, the U.S. economy or financial markets; (ii) any national or international political or

social conditions, including an outbreak or escalation of hostilities, acts of terrorism, military acts, political instability or other national or international calamity, crisis or emergency, or any governmental or other response to the foregoing, in each case whether or not involving the United States; (iii) changes resulting from the conduct of Buyer; (iv) changes in GAAP; or (v) actions or omissions of the Company and the Subsidiaries taken in accordance with this Agreement or with the consent of Buyer; provided further , however , that any event, occurrence, fact, condition or change referred to in clauses (i) and (ii) immediately above shall be taken into account in determining whether a Material Adverse Effect has occurred or could reasonably be expected to occur to the extent that such event, occurrence, fact, condition or change has a disproportionate effect on the Business compared to other participants in the industries in which the Business operates. In connection with the determination of whether a Material Adverse Change or Material Adverse Effect has occurred, the failure by the Company or the Subsidiaries to meet any projections, forecasts or revenue or earnings predictions for any period ending (or for which revenues or earnings are determined) shall not be considered.

" Material Contracts " is defined in Section 5.16(a).

" Most Recent Audited Financial Statements " means the Financial Statements as of and for the fiscal year ended December 31, 2013.

" Most Recent Balance Sheet " is defined in Section 5.8.

" Most Recent Financial Statements " is defined in Section 5.8.

" Multiemployer Plan " means a multiemployer plan as defined in Section 3(37) of ERISA.

" Non-Health Care Permits " is defined in Section 5.12.

" Ohio Effective Date " is defined in Section 2.12(d).

" Ohio SPA " is defined in recitals to this Agreement.

" Ohio Transaction " is defined in Section 2.12(a).

" Option Holder Agreement " is defined in Section 2.10.

" Ordinary Course of Business " means the conduct of the Business in a manner substantially consistent with the regular conduct thereof by the Company Group, including any activities associated with, or in anticipation of, this Agreement or the transactions contemplated by this Agreement.

" Organizational Documents " means: (i) in the case of a corporation, the articles or certificate of incorporation and bylaws of such corporation; (ii) in the case of a limited liability company, the articles or certificate of formation and operating agreement of such limited liability company; and (iii) in the case of a limited partnership, the articles or certificate of limited partnership and the partnership agreement of such limited partnership, including, in each case, any documents analogous or comparable to, and any amendments to, the foregoing documents.

" Parent " is defined in the preamble to this Agreement.

" Parties " is defined in the preamble to this Agreement.

" Permits " means permits, licenses, consents, certifications, approvals, certificates of need, and other authorizations required from any Governmental Authority.

" Permitted Encumbrances " means any of the following: (i) any liens for Taxes and assessments of Governmental Authorities not yet due and payable or that are being contested in good faith by appropriate proceedings; (ii) any authorization, consent, approval, certificate, license, order or filing the failure to obtain which would not constitute a breach of a representation or warranty set forth in Section 5.4; (iii) any liens in favor of vendors, carriers, warehousemen, repairmen, mechanics, workmen, materialmen, construction or similar liens arising by operation of law or in the Ordinary Course of Business in respect of obligations that are not yet due and payable, that are not yet subject to penalties for delinquent nonpayment, or that are being contested in good faith by appropriate proceeding; (iv) any zoning, building code, land use, planning, zoning, entitlement, environmental or similar laws or regulations imposed by any Governmental Authority; (v) workers' or unemployment compensation liens arising in the Ordinary Course of Business; (vi) the interests of lessors in equipment leased or loaned to the Company Group; (vii) any liens that will be discharged or released either prior to, or substantially simultaneous with, the Closing; (viii) any liens created by Buyer or its Affiliates; and (ix) any title defects or imperfections of title, easements, rights-of-way, covenants, restrictions and other similar non-monetary encumbrances which, in the aggregate, do not materially detract from the value of the property subject thereto or materially interfere with the continued use and operation of the property or asset as presently used or operated.

" PPACA " is defined in Section 8.2(i).

" Person " means an individual, an Entity or a Governmental Authority.

" Pre-Closing Tax Periods " means any taxable period ending on or before the Closing Date and, with respect to any taxable period beginning before and ending after the Closing Date, the portion of such taxable period ending on and including the Closing Date.

" Pre-Closing Taxes " means all Taxes of the Company Group for Pre-Closing Tax Periods.

" Preliminary Adjusted EBITDA " is defined in Section 2.2(b).

" Preliminary Purchase Price " is defined in Section 2.2(a).

" Private Program " is defined in Section 5.10(b)(ii).

" Proceeding " means any action, litigation, suit, claim, dispute, demand, investigation, review, hearing, charge, complaint or other judicial or administrative proceeding, at law or in equity, before or by any Governmental Authority or arbitration or other dispute resolution proceeding.

" Protected Health Information " is defined in Section 5.10(b).

" Purchase Price Adjustment Escrow Amount " means $900,000, plus an amount equal to the Estimated Working Capital Adjustment (whether such amount is a positive or negative number), plus an amount equal to any adjustment to Company Enterprise Value resulting from the application of Section 2.3(a)(ii) or Section 2.3(b)(ii), as applicable.

" Qualified Plan " is defined in Section 5.20(e).

" Real Property Lease " is defined in Section 5.6(b).

" Reed Litigation " is defined in Section 8.2(n).

" Regulatory Approvals " means any approvals regarding change in the ownership of the Company or Subsidiaries required to be obtained in order to consummate the transactions contemplated by this Agreement and for the Company Group to operate the Business after Closing including such approvals that are issued by (i) the New York State Public Health and Health Planning Council, (ii) the Centers For Medicare and Medicaid Services, (iii) the States of New York and Connecticut in connection with the Subsidiaries' license to operate in such states; and (iv) the States of New York and Connecticut in connection with the Subsidiaries' participation in the Medicaid Program in such states, including the Regulatory Approvals listed on Exhibit O .

" Related Parties " means any Seller, or officer or director of the Company or any Subsidiary and, with respect to any Seller, any Representative or Affiliate of such Seller. If a Seller is an individual, Related Parties includes Seller's siblings, parents, spouse and children and any family entity controlled or maintained for the benefit of one or more of such family members.

" Representatives " means, with respect to any Person, any and all directors, officers, employees, consultants, financial advisors, counsel, accountants and other agent of such Person.

" Required Consents and Filings " is defined in Section 6.1(b).

" Restricted Business " is defined in Section 6.16(a).

" Restriction Period " is defined in Section 6.16(b).

" Retained Employee Liabilities " means (i) compensation and bonus amounts payable to current and former Employees of the Company Group with respect to the pre-Closing period and not included in Current Liabilities, (ii) the Bonus Amount (but such Bonus Amount, if known as of the Closing, shall be paid out of Closing Sale Proceeds at Closing), (iii) any change in control, severance, stay bonus, transaction bonus or related or similar obligations payable to a current or former Employee or other service provider of the Company or any of its Subsidiaries and which is not included among the Bonus Amount, (iv) Losses arising out of or relating to Benefit Plans and Arrangements and relating to the period prior to the Closing Date, to the extent not reserved for in Current Liabilities, including in each case, such items with respect to BHC Services, Inc. and its Employees through the closing date of transactions contemplated by the Ohio SPA, and

(v) any payroll, withholding or related costs and expenses associated with the items in (i) through (iv) above.

" Retention Bonus Plan " is defined in Section 2.11.

" Seller Indemnitees " is defined in Section 8.3.

" Sellers " is defined in the preamble to this Agreement.

" Sellers Closing Certificate " is defined in Section 7.1(e).

" Sellers' Fundamental Representations " is defined in Section 8.1(a)(i).

" Sellers' Taxes " is defined in Section 6.15(b).

" Sellers' Representative " is defined in Section 10.14(a).

" Sellers' Representative Expenses " means $100,000.

" Sellers' Representative Holdback " means $100,000 which shall be used by Sellers' Representative to pay, on behalf of Sellers, any amounts payable by Sellers under this Agreement.

" Shares " is defined in the recitals to this Agreement.

" Stockholders Agreement " means the Shareholders Agreement, dated as of July 18, 2008, as amended, by and among the Company and its stockholders.

" Straddle Period " is defined in Section 6.15(a).

" Subordinated Notes " mean, collectively, the subordinated notes listed on Exhibit E given by the Company in favor of certain of the Shareholders.

" Subsidiaries " mean, the following collectively, and " Subsidiary " means the following individually: (i) Western Region Health Corporation, a New York corporation; (ii) Willcare, Inc., a New York corporation; (iii) Patient's Choice Homecare, LLC, a Connecticut limited liability company; (iv) Litson Certified Care, Inc., a New York corporation; (v) Litson Health Care, Inc., a New York corporation; and (vi) Connecticut Home Health Care, Incorporated, a Connecticut corporation.

" Target Working Capital " means $4,500,000.

" Tax " or " Taxes " means any federal, state, local or foreign income, gross receipts, capital, bulk, production, license, payroll, employment, excise, severance, stamp, recording, occupation, premium, windfall profits, environmental, customs duties, capital stock, franchise, single business, profits, margin, withholding, social security, unemployment, disability, real property, real estate excise, mortgage, inventory, personal property, intangible property, sales, use, ad valorem, transfer, registration, value added, alternative or add-on minimum, estimated or

other tax of any kind whatsoever, including any interest, penalties, fines, additions to tax or additional amounts imposed by any Governmental Authority with respect thereto, and any items described in this paragraph that are attributable to another Person but that the Company or a Subsidiary is liable to pay by law or by contract (including, without limitation, any items described in this paragraph arising as a result of (i) being (or having been) a member of an affiliated, consolidated, combined or unitary group pursuant to Treasury Regulation § 1.1502-6 or any analogous or similar state, local, or non-U.S. law or regulation, or (ii) being a transferee or successor, by contract or pursuant to any law, rule, or regulation, of any other Person).

" Tax Benefit " means any refund of Taxes paid or reduction in the amount of Taxes which otherwise would have been paid, in each case computed at the highest marginal tax rates applicable to the recipient of such benefit.

" Tax Return " means any return, declaration, report, claim for refund, or information return or statement relating to Taxes, including any schedule or attachment thereto, and including any amendment thereof.

" Termination Date " is defined in Section 9.1(b).

" Territory " is defined in Section 6.16(a).

" Third Party Claim " means any Proceeding by or before any Governmental Authority or any arbitration or other alternative dispute resolution proceeding made or brought by any Person who is not a Party or an Affiliate of a Party.

" Third Party Payor " includes any entity charged with paying claims or reimbursing the Business for health care services provided to Governmental Program or Private Program patients including but not limited to Government Program fiscal intermediaries and carriers and Private Program health insurance administrators or third party administrators.

" Toski " is defined in Section 8.2(o).

" Warrant Holder Agreement " is defined in Section 2.10(b).

" Worker's Compensation Liability " means the amount payable with respect to the Company Group's worker's compensation liability described in Section 5.24 of the Disclosure Schedule.

" Working Capital " means, as of any specified date, an amount (which may be a positive or negative number) equal to: (i) the Current Assets of the Company Group minus (ii) the Current Liabilities of the Company Group (but excluding any Company Indebtedness or Company Transaction Expenses or Bonus Amounts and any deferred tax assets or liabilities); provided , that , for the avoidance of doubt, the employer's share of all employment, payroll and similar Taxes incurred by Target (including any Subsidiary) in connection with any compensatory payments made in connection with transactions contemplated by this Agreement, whether such Taxes are incurred prior to, at, or following the Closing, shall be treated as liabilities taken into account in the calculation of Working Capital.

" Working Capital Reference Statement " is defined in Section 2.8(a).

ARTICLE II
PURCHASE AND SALE OF SHARES

2.1 Basic Transaction . Upon the terms and subject to the conditions of this Agreement, Buyer agrees to purchase from each Seller, and each Seller agrees to sell to Buyer, all of such Seller's Shares for the consideration specified in this Article II.

2.2 Purchase Price .

(a) In consideration for the Shares, Buyer shall pay, in accordance with the terms of this Article II, the sum of Fifty Million Nine Hundred Thousand Dollars ($50,900,000) (the " Company Enterprise Value "), adjusted initially pursuant to this Section 2.2 and Section 2.3 (as so adjusted, the " Preliminary Purchase Price "), and adjusted thereafter pursuant to Section 2.5 (as so adjusted, the " Final Purchase Price ").

(b) At least two Business Days prior to Closing, Sellers shall deliver to Buyer a statement prepared in accordance with the Accounting Policies and Principles setting forth the Company Group's preliminary calculation of Annualized EBITDA (the " Preliminary Adjusted EBITDA ").

(c) No later than 90 days after Closing, Buyer shall deliver to Sellers' Representative the Final Closing Statement, which shall include Accounting Firm's audited statement setting forth its calculation of Annualized EBITDA (the " Final Adjusted EBITDA "). If Final Adjusted EBITDA is greater or less than Preliminary Adjusted EBITDA, then Company Enterprise Value shall be increased or decreased pursuant to Sections 2.5(a)(i)(B) or 2.5(a)(ii)(D), so that as adjusted, the Company Enterprise Value for purposes of determining the Final Purchase Price is consistent with this Section 2.2.

(d) If Annualized EBITDA falls between $10 million and $10.5 million, then there shall be no adjustment to Company Enterprise Value pursuant to Sections 2.3(a)(ii), 2.3(b)(ii), 2.5(a)(i)(B) and 2.5(a)(ii)(D).

(e) If Annualized EBITDA is less than $6 million or greater than $15 million, then neither party shall be obligated to consummate the transaction contemplated by this Agreement, and either Party may terminate this Agreement pursuant to Section 9.1(f).

(f) Subject to the adjustment collars described in Section 2.2(d), for purposes of determining the Preliminary Purchase Price and the Final Purchase Price, Company Enterprise Value shall be adjusted, as necessary, to equal the product of five (5) multiplied by Annualized EBITDA. Any increases or decreases in the Preliminary Purchase Price and Final Purchase Price resulting from adjustments to Company Enterprise Value shall be effected through Sections 2.3(a)(ii) and 2.3(b)(ii) (with respect to the Preliminary Purchase Price) and Sections 2.5(a)(i)(B) and 2.5(a)(ii)(D) (with respect to the Final Purchase Price).

(g) For purposes of calculating Annualized EBITDA:

(i) The actual reported Branch Contribution to Annualized EBITDA shall be determined following GAAP consistently applied, to include only those items historically charged to branch operations by the Company Group and to exclude any items historically charged to corporate by the Company Group;

(ii) if the New York Provider Tax or other comparable New York State taxes levied on home health agencies operating in the State of New York is eliminated or "sunsets" at any time prior to Closing, then the provision for such tax would be excluded from the determination of the actual reported Branch Contribution to Annualized EBITDA;

(iii) any expense related to the Retention Bonus Plan will be excluded from the calculation of Annualized EBITDA; and

(iv) in the calculation of Annualized EBITDA, each of Sellers and Buyer shall have the right to propose to the other Party exclusion of non-recurring items, which consent to such proposal shall not be unreasonably withheld.

2.3 Pre-Closing Adjustments . No later than two Business Days prior to the Closing, the Company shall deliver to Buyer the Estimated Balance Sheet and a statement prepared in good faith (the "Estimated Closing Statement ") setting forth the Estimated Working Capital Adjustment, the Estimated Closing Company Indebtedness and the Estimated Company Transaction Expenses, and the calculation of such amounts. The Estimated Closing Statement shall be used to determine the Preliminary Purchase Price, by adjusting the Company Enterprise Value as follows:

(a) the Company Enterprise Value shall be increased on a dollar-for-dollar basis by the following:

(i) an amount equal to the Estimated Working Capital Adjustment, if such amount is positive; and

(ii) an amount equal to the increase, if any, in Company Enterprise Value based on Preliminary Adjusted EBITDA and calculated pursuant to Section 2.2;

(b) the Company Enterprise Value shall be decreased on a dollar-for-dollar basis by the following:

(i) an amount equal to the Estimated Working Capital Adjustment, if such amount is negative;

(ii) an amount equal to the decrease, if any, in Company Enterprise Value based on Preliminary Adjusted EBITDA and calculated pursuant to Section 2.2;

2.4 Payments at Closing . At Closing, Buyer shall pay the Preliminary Purchase Price as follows:

(a) pay to each Seller an amount equal to such Seller's Closing Sale Proceeds by wire transfer of immediately available funds, in accordance with the instructions provided by such Seller no later than two Business Days prior to the Closing;

(b) on the terms and subject to the conditions of Section 2.9 and the Escrow Agreement, pay into escrow an amount equal to 10% of the Company Enterprise Value plus $300,000 (collectively, the " Indemnification Escrow Amount ");

(c) on the terms and subject to the conditions of Section 2.9 and the Escrow Agreement, pay into escrow an amount equal to the Purchase Price Adjustment Escrow Amount;

(d) pay to the Company or at the Company's direction an amount or amounts equal to the Estimated Closing Company Indebtedness, which shall be used to pay off and satisfy the Estimated Closing Company Indebtedness at Closing;

(e) pay to the Company or at the Company's direction an amount or amounts equal to the Estimated Company Transaction Expenses, which shall be used to pay off and satisfy the Estimated Company Transaction Expenses at Closing;

(f) pay to the Company or at the Company's direction an amount or amounts equal to the Bonus Amount;

(g) pay to Sellers' Representative an amount equal to (i) Sellers' Representative Expenses plus (ii) Sellers' Representative Holdback;

(h) pay to the applicable third party an amount equal to the Worker's Compensation Liability;

(i) pay to the Company or at the Company's direction an amount equal to any unpaid Directors Fees Amount;

(j) pay to the Company or at the Company's direction an amount equal to any unpaid Management Fees Amount; and

(k) pay to the Company or at the Company's direction an amount equal to any unpaid Guaranty Fees Amount.

2.5 Post-Closing Adjustments to the Preliminary Purchase Price .

(a) No later than 90 days following the Closing Date, the Accounting Firm shall audit and deliver to Sellers' Representative and Buyer the Final Balance Sheet, the Final Income Statement and a written statement (such statement, as it may be adjusted pursuant to this Section 2.5, the " Final Closing Statement "), setting forth the Final Working Capital Adjustment, the Final Closing Company Indebtedness, the Final Company Transaction Expenses, the Final Adjusted EBITDA, and the final Company Enterprise Value as calculated pursuant to this Section 2.5, and detail on the calculation of such amounts. The audited Final Closing Statement shall be final and binding upon Sellers' Representative, Sellers and Buyer. The Final Closing Statement shall be used to determine the Final Purchase Price, by adjusting the Company

Enterprise Value (without application of any adjustments to the Company Enterprise Value pursuant to Section 2.3) as follows:

(i) the Company Enterprise Value shall be increased on a dollar-for-dollar basis by the following:

(A) an amount equal to the Final Working Capital Adjustment, if such amount is positive; and

(B) an amount equal to the positive difference, if any, between Company Enterprise Value calculated based on Preliminary Adjusted EBITDA and Final Adjusted EBITDA;

(ii) the Company Enterprise Value shall be decreased on a dollar-for-dollar basis by the following:

(A) an amount equal to the Final Working Capital Adjustment, if such amount is negative;

(B) an amount equal to the Final Closing Company Indebtedness;

(C) an amount equal to the Final Company Transaction Expenses; and

(D) an amount equal to the negative difference, if any, between Company Enterprise Value calculated based on Preliminary Adjusted EBITDA and Final Adjusted EBITDA.

(b) The Purchase Price Adjustment Escrow Amount shall be divided between Sellers and Buyer based on the amount determined to be the Final Purchase Price. Within 10 days after determination of the Final Purchase Price, the Parties shall notify the Escrow Agent to release the Purchase Price Adjustment Escrow Amount to Buyer and/or Sellers' Representative, as applicable, and to the extent that the amount payable to either Sellers or Buyer exceeds the Purchase Price Adjustment Escrow Amount, the Sellers (or as directed by Sellers, Sellers' Representative) or Buyer, as applicable, shall pay the other Party the additional amount due. If Sellers fail to pay any amounts due under this Section 2.5(b), Buyer shall have the right to proceed directly against Sellers or under Article VIII (without regard to or application of any of the limitations on indemnification under Section 8.6).

(c) Buyer and Sellers' Representative shall each be responsible for 50% of the Accounting Firm's fees and expenses associated with the audit of the Final Balance Sheet, the Final Income Statement and the Final Closing Statement.

2.6 Closing . The closing of the transactions contemplated by this Agreement (the " Closing ") shall take place at the offices of Hodgson Russ LLP, Buffalo, New York, commencing at 9:00 a.m., local time within three Business Days following the satisfaction or waiver of the last of the conditions to the obligations of the Parties to consummate the

transactions contemplated by this Agreement (other than conditions with respect to actions each Party will take at the Closing itself), or such other date as the Parties may mutually determine (the " Closing Date "). The Parties may mutually agree to consummate the Closing via electronic exchange of execution versions of the agreements and documents contemplated by this Agreement and the signed signature pages thereto via facsimile or via email by PDF.

2.7 Deliveries at Closing . At Closing:

(a) Buyer will deliver to Sellers the certificates, instruments, and documents referred to in Section 7.2;

(b) Sellers' Representative and the Company will deliver to Buyer the certificates, instruments, and documents referred to in Section 7.1;

(c) each Seller will deliver to Buyer stock certificates and duly executed assignment instruments with respect to such Seller's Shares;

(d) Buyer will make the payments specified in Section 2.4; and

(e) Sellers' representative shall deliver to Buyer an executed Option Holder Agreement and Warrant Holder Agreement for each holder of Company Options and Company Warrants.

2.8 Accounting Procedures.

(a) Exhibit F to this Agreement (the " Working Capital Reference Statement ") sets forth the various line items used (or to be used) in, and illustrating as of the date of the Most Recent Financial Statements, the calculation of: (i) Current Assets; (ii) Current Liabilities; and (iii) Working Capital, in each case prepared and calculated for the Company Group in accordance with this Agreement and the Accounting Policies and Principles. Each of the Estimated Balance Sheet, the Estimated Closing Statement, the Final Balance Sheet and the Final Closing Statement, and all determinations and calculations by any Person (including the Accounting Firm) of Current Assets, Current Liabilities and Working Capital shall be prepared and calculated solely in accordance with the manner of calculation and determination shown on the Working Capital Reference Statement; provided that such calculations and determinations: (A) shall not include any purchase accounting or other adjustment arising out of the consummation of the transactions contemplated by this Agreement; (B) shall be based on facts and circumstances as they exist prior to the Closing and shall exclude the effect of any act, decision or event occurring on or after the Closing; (C) shall adhere to the terms used in this Agreement whether or not such terms are consistent with GAAP; and (D) shall calculate any reserves, accruals or other non-cash expense items on a pro rata (as opposed to monthly accrual) basis to account for a Closing that occurs on any date other than the last day of a calendar month.

(b) The Parties agree that:

(i) following the Closing Date through the date on which payment, if any, is made by any Party pursuant to Section 2.5, or if the Parties agree that no such payment is required, on the date of such determination, Buyer shall not, and shall cause the Company Group

not to, take any action with respect to the accounting records, books, policies or procedures of the Company Group on which the Final Balance Sheet, Final Closing Statement (including the determinations and calculations therein) or the calculation of Final Working Capital are to be based that are not consistent with the past practices of the Company Group in all material respects or that would make it impracticable to calculate Final Working Capital in the manner contemplated by this Agreement;

(ii) neither Buyer nor the Company Group shall take any actions following the Closing with respect to the accounting records, books, policies or procedures of the Company Group on which the Final Balance Sheet, Final Closing Statement or the calculation of Final Working Capital that are not consistent with the Accounting Policies and Principles (including changes in any reserve, allowance or other account, any changes in methodology for inventory valuation or accounting or any reclassification of any asset) have any effect on, or be considered in, the preparation of the Final Balance Sheet and Final Closing Statement or the calculation of Final Working Capital;

(iii) each of the Estimated Balance Sheet, the Estimated Closing Statement, the Final Balance Sheet, the Final Income Statement and the Final Closing Statement shall be prepared and calculated without regard to any changes in GAAP made or taking effect after the date that the Working Capital Reference Statement was prepared;

(iv) without exception, the Target Working Capital shall not be subject to change (including by the Accounting Firm), regardless of whether the items or amounts included therein were determined or recorded in accordance with GAAP;

(v) "Current Liabilities" shall exclude any amounts paid by Buyer (A) pursuant to Sections 2.4(b) through (k) or (B) as a Final Company Transaction Expense;

(vi) if the Company Group closes on the acquisition of a Columbia County, New York certified home health agency (" CHHA ") prior to Closing, then any Current Liability directly relating to expenses incurred in connection with acquiring such CHHA shall not be counted as a Current Liability for purpose of calculating Final Working Capital and any cash payments made by the Company Group after the date of this Agreement through the Closing Date constituting out-of-pocket expenses directly relating to the acquisition of such CHHA shall be added back as a Current Asset for purposes of calculating Final Working Capital; and

(c) BHC Services, Inc. and its operations will be excluded from the Adjusted EBITDA calculations set forth in Section 2.2. But BHC Services, Inc.'s Current Assets and Current Liabilities (as of the closing date of the Ohio Transaction rather than as of the Closing Date of this Agreement) will be included in the computation of Company Group Working Capital.

2.9 Escrow .

(a) At Closing, Buyer will deposit the Indemnification Escrow Amount and the Purchase Price Adjustment Escrow Amount with the Escrow Agent. The Indemnification

Escrow Amount will be available for payment of Buyer Indemnitees Losses as described in Section 8.8 and Buyer Indemnitees Losses under the Ohio SPA. The Purchase Price Adjustment Escrow Amount will be available to fund payments arising out of the adjustments to the Company Enterprise Value described in Sections 2.3 and 2.5.

(b) Buyer's deposit at Closing of the funds described in Section 2.9(a) shall be by wire transfer of immediately available funds to an account designated in writing by the Escrow Agent no fewer than two Business Days prior to the Closing Date (the " Escrow Account "). The Indemnification Escrow Amount and the Purchase Price Adjustment Escrow Amount shall be held by the Escrow Agent pursuant to the terms of the Escrow Agreement; provided that, in the event of a conflict between the Escrow Agreement and this Agreement, the terms of this Agreement shall govern.

(c) Subject to the provisions of the Escrow Agreement, any amount remaining in the Purchase Price Adjustment Escrow Amount after payment to Buyer of any amount due pursuant to Section 2.5(b) shall be distributed to Sellers' Representative. Subject to the provisions of the Escrow Agreement, any funds remaining in the Escrow Account on the first Business Day immediately following the date that is 18 months following the Closing Date (less any amounts that are the subject of a pending or unresolved Claim for Indemnification that was delivered on or prior to the date that is 18 months following the Closing Date (until such pending or unresolved Claim for Indemnification is resolved in accordance with the terms of this Agreement and the Escrow Agreement) shall be disbursed on such date to Sellers' Representative.

2.10 Treatment of Company Options and Warrants .

(a) Effective as of the Closing, each outstanding Company Option will be cancelled in return for payment of the in-the-money value of such Company Option as of the Closing (if any) to the holder thereof, which shall be determined as set forth in Exhibit G . A condition to Buyer's obligation to close the transactions contemplated by this Agreement shall be the execution and delivery at Closing by each holder of Company Options of an agreement (an " Option Holder Agreement "), in form and consent reasonably satisfactory to Buyer, memorializing the cancellation of such Company Options and the acknowledgement by such holder that it or he holds no other rights to acquire Company equity other than such Company Options. Sellers and the Company agree to use their best efforts to obtain executed Option Holder Agreements from each holder of Company Options as soon as possible and acknowledge that the obtaining of such Option Holder Agreements is a condition to Buyer's obligation to close the transactions contemplated both by this Agreement and the Ohio SPA.

(b) Effective as of the Closing, each outstanding Company Warrant will be cancelled in return for payment of the in-the-money value of such Company Warrant as of the Closing (if any) to the holder thereof , which shall be determined as set forth in Exhibit H . A condition to Buyer's obligation to close the transactions contemplated by this Agreement shall be the execution and delivery at Closing by each holder of Company Warrants of an agreement (a "Warrant Holder Agreement "), in form and content reasonably satisfactory to Buyer, memorializing the cancellation of such Company Warrants, an acknowledgement that such holder holds no other rights to acquire Company equity other than such Company Warrants.

2.11 Retention Bonus Plan . The Company Group has adopted a retention-stay bonus plan for non-executive Employees with aggregate payments in the $650,000 to $700,000 range (the " Retention Bonus Plan "), with terms mutually agreed to by Sellers and Buyer and set forth on Exhibit N . Sellers and Buyer agree that (a) the Company Group shall be responsible post-Closing for payments due under the Retention Bonus Plan as contemplated on Exhibit N , (b) an amount equal to 50% of the Exhibit N payments shall reduce the Purchase Price payable at Closing pursuant to Section 2.4, and (c) no part of the Retention Bonus Plan amount shall be treated as a current liability for purposes of the Working Capital adjustment (regardless of whether or not it is included on a Closing Date balance sheet) .

2.12 Sale of Ohio Home Health Agencies .

(a) Simultaneously with the execution and delivery of this Agreement, the Company, Buyer and Parent are entering into the Ohio SPA providing for the sale to Buyer of BHC Services, Inc., the holder of the Company Group's Ohio home health agencies (the " Ohio Transaction "). The Parties anticipate the closing of the Ohio Transaction as soon as reasonably possible, which may be simultaneously with the execution and delivery of the Ohio SPA and this Agreement.

(b) All representations, warranties and covenants regarding Ohio home health agencies shall be set forth in the Ohio SPA and the Parties contemplate that for purposes of this Agreement, the Ohio Transaction will be closed prior to the closing of this Agreement. The closing of the Ohio Transaction is a condition to the obligations of the parties to close the transactions contemplated by this Agreement.

(c) If the transactions contemplated by this Agreement close, then the Company's rights under the Ohio SPA shall be deemed to have been assigned to Sellers, with Sellers' Representative acting as Sellers' agent in connection with the assertion of such rights and the Company's obligations under the Ohio SPA, including without limitation, the tax indemnification and related obligations under Section 6.15 of the Ohio SPA, shall be deemed assumed by Sellers subject to the terms of this Agreement, in each case taking into account that for tax and business purposes, the closing of the transactions contemplated by Ohio SPA occurred on the actual closing date of the Ohio SPA (the " Ohio Effective Date ") rather than the Closing Date for the acquisition of the Company Group pursuant to this Agreement, and therefore, all rights and liabilities arising out of or associated with the ownership of BHC Services, Inc. were transferred for all purposes as of the Ohio Effective Date. With respect to the survival periods for indemnification, if the transactions contemplated by this Agreement close, then the survival dates for indemnification under the Ohio SPA shall commence as though the Ohio SPA closed on the Closing Date (of this Agreement), but the closing date for purposes of the bring-down of representations and warranties in the Ohio SPA shall be the Ohio Effective Date.

ARTICLE III
REPRESENTATIONS AND WARRANTIES OF SELLERS

Each Seller severally, but not jointly, represents and warrants to Buyer that the statements contained in this Article III are correct and complete as of the date of this Agreement, except as

set forth in the disclosure schedule delivered by Sellers and the Company to Buyer on the date of this Agreement (the " Disclosure Schedule "). The Disclosure Schedule will be arranged in paragraphs corresponding to the numbered and lettered paragraphs contained in this Article III, and the disclosure in any such numbered and lettered Section of the Disclosure Schedule shall qualify the corresponding numbered and lettered paragraphs in this Article III, and any other paragraph to the extent the relevance of such disclosure is reasonably apparent on its face.

3.1 Organization . Such Seller is: (a) in the case of any Seller that is an Entity, duly organized, validly existing, and in good standing under the Laws of the jurisdiction of its formation; and (b) in the case of each Seller that is not an Entity, a natural person.

3.2 Authorization of Transaction . Such Seller has the requisite capacity, power and authority to execute and deliver this Agreement and each of the Ancillary Documents to which he or it is a party, and to perform his or its obligations under this Agreement and each such Ancillary Document. This Agreement has been, and each of the Ancillary Documents to which he or it is a party, when entered into by such Seller, will be, duly and validly executed and delivered by such Seller and, assuming the due authorization, execution and delivery by the other parties hereto and thereto, this Agreement constitutes, and each of the Ancillary Documents to which such Seller is a party, when entered into by such Seller, will constitute, the valid and legally binding obligation of such Seller, enforceable against such Seller in accordance with its terms and conditions, subject to applicable bankruptcy, insolvency, reorganization, moratorium and other similar Laws affecting creditors' rights generally and general principles of equity.

3.3 Non-Contravention . Neither the execution and the delivery of this Agreement, nor the consummation of the transactions contemplated hereby: will (a) violate any Law, Decree, or other restriction of any Governmental Authority to which such Seller is subject or, in the case of an Entity Seller, any provision of its Organizational Documents; (b) conflict with, result in a breach of, constitute a default under, result in the acceleration of any obligation under, create in any party the right to accelerate, terminate, modify, or cancel, or require any notice under, any agreement, contract, lease, license, instrument, or other arrangement to which such Seller is a party or by which he or it is bound or to which any of his or its assets is subject; or (c) result in the imposition of an Encumbrance on any of the Shares owned by such Seller. Except for the Regulatory Approvals, such Seller is not required to give any notice to, make any filing with, or obtain any authorization, consent or approval of any Governmental Authority in order to consummate the transactions contemplated by this Agreement.

3.4 Ownership of Shares . Such Seller holds of record and owns beneficially all of the Shares set forth opposite his or its name in Section 3.4 of the Disclosure Schedule, free and clear of any restrictions or Encumbrances (other than restrictions of general applicability imposed by federal or state securities laws). At the Closing, the transfer of the Shares in the manner and on the terms and conditions provided in this Agreement will transfer to Buyer good and valid title to all of the Shares, free and clear of all Encumbrances (other than restrictions of general applicability imposed by federal or state securities laws). Such Seller is not a party to any agreement (other than the Stockholders Agreement) restricting such Seller's ability to sell, transfer or otherwise dispose of any of his or its Shares. Except for the Stockholders Agreement, such Seller is not a party to any voting trust, proxy or other agreement or understanding with respect to the voting of any of his or its Shares.

ARTICLE IV
REPRESENTATIONS AND WARRANTIES OF BUYER

Buyer represents and warrants to Sellers that the statements contained in this Article IV are correct and complete as of the date of this Agreement.

4.1 Organization. Buyer is a corporation duly organized, validly existing, and in good standing under the Laws of the Commonwealth of Kentucky.

4.2 Authorization of Transaction. Buyer has the requisite power and authority to execute and deliver this Agreement and each of the Ancillary Documents to which it is a party, and to perform its obligations under this Agreement and each such Ancillary Document. This Agreement has been, and the Ancillary Documents to which it is a party, when entered into by Buyer, will be, duly and validly executed and delivered by Buyer and, assuming the due authorization, execution and delivery by the other parties hereto and thereto, this Agreement constitutes, and the Ancillary Documents to which Buyer is a party, when entered into by Buyer, will constitute, the valid and legally binding obligation of Buyer, enforceable against it in accordance with its terms and conditions, subject to applicable bankruptcy, insolvency, reorganization, moratorium and other similar Laws affecting creditors' rights generally and general principles of equity.

4.3 Non-Contravention. Neither the execution and the delivery of this Agreement, nor the consummation of the transactions contemplated hereby, will: (a) violate any Law, Decree, or other restriction of any Governmental Authority to which Buyer is subject or any provision of its Organizational Documents; or (b) conflict with, result in a breach of, constitute a default under, result in the acceleration of any obligation under, create in any party the right to accelerate, terminate, modify, or cancel, or require any notice under, any agreement, contract, lease, license, instrument, or other arrangement to which Buyer is a party or by which it is bound or to which any of its assets is subject. Buyer is not required to give any notice to, make any filing with, or obtain any authorization, consent, or approval of any Governmental Authority in order to consummate the transactions contemplated by this Agreement.

4.4 Brokers' Fees. Buyer has no liability or obligation to pay any fees or commissions to any broker, finder, or agent with respect to the transactions contemplated by this Agreement.

4.5 Investment. Buyer, individually or together with its Affiliates: (a) is an informed, sophisticated entity with sufficient knowledge and experience in investment and financial matters so as to be capable of evaluating the risks and merits of its purchase of the Shares; (b) has determined that the purchase of the Shares is consistent with its general business and investment objectives; (c) understands that the purchase of the Shares involves business and other risks; (d) is financially able to bear the risks of purchasing the Shares; (e) is acquiring the Shares for its own account for the purpose of investment and not with a view to or for sale in connection with any distribution thereof; (f) understands that the Shares have not been registered under the Securities Act or the securities laws of any state and, accordingly, must be held indefinitely unless a subsequent disposition thereof is registered under the Securities Act or

qualified under such state laws or is exempt from such registration or qualification; and (g) is an "accredited investor" as defined in Rule 501 (a) under the Securities Act.

4.6 Financial Ability to Perform . Buyer has, as of the date of this Agreement, available cash funds, credit facilities or other sources of immediately available funds sufficient to consummate the transactions contemplated by this Agreement.

4.7 Investigation by Buyer . Buyer acknowledges that it and its Affiliates have: (a) had an opportunity to discuss the business, management and financial affairs of the Company Group with officers of the Company Group; (b) conducted, to their satisfaction, their own independent investigation of the Company Group; and (c) in making the determination to proceed with the transactions contemplated by this Agreement, relied on the results of their own independent investigation and the representations and warranties of Sellers and Company in Articles III and V.

4.8 No Reliance . Buyer is not relying on any representations, warranties, statements or omissions of any Seller, the Company Group or any other Person, other than the representations and warranties expressly set forth in Article III and Article V.

4.9 Litigation . There is no Proceeding pending, or to Buyer's knowledge, threatened, against Buyer which seeks to enjoin, restrict or prohibit the consummation of the transactions contemplated by this Agreement.

ARTICLE V
REPRESENTATIONS AND WARRANTIES OF THE COMPANY

The Company represents and warrants to Buyer that the statements contained in this Article V are (i) correct and complete as of the date of this Agreement or (ii) to the extent made as of or with respect to a specific date, correct and complete as of such date, except, in each case, as set forth in the Disclosure Schedule. The Disclosure Schedule will be arranged in paragraphs corresponding to the numbered and lettered paragraphs contained in this Article V, and the disclosure in any such numbered and lettered Section of the Disclosure Schedule shall qualify the corresponding numbered and lettered paragraphs in this Article V, and any other paragraph to the extent the relevance of such disclosure is reasonably apparent on its face. The Parties acknowledge that the representations and warranties contained in this Article V have excluded matters that would have been included if the Company had treated BHC Services, Inc. as being part of the Company Group on the date of this Agreement and that such matters are instead included in the representations and warranties of the Holding Company set forth in Article V of the Ohio SPA.

5.1 Organization, Qualification, Corporate Power and Authorization . Each Entity included among the Company Group is duly organized, validly existing, and in good standing under the Laws of the jurisdiction of its incorporation or formation. Each Entity included among the Company Group is qualified to do business and is in good standing in each jurisdiction where such qualification is required, except where the failure to be so qualified would not have a Material Adverse Effect. Each Entity included among the Company Group has full corporate

power and authority to carry on the business in which it is engaged and to own and use the properties owned and used by it.

5.2 Authorization of Transaction. The Company has the requisite power and authority to execute and deliver this Agreement and each of the Ancillary Documents to which it is a party, and to perform its obligations under this Agreement and each such Ancillary Document. This Agreement has been, and each of the Ancillary Documents to which it is a party, when entered into by the Company, will be, duly and validly executed and delivered by the Company and, assuming the due authorization, execution and delivery by the other parties hereto and thereto, this Agreement constitutes, and each of the Ancillary Documents to which the Company is a party, when entered into by the Company, will constitute, the valid and legally binding obligation of the Company, enforceable against the Company in accordance with its terms and conditions, subject to applicable bankruptcy, insolvency, reorganization, moratorium and other similar Laws affecting creditors' rights generally and general principles of equity.

5.3 Capitalization. Section 5.3 of the Disclosure Schedule sets forth: (a) the number of authorized shares for each class of the Company's capital stock; (b) the number of issued and outstanding shares of each class of the Company's capital stock, all of which have been duly authorized and are validly issued, fully paid and non-assessable, and the holders of each outstanding share of Company capital stock; and (c) the number of issued Company Warrants and Company Options and the holders of each such Company Warrant or Company Option. Except for the Company Warrants and the Company Options, all of which shall be cancelled as of Closing, there are no outstanding Commitments that would require the Company Group to issue, sell or otherwise cause to become outstanding any of its Equity Interests. Except as set forth in the Company's Organizational Documents and the Stockholders Agreement, there are no voting trusts, proxies, or other agreements or understandings with respect to the voting of the Shares. Pursuant to the terms of this Agreement, Sellers will transfer and assign to Buyer good and valid title to all of the Company's issued and outstanding capital stock.

5.4 Non-Contravention. Neither the execution and the delivery of this Agreement, nor the consummation of the transactions contemplated hereby, will: (a) violate any Law, Decree or other restriction of any Governmental Authority to which the Company Group is subject or any provision of the Organizational Documents of the Company Group; (b) conflict with, result in a breach of, constitute a default under, result in the acceleration of any obligation under, create in any party the right to accelerate, terminate, modify, or cancel, or require any notice under, any Material Contract; or (c) result in the imposition of an Encumbrance on any of the material assets of the Company Group, except, in each case, where such violation, conflict, breach, default, acceleration, termination, modification, cancelation or notice would not have a Material Adverse Effect. Except for the Required Consents and Filings, and as set forth in Section 5.4 of the Disclosure Schedule, the Company Group is not required to give any notice to, make any filing with, or obtain any authorization, consent, or approval of any Person in order for the Parties to consummate the transactions contemplated by this Agreement.

5.5 Brokers' Fees. Except for the fees arising out of the Company's engagement of Lincoln International LLC, neither the Company nor the Subsidiaries has any liability or obligation to pay any fees or commissions to any broker, finder, or agent with respect to the transactions contemplated by this Agreement.

5.6 Real Property .

(a) Neither the Company nor any Subsidiary currently owns, or has ever at any time owned, any real property.

(b) Section 5.6(b) of the Disclosure Schedule contains a list of each real property lease to which the Company Group is a party (each, a " Real Property Lease ," and all real property under such leases being collectively, the " Leased Property "). To the Company's Knowledge, each Real Property Lease is valid, binding and enforceable and in full force and effect. The Company Group is not in default under any Real Property Lease.

(c) The Leased Property constitutes all of the real property used, in any material respect, in connection with the operation of the Business, and is adequate to conduct the Business as currently conducted.

(d) The Company Group is in actual occupancy and in compliance in all material respects with the provisions of each Real Property Lease. Each Real Property Lease is in full force and effect, and, to the Knowledge of the Company, no other party to any of such leases is in breach or default under any Real Property Lease nor has any event occurred nor does any circumstance exist which, with the delivery of notice, the passage of time, or both, would or could constitute a breach or default thereunder.

(e) With respect to the Leased Property, the Company has not received any written notice of (i) material violations of building codes and/or zoning ordinances or other governmental or regulatory laws, (ii) existing, pending, or threatened condemnation proceeding, or (iii) existing, pending, or threatened zoning, building code, or other moratoria proceedings, or similar matters.

5.7 Subsidiaries . Section 5.7 of the Disclosure Schedule sets forth for each of the Subsidiaries: (a) its jurisdiction of incorporation or formation; (b) the number of authorized shares for each class of its capital stock; and (c) the number of issued and outstanding shares of each class of its capital stock or its outstanding membership interests, the names of the holders thereof, and the number of shares or membership interest held by each such holder. All of the issued and outstanding shares of capital stock of the Subsidiaries have been duly authorized and are validly issued, fully paid, and non-assessable. There are no outstanding Commitments that would require the Subsidiaries to issue, sell, or otherwise cause to become outstanding any of its Equity Interests. There are no voting trusts, proxies, or other agreements or understandings with respect to the voting of the Equity Interests of the Subsidiaries. All outstanding Equity Interests of each Subsidiary are owned of record and beneficially by the Company or by Western Region Health Corporation (in the case of Litson Certified Care, Inc.) or by Willcare, Inc. (in the case of Litson Health Care, Inc.), free and clear of all Encumbrances. No Subsidiary has any outstanding subscription, option, warrant, call or exchange right, convertible security or other contract or other obligations in effect giving any Person the right to acquire any Equity Interests.

5.8 Financial Statements .

(a) Section 5.8 of the Disclosure Schedule sets forth the following financial statements (collectively, the " Financial Statements "): (i) the audited balance sheets and statements of income and cash flow of the Company Group as of and for the fiscal year ended on the Balance Sheet Date; and (ii) the unaudited balance sheet (the " Most Recent Balance Sheet ") and income statement of the Company Group (together with the Most Recent Balance Sheet, the " Most Recent Financial Statements ") as of and for the month ended on the Interim Balance Sheet Date. Except as may be indicated in the notes thereto and except for the Most Recent Financial Statements, which are subject to normal year-end adjustments and do not contain all footnotes and other presentation items required under GAAP, each of the Financial Statements has been prepared (i) from the books and records of the Company Group consistent with past practices, and (ii) in accordance with the Accounting Policies and Principles, applied on a consistent basis throughout the periods covered thereby, and presents fairly, in all material respects, the financial condition and results of operations and cash flows of the Company Group as of their respective dates and for the respective periods covered thereby.

(b) The Company has implemented and maintains a system of internal control over financial reporting sufficient to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements and that transactions are recorded as necessary to permit preparation of financial statements in conformity with GAAP. The Company maintains internal accounting controls sufficient to provide reasonable assurances that (i) transactions are executed in accordance with management's general or specific authorizations, (ii) transactions are recorded as necessary to permit preparation of financial statements in conformity with GAAP and to maintain accountability for assets, (iii) access to assets is permitted only in accordance with management's general or specific authorization, and (iv) the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences.

(c) All classifications, judgments, elections, inclusions, exclusions and valuation and estimation methodologies used and applied by the Company Group in the preparation of the Most Recent Audited Financial Statements, the Most Recent Financial Statements, the Working Capital Reference Statement, the Estimated Balance Sheet and the Estimated Closing Statement are in accordance with GAAP.

5.9 Absence of Certain Changes and Events . Since the Balance Sheet Date, there has not been any Material Adverse Change. Without limiting the generality of the immediately preceding sentence, since the Balance Sheet Date, except as set forth on Section 5.9 of the Disclosure Schedule, the Company Group has not:

(a) amended its Organizational Documents;

(b) issued, sold or otherwise disposed of any of its Equity Interests or granted any Commitments;

(c) effected any recapitalization, reclassification, stock split or like change in its capitalization;

(d) incurred any Company Indebtedness other than in the Ordinary Course of Business;

(e) made any material change in the Company Group's cash management practices and its policies, practices and procedures with respect to collection of accounts receivable, establishment of reserves for uncollectible accounts, accrual of accounts receivable, repayment of expenses, payment of trade accounts payable, accrual of other expenses, deferral of revenue and acceptance of deposits;

(f) entered into any Contract that would constitute a Material Contract;

(g) accelerated, terminated, materially modified or cancelled any Material Contract;

(h) sold, assigned, leased or transferred any of its tangible assets outside the Ordinary Course of Business;

(i) made any capital expenditure (or series of related capital expenditures) outside the Ordinary Course of Business;

(j) made any capital investment in, any loan to, or any acquisition of the securities of, any other Person (or series of related capital investments, loans or acquisitions) outside the Ordinary Course of Business;

(k) granted any increase in the base compensation of or bonuses payable to any of its directors, managers, officers or Employees, made any change in employment or severance terms for any of its directors, managers or officers, or any material change in the employment, severance or payment terms for any of its other Employees, consultants or independent contractors, in each case, other than in the Ordinary Course of Business, except for retention and similar arrangements entered into in contemplation of the transactions contemplated by this Agreement;

(l) hired or promoted any person as or to (as the case may be) an officer or hired or promoted any Employee below officer except to fill a vacancy in the ordinary course of business;

(m) adopted, modified or terminated any: (i) employment, severance, retention or other agreement with any current or former Employee, officer, director, independent contractor or consultant, (ii) Benefit Plan or Arrangement or (iii) collective bargaining or other agreement with a labor union or similar organization, in each case whether written or oral;

(n) loaned to (or forgave of any loan to), or entered into any other transaction with, any of its stockholders or current or former directors, officers and Employees;

(o) entered into a new line of business or abandonment or discontinuance of existing lines of business; or

(p) made any material change in its accounting methods, principles or practices for financial accounting (except for those changes required to comply with GAAP or applicable Law or as disclosed in the notes to the Financial Statements, any of such changes shall be identified and described in detail on Section 5.9 of the Disclosure Schedule).

5.10 Compliance with Laws .

(a) Except as set forth in Section 5.10(a) of the Disclosure Schedule, the Company Group has not been, since the Acquisition Date, and is not currently in material violation of any applicable Law and since the Acquisition Date have conducted and are conducting the Business in accordance with, applicable Law and Governmental Orders. Except as set forth in Section 5.10(a) of the Disclosure Schedule, no investigation or audit by any Governmental Authority with respect to the Company Group is pending or, to the Knowledge of the Company, threatened, nor, to the Knowledge of the Company, has any Governmental Authority indicated an intention to conduct any such investigation or audit.

(b) Without limiting the generality of the foregoing:

(i) Since the Acquisition Date, the Company Group and all of their respective officers, directors and Employees (while employed by the Company Group) have complied in all material respects with all applicable Laws to which they are subject with respect to health care regulatory matters, including 42 U.S.C. Sections 1320a-7 and 7(a) imposing sanctions and civil monetary penalties respectively, and 1320a-7(b) (commonly referred to as the "Federal Anti-Kickback Statute") imposing criminal penalties for fraud and abuse violations regarding claims submitted to Medicare and other federal health care programs; 42 U.S.C. Section 1395nn (Prohibition Against Certain Referrals), commonly referred to as the "Stark Statute"; 31 U.S.C. Sections 3729-3733, the statute commonly referred to as the "Federal False Claims Act"; and the Health Insurance Portability and Accountability Act of 1996 (commonly referred to as "HIPAA"), as amended by the Health Information Technology for Economic and Clinical Health Act (commonly referred to as the "HITECH Act"), and in each case the applicable statutory counterparts to such federal statutes in the states of New York and Connecticut (collectively, " Health Care Laws "). Since the Acquisition Date, the Company and each Subsidiary has maintained in all material respects all records required to be maintained by the Medicare and applicable state Medicaid programs, and all other applicable federal, state and local Governmental Authorities as required by applicable Health Care Laws. There are no presently existing circumstances which would result or would be reasonably likely to result in material violations of any such Health Care Laws. None of the Company, any Subsidiary or any Seller, or any of their respective officers, directors or Employees (while employed by the Company Group), has been materially sanctioned as not being in compliance with any Health Care Laws. Except as set forth in Section 5.10(b)(i) of the Disclosure Schedule, none of the Company, any Subsidiary, or any of their respective officers, directors or Employees (while employed by the Company), has since December 31, 2012, received any written notice or other communication from any Governmental Authority to the effect that it or any activity conducted by the Company or any Subsidiary is not in material compliance with any Health Care Laws.

(ii) Each of the Subsidiaries identified on Section 5.10(b)(ii) of the Disclosure Schedule (a) is qualified for participation in the Medicare program (to the extent

eligible to so participate) and in the Medicaid program for each state in which it operates and (b) has current provider numbers for all Governmental Programs and such private non-governmental programs, including without limitation any private insurance program, under which it directly or indirectly is presently receiving payments or is a participating provider (each, a " Private Program "). Section 5.10(b)(ii) of the Disclosure Schedule also identifies the state(s) in which each Subsidiary is a participating provider in such state(s)' Medicaid program. Each Subsidiary is in compliance in all material respects with all material requirements of each Governmental Program and each Private Program in which such Subsidiary participates. None of the Company, any Subsidiary, or any of their respective officers, directors or Employees has received any notice indicating that such participation may be terminated, suspended, limited or withdrawn nor, to the Knowledge of the Company, is there any reason to believe that such participation may be terminated, suspended, limited or withdrawn. None of the Company or its Subsidiaries has received any written communication from a Governmental Authority that alleges that it is not in compliance with any Health Care Laws, other than statements of deficiencies from a Governmental Authority received in the ordinary course of business. Since the Acquisition Date, none of the Company Group has been subpoenaed or charged or, to the Company's Knowledge, investigated in connection with any possible violation of any Health Care Laws, except for any surveys or investigations in the ordinary course of business regarding compliance with Medicare or Medicaid conditions of participation or state licensure requirements. Except as set forth in Section 5.10(b)(ii) of the Disclosure Schedule and except for payment adjustment notices received in the ordinary course of business, there are no pending appeals, overpayment determinations, audits, litigation or notices of intent to open Medicare, Medicaid or other Third Party Payor claim determinations or cost reports. True, correct and complete copies of all reports of all inspections and surveys of the Subsidiaries containing unresolved findings with respect to the Business conducted in connection with any Governmental Program, Private Program or licensing or accrediting body during the past three years and delivered to the Subsidiaries have been provided or made available to Buyer. To the Knowledge of the Company, there are no Governmental Program overpayments that have not been refunded in accordance with the PPACA.

(iii) Except as set forth on Section 5.10(b)(iii) of the Disclosure Schedule, since the Acquisition Date, none of the Company, any Subsidiary, or any of their respective officers, directors, nor, to the Knowledge of the Company, any Employee has been convicted of, charged with, or investigated for a Medicare, Medicaid or Governmental Program related offense, or convicted of, charged with or, to the Knowledge of the Company, investigated for a violation of federal or state Law relating to fraud, theft, embezzlement, breach of fiduciary responsibility, financial misconduct, obstruction of an investigation or controlled substances. Except as set forth on Section 5.10(b)(iii) of the Disclosure Schedule, none of the Company, any Subsidiary, or any of their respective officers, directors or, to the Knowledge of the Company, any Employee, has been charged with or convicted of any criminal offense relating to the delivery of an item or service under any Governmental Program, has been excluded or suspended from participation in Medicare, Medicaid or any other Governmental Program, or has been debarred, suspended or are otherwise ineligible to participate in any such Governmental Program. Except as set forth on Section 5.10(b)(iii) of the Disclosure Schedule, since the Acquisition Date, to the Knowledge of the Company, none of the Company, any Subsidiary, or any of their respective officers, directors or Employees has committed any offense which may reasonably serve as the basis for any such exclusion, suspension, debarment or other ineligibility

from a Governmental Program. To the Knowledge of the Company, none of the Company, any Subsidiary, or any of their respective officers, directors or Employees has arranged or contracted with any individual or entity that is suspended, excluded or debarred from participation in, or otherwise ineligible to participate in, a Governmental Program.

(iv) Neither the Company nor any Subsidiary is subject to a corporate integrity agreement, consent order or similar agreement with any Governmental Authority. None of the Company, its Subsidiaries or, to the Knowledge of the Company, any current Employee thereof has been excluded or is threatened with exclusion from participation in any Governmental Program.

(v) Since the Acquisition Date, each Subsidiary has filed all material claims, cost reports, or other reports required to be filed with respect to such Subsidiary's provision of services, products and supplies covered under Medicare, Medicaid, TRICARE and other Federal Health Care Programs, as such term is defined in section 1128B(f) of the Social Security Act, 42 U.S.C. § 1320a-7b(f), in which the Subsidiary participates (collectively " Governmental Programs "), in material compliance with all statutes, rules and regulations applicable to the Governmental Program, and all such claims and reports comply in all material respects with all statutes, rules and regulations applicable to the Governmental Program. Since the Acquisition Date, each Subsidiary is and has been in material compliance with filing requirements with respect to cost reports, and such reports do not claim, and none of the Subsidiaries has received, payment or reimbursement in excess of the amount provided by applicable law or any applicable agreement, except where excess reimbursement was noted on the cost report or in an appeal of the cost report. True and correct copies of all such reports for the three most recent fiscal years of the Subsidiaries have been made available to Buyer. Section 5.10(b)(v) of the Disclosure Schedule indicates which of such cost reports for cost reporting periods ended within the three most recent fiscal years have been audited by the fiscal intermediary and finally settled. To the Company's Knowledge, there are no facts or circumstances which may reasonably be expected to give rise to any material disallowance under any such cost reports.

(vi) Although one of the Subsidiaries has experienced a change of majority ownership within 36 months, that Subsidiary submitted two consecutive years of full cost reports (excluding any low utilization or no utilization cost reports). Therefore, pursuant to 42 CFR § 424.550(b)(1) and (2)(i), said change in majority ownership should not prohibit the conveyance of said Subsidiary's Medicare provider agreement and billing privileges. Further, the Subsidiaries have the power to transfer the Governmental Program provider numbers listed on Section 5.10(b)(i) of the Disclosure Schedule to Buyer provided that any required consent or approval of, prior filing with or notice to, or any action by, any Governmental Authority is fulfilled, and no transaction or event has occurred that would prevent the Subsidiaries from transferring those Governmental Program provider numbers set forth on Section 5.10(b)(ii) of the Disclosure Schedule to Buyer. In accordance with 42 CFR § 424.535, 42 CFR § 424.502 and 42 CFR § 489.52, with respect to the Governmental Program provider numbers to be transferred to Buyer under this Agreement, none of the Subsidiaries has undergone a cessation of business and each Subsidiary has remained operational as defined in 42 CFR § 424.502. To the Knowledge of the Company, there is no material violation, default, or deficiency that exists with respect to the Governmental Program provider numbers owned by the Subsidiaries that would

give cause for termination of the provider agreement or revocation of enrollment or billing privileges by any Governmental Program.

(vii) The Company and each Subsidiary are in material compliance with the applicable privacy, security, transaction standards, breach notification, and other provisions and requirements of HIPAA, the HITECH Act and any comparable state Laws. The Company and each Subsidiary have established and implemented such policies, programs, procedures, contracts and systems as are necessary to comply with HIPAA and the HITECH Act. Since the Acquisition Date, neither the Company nor any Subsidiary has received any written communication, or to the Company's Knowledge, any verbal notice, from any Governmental Authority that alleges that the Company or any Subsidiary is not in material compliance with the HIPAA Privacy and Security Standards or the HITECH Act. Since the Acquisition Date, no Breach has occurred with respect to any unsecured Protected Health Information (including electronic Protected Health Information) maintained by or for the Company or any Subsidiary that is subject to the notification requirements of 45 CFR Part 164, Subpart D, and no information security or privacy breach event has occurred that would require notification under any comparable state Laws. For purposes of this Section, " Breach " means a breach of unsecured Protected Health Information as defined in 45 CFR Section 164.402 and " Protected Health Information " means individually identifiable health information transmitted by electronic media, maintained in electronic media, or transmitted or maintained in any other form or medium as defined in 45 CFR Section 160.103. Each Subsidiary has records retention policies and procedures that require compliance with all records retention Laws pertaining to retention of health care records, including records retention requirements imposed by Medicare and applicable Medicaid programs, and, since the Acquisition Date, each Subsidiary has materially complied with such policies and procedures and such Law.

(viii) To the Knowledge of the Company, since the Acquisition Date, none of the Company Group, or any officer or director of any of them, acting alone or together, has performed any of the following acts: (A) the making or offering of any payment to or for the private use of any governmental official, employee, agent or candidate where the payment or the purpose of the payment was illegal under the laws of the United States or the jurisdiction in which such payment was made, (B) the establishment or maintenance of any unrecorded fund, asset or liability for any purpose or the making of any false or artificial entries on its books, or (C) the making of any payment to any Person or the receipt of any payment with the intention or understanding that any part of the payment was to be used for any purpose other than described in the documents supporting the payment.

(ix) The Company has not engaged directly in the providing of any health care services. All health care business of the Company Group has been conducted through the Subsidiaries.

(c) Section 5.10(c) of the Disclosure Schedule sets forth a true, complete and correct list of: (i) the authorized services provided by each Home Health Agency; and (ii) the service area of each Home Health Agency. The Company Group possesses all Permits that are necessary or required to be obtained from (A) the New York State Public Health and Health Planning Council; (B) the Centers For Medicare and Medicaid Services; (C) the States of New York and Connecticut in connection with the Subsidiaries' license to operate in such states; and

(D) the States of New York and Connecticut in connection with the Subsidiaries' participation in the Medicaid Program in such states, to carry on the health care operations of the Business in the manner presently conducted (collectively, " Health Care Permits "). Seller has previously provided copies of all Health Care Permits to Buyer. All Health Care Permits are valid and in full force and effect, no violations have occurred, and no action or proceeding is pending or, to the Knowledge of the Company, threatened to revoke or limit any of those Health Care Permits. To the Knowledge of the Company, no action has been taken or recommended by any Governmental Authority, either to revoke, withdraw or suspend any Health Care Permit. No event has occurred which, with the giving of notice, the passage of time, or both, would constitute grounds for a material violation of any Health Care Permit or to revoke, suspend, restrict or cancel any Health Care Permit.

5.11 Undisclosed Liabilities .

(a) None of the Entities included among the Company Group has any material liability of any nature, whether absolute, accrued, contingent, known, unknown, matured, unmatured or otherwise, and whether or not required to be disclosed or provided for in financial statements prepared in accordance with GAAP, that is required to be disclosed as a liability on a balance sheet prepared in accordance with the Accounting Policies and Principles, except for: (i) liabilities reflected on or reserved against in the Financial Statements or disclosed in the notes thereto; (ii) liabilities that have arisen since the date of the Most Recent Financial Statements in the Ordinary Course of Business and which are not, individually or in the aggregate, material in amount; and (iii) the Worker's Compensation Liability.

(b) The Bonus Amount set forth on Exhibit C includes all change in control, severance, transaction, or "stay around" bonus or related or similar obligations payable to any current or former Company Group Employees or services providers. The Directors Fees Amount set forth on Exhibit K includes all fees and other compensation payable to any current or former director or limited liability company manager of the Company and its Subsidiaries. The Management Fees Amount set forth on Exhibit L includes all fees and other compensation payable to any Seller or any Seller Affiliate pursuant to any management services agreement, administrative services agreement, back-office agreement or other related or similar agreement. The Guaranty Fees Amount set forth on Exhibit M includes all guaranty fees payable by the Company and its Subsidiaries to any Person. The Company Transaction Expenses represents all amounts due and payable (and not previously paid) for costs and expenses incurred by the Company Group in connection with the negotiation and preparation of this Agreement and the consummation of the transactions contemplated hereby, including for services rendered by third party brokers, bankers, attorneys, accountants or other representatives.

(c) All amounts payable by the Company Group which remain outstanding on the Closing Date, including any earn-outs or deferred payments and any amounts payable pursuant to promissory notes, under any agreements to purchase assets or equity will be paid in full as part of the payment of the Company Indebtedness at the Closing, including without limitation, in connection with the June 27, 2012 purchase by Litson Certified Care, Inc. of certain assets of the Department of Health of the County of Ulster, the July 20, 2012 purchase by Litson Health Care, Inc. of certain assets of Bermac Home Aides, Inc. and the December 31,

2012 purchase by the Company of 100% of the outstanding stock of Connecticut Home Health Care, Inc.

5.12 Permits . The Company Group possesses all material Permits, other than Health Care Permits, necessary to carry on the operations of the Company Group in the manner presently conducted (collectively, " Non-Health Care Permits "). Section 5.12 of the Disclosure Schedule sets forth all material Non-Health Care Permits, which Non-Health Care Permits are valid and in full force and effect except as set forth therein. Since the Acquisition Date, the Company and each of its Subsidiaries has complied, and is currently in compliance with, all material terms and conditions of the Non-Health Care Permits. Neither the Company nor any Subsidiary is in default under, or violation of, any material Non-Health Care Permits held by it. No Proceeding is pending or, to the Knowledge of the Company, threatened, contemplating the suspension, cancellation, revocation, withdrawal, modification, limitation or nonrenewal of any Non-Health Care Permits.

5.13 Environmental Matters . The Business is presently conducted, in all material respects, in compliance with all applicable Environmental Laws. Neither the Company nor the Subsidiaries has received any written citation or other notification from any Governmental Authority or any other Person that the Company or the Subsidiaries is in violation, in any material respect, of any Environmental Laws. Neither the Company nor the Subsidiaries is subject to any Decree issued by any Governmental Authority with respect to Environmental Laws or violations thereof. Neither the Company nor the Subsidiaries has generated, used, transported, treated, stored, released or disposed of any Hazardous Substances in material violation of any applicable Environmental Laws.

5.14 Taxes .

(a) All Tax Returns filed or required to be filed by or on behalf of the Company or the Subsidiaries have been duly filed or extended and each such Tax Return is true, correct and complete in all material respects. All material Taxes of the Company Group (including the assets, operations and business of the Company Group) have been timely paid in the manner required by applicable Tax Law, whether or not shown on a Tax Return. Where required by GAAP, there has been made a separate adequate accrual on the balance sheet included in the Interim Balance Sheet for the payment in full of all material Taxes of the Company Group (including the assets, operations and business of the Company Group) that are not yet due and payable. To the Knowledge of the Company, no adjustment relating to any Tax Return of or including the Company Group or their respective assets or operations has been proposed by any Governmental Authority.

(b) The Company has provided to Buyer true, correct, and complete copies of all income Tax Returns of the Company Group filed for every taxable period for which the applicable statutory period of limitations has not expired.

(c) There are no Encumbrances with respect to Taxes (other than Permitted Encumbrances) on any of the assets of the Company or the Subsidiaries.

(d) The Company Group have withheld from salaries, wages and other amounts paid or owing and deposited with and reported to the appropriate taxing authorities all material amounts required to be so withheld, deposited or reported under Tax information reporting and withholding provisions of applicable Law.

(e) Neither the Company nor any Subsidiary is the beneficiary of any extension of time (other than an automatic extension of time not requiring the consent of any Governmental Authority) within which: (i) to file any Tax Return or make any election, designation or similar filing relating to Taxes for which it is liable or (ii) to pay or remit any Taxes for which it is liable. Neither the Company nor any Subsidiary has extended any statute of limitations with respect to any material amount of Taxes for which it is liable. Neither the Company nor any Subsidiary has been a party to any "listed transaction" as defined in Code Section 6707A(c)(2) and Treasury Regulations Section 1.6011-4(b)(2).

(f) Since the Acquisition Date, neither the Company nor any Subsidiary has distributed stock of another Person, or has had its stock distributed by another Person, in a transaction that was purported or intended to be governed in whole or in part by Code Sections 355 or 361.

(g) Neither the Company nor any Subsidiary is a party to or bound by any Tax allocation or Tax sharing agreement (other than any agreement entered into in the Ordinary Course of Business, the primary focus of which is not Taxes (including leases, loans or purchase and sale contracts that include ancillary Tax provisions)). Neither the Company nor any Subsidiary: (i) has been a member of an affiliated group (under Code Section 1504(a)) filing a consolidated federal income Tax Return (other than a group the common parent of which was the Company); or (ii) has any liability for the Taxes of any Person (other than the Company or the Subsidiaries) under Treasury Regulations Section 1.1502-6 (or any similar provision of state, local, or non-U.S. Law), as a transferee or successor, by contract, or otherwise.

(h) Since the Acquisition Date, neither the Company nor any Subsidiary has entered into a closing agreement pursuant to Section 7121 of the Code (or any analogous provision of state, local or foreign Laws relating to taxation). No audit, suit, proceeding, claim, examination, deficiency or assessment concerning Taxes is currently being conducted by any Governmental Authority. Neither the Company nor any Subsidiary has received any written notice of assessment or proposed assessment in connection with any Taxes, which assessment has not since been paid, settled or otherwise satisfied. Since the Acquisition Date, no waivers of statutes of limitation have been given or requested by the Company or any Subsidiary in connection with any material Tax Return covering the Company or any Subsidiary, or with respect to any material Taxes for which the Company or its Subsidiaries could reasonably be expected to be liable.

(i) For periods beginning January 1, 2011, all required estimated Tax payments sufficient to avoid any underpayment penalties have been timely made by or on behalf of the Company and its Subsidiaries. None of the Tax Returns filed by or with respect to the Company or any Subsidiary contains a disclosure statement under Section 6662 of the Code (or any similar provision of state, local or foreign Tax law).

(j) No claim has been made by any taxing authority in any jurisdiction where the Company or its Subsidiaries does not file Tax Returns that it is, or may be, subject to Tax by that jurisdiction.

(k) No extensions or waivers of statutes of limitations have been given or requested with respect to any Taxes of the Company or its Subsidiaries.

(l) All deficiencies asserted, or assessments made, against the Company or its Subsidiaries as a result of any examinations by any taxing authority have been fully paid.

(m) Neither the Company nor any of its Subsidiaries is a party to any Action by any taxing authority. There are no pending or threatened Actions by any taxing authority.

(n) Neither the Company nor any Subsidiary is a party to, or bound by, any Tax indemnity, Tax sharing or Tax allocation agreement.

(o) No private letter rulings, technical advice memoranda or similar agreement or rulings have been requested, entered into or issued by any taxing authority with respect to the Company or any Subsidiary.

(p) The Company will not be required to include any item of income in, or exclude any item or deduction from, taxable income for any taxable period or portion thereof ending after the Closing Date as a result of:

(i) any change in a method of accounting under Section 481 of the Code (or any comparable provision of state, local or foreign Tax Laws), or use of an improper method of accounting, for a taxable period ending on or prior to the Closing Date;

(ii) an installment sale or open transaction occurring on or prior to the Closing Date;

(iii) a prepaid amount received on or before the Closing Date;

(iv) any closing agreement under Section 7121 of the Code, or similar provision of state, local or foreign Law; or

(v) any election under Section 108(i) of the Code.

5.15 Intellectual Property .

(a) The Company Group owns, or has a valid license or other right to use, all of the material Intellectual Property used in the operation of the Business as currently conducted (the " Company Intellectual Property "). Section 5.15(a) of the Disclosure Schedule sets forth a list of all registered Company Intellectual Property.

(b) To the Knowledge of the Company, the operation of the Business as it is currently conducted does not infringe on the Intellectual Property of any other Person. Since

December 31, 2011, neither the Company nor the Subsidiaries has received any written notice asserting any such infringement.

5.16 Contracts .

(a) Section 5.16(a) of the Disclosure Schedule lists the following (collectively, the " Material Contracts "):

(i) all Contracts with customers, suppliers or vendors providing for annual expenditures or receipts or payments by the Company or the Subsidiaries of $100,000 or more;

(ii) all Contracts relating to Company Indebtedness;

(iii) all Contracts relating to employment or compensation with an aggregate annual salary and cash bonus in excess of $50,000 or containing any change-in-control or severance payment obligations;

(iv) all Contracts providing for commission or equity or non-equity incentive payments;

(v) all lease agreements (whether of real or personal property) providing for annual lease payments in excess of $50,000;

(vi) all Contracts to which the Company or the Subsidiaries, on the one hand, and any of the Company's Affiliates (other than the Subsidiaries), on the other hand, are parties or by which they are bound that relate to or are connected in any way with the Business;

(vii) all Contracts with any Governmental Authority;

(viii) all Contracts restricting the ability of the Company or the Subsidiaries to engage in any line of business or to compete with any Person;

(ix) all Contracts relating to the prospective acquisition or disposition of any material assets, product line or service offering outside the Ordinary Course of Business;

(x) all partnership, joint venture, operating agreements or other similar Contracts;

(xi) corporate integrity agreements, settlement and other agreements with Governmental Authorities;

(xii) agreements in which any of the Company or its Subsidiaries manages the operations of another party, and any agreement in which any of the Company or its Subsidiaries has material management services provided to it;

(xiii) any agreement which contains any provisions requiring the Company or any Subsidiary to indemnify any other party (excluding business associate agreements entered into in the ordinary course of business);

(xiv) any guarantees by the Company of indebtedness or other obligations of the Company or any other Person;

(xv) any outstanding powers of attorney; and

(xvi) all agreements relating to worker's compensation arrangements, liabilities or obligations.

(b) Each of the Material Contracts is in full force and effect, is a valid and binding obligation of the Company or the Subsidiaries, as the case may be, and is enforceable in accordance with its terms (except as may be limited by applicable bankruptcy, insolvency, reorganization, moratorium and other similar Laws affecting creditors' rights generally and general principles of equity). Neither the Company nor the Subsidiaries is in breach of, or default under, any Material Contract, except for breaches and defaults that would not have a Material Adverse Effect. Sellers have made available to Buyer a true, correct and complete copy of each Material Contract.

5.17 Insurance. The Company and each of the Subsidiaries maintain insurance coverage in amounts and types that are customary in the industry for similar companies and sufficient to cover the replacement value of the properties and assets of the Company Group covered by such policies, and all such policies are valid and in full force and effect. The Company has delivered to Buyer true, correct and complete copies of all such policies in place as of the date hereof, together with (a) all riders and amendments thereto and (b) if completed, the applications for each of such policies. Such policies are current, are valid and in full force and effect, all premiums due thereon have been paid, and the Company and each of the Subsidiaries has complied in all material respects with the provisions of such policies. No Proceedings are pending or, to the Knowledge of the Company, threatened, or during the prior three (3) year-period were instituted or threatened, to revoke, cancel, limit or otherwise modify such policies and no notice of cancellation of any of such policies has been received.

5.18 Litigation. Except as set forth in Section 5.18 of the Disclosure Schedule, there is no Proceeding pending or, to the Knowledge of the Company, threatened, against or otherwise affecting the Company or the Subsidiaries, nor is there any material Decree of any Governmental Authority or arbitrator outstanding against the Company or the Subsidiaries.

5.19 Labor Matters.

(a) Section 5.19(a) of the Disclosure Schedule sets forth for each Employee whose annual base salary exceeds $50,000, such Employee's name, title or position held, and base salary, wage or other pay rate.

(b) Neither the Company nor the Subsidiaries is a party to any collective bargaining agreement or other labor union contract and, to the Knowledge of the Company, no petition has been filed, nor has any proceeding been instituted by any Employee or group of

Employees with any labor relations board or commission seeking recognition of a collective bargaining representative.

(c) The Company Group is, in all material respects, in compliance with all applicable Laws pertaining to employment and employment practices, including all such Laws relating to labor relations, equal employment, fair employment practices, entitlements, workers compensation, prohibited discrimination, employment eligibility or other similar employment practices or acts.

(d) There are no pending nor, to the Knowledge of the Company, threatened labor strikes, work stoppages, slowdowns or refusals to work or similar material labor disruption or dispute affecting the Company or the Subsidiaries, and, to the Knowledge of the Company, there are no labor disputes currently subject to any grievance procedure or Proceeding.

(e) Except as set forth in Section 5.19(e) of the Disclosure Schedule, no current or former Employees of the Company or any Subsidiary are entitled to any bonus, severance or other compensation arising out of or relating to the transactions contemplated by this Agreement. Except as set forth in Section 5.19(e) of the Disclosure Schedule, none of the Employees of the Company or any Subsidiary are entitled to or participate in any equity based compensation, options, warrants, equity grants, severance, deferred compensation or other similar bonus or compensation plan.

(f) The Company is in compliance in all material respects with the Immigration Reform and Control Act of 1986, as amended, and all Employees who are not United States citizens (i) are set forth in Section 5.19(f) of the Disclosure Schedule, and (ii) to the Company's Knowledge, are authorized under United States immigration laws to hold United States employment.

(g) The Company Group has not conducted a facility closing or mass layoff of any kind resulting in a loss of employment of 40 or more active Employees at any single site of employment during the six months preceding the date of this Agreement and Sellers have had no notice obligations under the Worker Adjustment and Retraining Notification (WARN) Act for any facility closing or layoff of any kind relating to the Business which occurred prior to the date of this Agreement.

5.20 Employee Benefits .

(a) Set forth in Section 5.20(a) of the Disclosure Schedule is a list of each (i) employee pension benefit plan (as defined in Section 3(2) of ERISA); (ii) employee welfare benefit plan (as defined in Section 3(1) of ERISA); (iii) employment, consulting, compensation, severance, retention, change in control or other similar Contract involving an annual cost of more than $50,000; and (iv) plan, arrangement, policy or Contract providing for insurance coverage (including any self-insured arrangements), workers' compensation, disability benefits, retirement benefits, life, health, disability, salary continuation, vacation, sick leave, fringe or accident benefits, profit-sharing, deferred compensation, bonuses, stock options, stock appreciation rights, stock purchase, stock ownership or other forms of incentive compensation or post-retirement benefits, in each case which is maintained by or contributed to by, or required to be maintained

by or contributed to by the Company or any Subsidiary, or with respect to which the Company or any Subsidiary has any liability, with respect to any current or former Employee, independent contractor, consultant, officer, director, member of the Company or any Subsidiary, or to any worker providing services to the Company or any Subsidiary through an employee leasing agreement (the foregoing collectively, the " Benefit Plans and Arrangements "), whether or not subject to ERISA.

(b) Each Benefit Plan and Arrangement has been established and administered in accordance with its terms in all material respects, and is in material compliance with, all applicable Laws, including ERISA and the Code. All contributions to, and payments from, each Benefit Plan and Arrangement that are required to be made in accordance with the terms and conditions thereof and applicable Laws (including ERISA and the Code) have been timely made in all material respects.

(c) Neither the Company nor any Subsidiary has ever maintained, been a participating employer in, contributed to, or has or may have any liability with respect to a Benefit Plan and Arrangement (i) subject to Title IV of ERISA or (ii) subject to the minimum funding standards of Section 302 of ERISA or Section 412 of the Code. Neither the Company, nor any Subsidiary has sponsored or contributed to, or been required to contribute to, a multiemployer plan (as defined in Section 4001(a)(3) of ERISA), any multiple employer plan within the meaning of Section 4063 or Section 4064 of ERISA, or a multiple employer welfare arrangement (as defined in Section 3(40) of ERISA). Neither the Company nor any Subsidiary has any contingent liability under Title IV of ERISA with respect to an ERISA Affiliate.

(d) With respect to each Benefit Plan and Arrangement, neither the Company nor its Subsidiaries has engaged in any prohibited transactions or breaches of any of the duties imposed on "fiduciaries" (within the meaning of Section 3(21) of ERISA) by ERISA with respect to the Benefit Plans and Arrangements that would reasonably be expected to result in any material liability or excise tax to the Company or any Subsidiary under ERISA or the Code.

(e) As applicable with respect to each of the Benefit Plans and Arrangements, the Company has made available to Buyer a true, correct and complete copy or original of, if applicable (i) each Benefit Plan and Arrangement (or, in the case of an unwritten Benefit Plan and Arrangement, a written description thereof), including all amendments thereto and all related trust documents, and, for plans intended to be qualified under Section 401(a) of the Code (a " Qualified Plan "), all prior documents in effect during the period commencing January 1, 2012, for such Qualified Plans, including for such Qualified Plans that have been merged or whose assets have been transferred into the Qualified Plan of the Company or any Subsidiary; (ii) the three most recent Annual Report (Form 5500 Series) and accompanying schedules; (iii) the most recent summary plan description and all subsequent summaries of material modifications, if any; (iv) the most recent determination, opinion, notification or advisory letter from the Internal Revenue Service; (v) all insurance policies in the possession of the Company or any Subsidiary pertaining to fiduciary liability insurance covering the fiduciaries for each of the Benefit Plans and Arrangements; (vi) the most recent nondiscrimination testing and compliance reports, including all auditor's management letters; and (vii) copies of material notices, letters or other correspondence since 2010 from the Internal Revenue Service, Department of Labor, Pension

Benefit Guarantee Corporation or other Governmental Authority related to a Benefit Plan and Arrangement.

(f) Except as set forth in Section 5.20(f) of the Disclosure Schedule, neither consummation of the transactions contemplated by this Agreement nor this Agreement (either alone or together with any other event) will entitle any Person to severance, change in control or other similar pay or benefits, or accelerate the time of vesting or the time of payment, or increase the amount, of compensation due to any current or former director, officer or Employee of the Company or any Subsidiary. There are no Proceedings (other than routine claims for benefits) pending or, the Knowledge of the Company, threatened, involving any of the Benefit Plans and Arrangements or the assets thereof.

(g) None of the Benefit Plans and Arrangements (i) is subject to non-U.S. Law, or (ii) covers Employees whose principal location of employment is outside the U.S.

(h) Each individual classified by the Company or any Subsidiary as an independent contractor has been properly classified for purposes of participation and benefit accrual under each Benefit Plan and Arrangement.

(i) Except as required by applicable Law, no provision of any Benefit Plan and Arrangement or collective bargaining agreement could reasonably be expected to result in any limitation on Buyer or any of its Affiliates from amending or terminating any Benefit Plan and Arrangement. None of the Company or any Subsidiaries has any commitment or obligation, nor has it made any representations, to any Employee, officer, director, independent contractor or consultant, whether or not legally binding, to adopt, amend or modify any Benefit Plan and Arrangement or any collective bargaining agreement, in connection with the consummation of the transactions contemplated by this Agreement or otherwise.

(j) There has been no amendment to, announcement by Seller, the Company or any of their Subsidiaries relating to, or change in employee participation or coverage under, any Benefit Plan and Arrangement or collective bargaining agreement that would increase the annual expense of maintaining such plan above the level of the expense incurred for the most recently completed fiscal year with respect to any director, officer, Employee, independent contractor or consultant, as applicable.

(k) Neither the Company nor any Subsidiary has any liability for life, health, medical or other welfare benefits for former Employees or beneficiaries or dependents thereof with coverage or benefits under Benefit Plans and Arrangements, other than as required by COBRA or any other applicable Law.

(l) No amount or other entitlement that could be received as a result of the transactions (alone or in conjunction with any other event) by any "disqualified individual" (as defined in Section 280G(c) of the Code) with respect to Company or any Subsidiary will constitute an "excess parachute payment" (as defined in Section 280G(b)(1) of the Code). All Benefit Plans and Arrangements subject to Section 409A of the Code is documented and operated in compliance in all respects with Section 409A of the Code and all applicable regulatory guidance (including, notices, rulings and proposed and final regulations). No director,

officer, Employee or independent contractor of the Company or any Subsidiary is entitled to receive any gross-up or additional payment by reason of the tax required by Sections 409A or 4999 of the Code being imposed on such person.

5.21 Tangible Personal Property. The Company Group have good title to, or a valid leasehold interest in or other right to use, all of the equipment and other tangible personal property used in the operation of the Business as it is currently conducted, in each case subject to Permitted Encumbrances. The equipment used by the Company Group in the operation of the Business is, in all material respects, in adequate working condition (ordinary wear and tear excepted) and, to the Knowledge of the Company, is not in need of maintenance or repair, except for ordinary, routine maintenance and repair in the Ordinary Course of Business.

5.22 Transactions with Certain Affiliates. Section 5.22 of the Disclosure Schedule specifies all Related Parties that either currently or at any time since December 31, 2013: (a) have, or during such period have had, directly or indirectly, any material interest in any material property (real or personal, tangible or intangible) that any of the Company Group uses or during such period has used in or pertaining to the business of the Company Group or (b) have or during such period have had, directly or indirectly, any material business dealings or a material financial interest in any transaction with the Company or any of the Subsidiaries or involving any material asset or property of the Company or any of the Subsidiaries. At or prior to Closing, all agreements between a Related Party, and any of the Company Group will be terminated and none of the Company Group will have any further liabilities or obligations to such Related Party under such agreements or otherwise.

5.23 Accounts Receivable. Except as set forth on Section 5.23 of the Disclosure Schedule or as otherwise reserved on the Most Recent Balance Sheet, the accounts receivables reflected in the Most Recent Balance Sheet represent or will represent valid obligations arising from sales actually made or services actually performed in the ordinary course of business.

5.24 Worker's Compensation. Except as disclosed on Section 5.24 of the Disclosure Schedule, each of the Company and its Subsidiaries are in material compliance with all worker's compensation laws with respect to the Business and has worker's compensation insurance on a self-insured basis with respect to the Business. Section 5.24 of the Disclosure Schedule also identifies any pending worker's compensation claims by state relating to the Company or its Subsidiaries or the Business, including applicable insurance coverage. Each of the Company and its Subsidiaries has paid all stop loss premiums relating to worker's compensation coverage.

5.25 Full Disclosure. No representation or warranty by Sellers or the Company in this Agreement and no statement contained in the Disclosure Schedule or in the Sellers Closing Certificate to be furnished to Buyer pursuant to this Agreement contains any untrue statement of a material fact, or omits to state a material fact necessary to make the statements contained therein, in light of the circumstances in which they are made, not misleading.

ARTICLE VI
CERTAIN COVENANTS AND AGREEMENTS

6.1 Cooperation; Regulatory Approvals .

(a) Subject to the terms and conditions of this Agreement, each Party shall use commercially reasonable efforts to take, or cause to be taken, all actions and to do, or cause to be done, all things reasonably necessary, proper or advisable to consummate and make effective as promptly as practicable the transactions contemplated by this Agreement (including the satisfaction, but not waiver, of the closing conditions set forth in Article VII).

(b) As soon as practicable, Sellers and Buyer shall commence all reasonable actions to obtain any Regulatory Approvals and make any required notifications and filings, as set forth in Section 6.1(b) of the Disclosure Schedule, that are required to consummate the transactions contemplated by this Agreement (the " Required Consents and Filings "). The Parties shall cooperate and Sellers and Buyer shall use commercially reasonable efforts to diligently obtain the Regulatory Approvals.

6.2 Access . Prior to the Closing, the Company Group will permit representatives of Buyer to have reasonable access, during normal business hours and in a manner so as not to interfere with the normal business operations of the Company Group, to the premises, properties, books, records, contracts and documents of or pertaining to the Business as Buyer may reasonably request. All requests for information made pursuant to this Section 6.2 shall be directed to the officers, branch administrators or other agents of the Companies listed in Section 6.2 of the Disclosure Schedule, or such other officers, branch administrators or other agents of the Company Group as may be designated in writing by Sellers' Representative. The Company shall not be required to disclose any information to Buyer if such disclosure would, in the Company's sole discretion: (a) cause significant competitive harm to the Company or its Subsidiaries and their respective businesses if the transactions contemplated by this Agreement are not consummated; (b) jeopardize any attorney-client or other privilege; or (c) contravene any applicable Law. Buyer shall, and shall cause its Representatives to, abide by the terms of the Confidentiality Agreement with respect to any access or information provided pursuant to this Section 6.2.

6.3 Notification of Certain Matters .

(a) Prior to the Closing, each Party shall give prompt notice to the other Parties of: (i) any Proceeding commenced or threatened in writing wherein an unfavorable Decree would (A) prevent consummation of any of the transactions contemplated by this Agreement or (B) cause any of the transactions contemplated by this Agreement to be rescinded following consummation, or would have been required to have been disclosed pursuant to Section 5.18; (ii) any failure by such Party to comply with or satisfy, in any material respect, any covenant, agreement or condition to Closing to be complied with or satisfied by it under this Agreement; (iii) any information, development or state of affairs that arises or of which it becomes aware which would cause or result in a breach of any of the representations and warranties of such Party set forth in this Agreement; (iv) any notice or other communications from any Governmental Authority in connection with the transactions contemplated by this

Agreement; (v) any notice or other communication from any Person alleging that the consent of such Person is or may be required in connection with the transactions contemplated by this Agreement; and (vi) any fact, circumstance, event or action, the existence, occurrence or taking of which (A) has had, or could reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect, (B) has resulted in, or could reasonably be expected to result in, any representation or warranty made by the Company or any Seller hereunder not being true and correct or (C) has resulted in, or could reasonably be expected to result in, the failure of any of the conditions set forth in Sections 7.1 or 7.2 to be satisfied. Furthermore, Sellers will supplement or amend the Disclosure Schedule with respect to any matter arising or discovered after the date of this Agreement which, if existing or occurring at the date of this Agreement, would have been required to be set forth or described in the Disclosure Schedule, other than matters contemplated to occur by this Agreement or that arise in the Ordinary Course of Business.

(b) Buyer's receipt of information pursuant to Section 6.3(a) shall not operate as a waiver or otherwise affect any representation, warranty or agreement given or made by the Company or Sellers in this Agreement, including for purposes of the indemnification or termination rights contained in this Agreement or of determining whether or not the conditions set forth in Section 7.1 (a) have been satisfied.

(c) Prior to the Closing Date, Sellers agree to update Exhibit C , Exhibit K, Exhibit L , and Exhibit M to reflect any change in accrued and unpaid Bonus Amounts, Directors Fees Amounts, Management Fees Amounts and Guaranty Fees Amounts so that such Exhibits set forth a true and correct statement of the amount of such accrued and payable fees.

6.4 Operation of Business .

(a) From the date of this Agreement until the Closing, except: (i) as otherwise contemplated by this Agreement; (ii) for matters set forth in Section 6.4 of the Disclosure Schedule; or (iii) as otherwise required by Law or any Governmental Authority, the Company will not, and will not cause or permit the Subsidiaries to, (A) take any action described in Section 5.9 or (B) otherwise take any action or enter into any transaction outside the Ordinary Course of Business, in each case, without the prior written consent of Buyer (which consent shall not be unreasonably withheld, delayed or conditioned). In addition, the Company will, and shall cause its Subsidiaries to, use commercially reasonable efforts to operate the Business in the ordinary course and to take those steps it has taken in the past and commercially reasonable additional steps to preserve the Business, keep available the services of key Employees and preserve the current relationship of the Company and its Subsidiaries with customers, payors and suppliers, of, and other Persons which have significant business relationships with, the Company and its Subsidiaries during the period beginning on the date of this Agreement and ending on the Closing Date.

(b) Without limiting the foregoing, from the date hereof until the Closing Date, Sellers shall:

(i) cause the Company Group to preserve and maintain all of its Permits, unless a Permit is no longer required in connection with the operation of the Business;

(ii) cause the Company Group to pay its debts, Taxes and other obligations in the Ordinary Course of Business;

(iii) cause the Company Group to maintain the properties and assets owned, operated or used by the Company Group in the same condition as they were on the date of this Agreement, subject to reasonable wear and tear;

(iv) cause the Company Group to continue in full force and effect insurance coverages substantially similar in scope as currently maintained by the Company Group, except as required by applicable Law;

(v) cause the Company Group to defend and protect its properties and assets from infringement or usurpation which the Company Group become aware of;

(vi) cause the Company Group to perform all of its obligations under all Contracts relating to or affecting its properties, assets or business, except for any obligation which the Company Group are contesting in good faith;

(vii) cause the Company Group to maintain its books and records in accordance with past practice; and

(viii) cause the Company Group to comply in all material respects with all applicable Laws.

(c) In addition to the foregoing, from the date of this Agreement until the Closing:

(i) the Company shall consult with Buyer concerning any material operational matters of the Company and its Subsidiaries, including those matters described on Exhibit I , any proposed changes in senior management, and any proposed capital expenditures or contractual commitments that individually or in the aggregate involve expenditures in excess of $250,000;

(ii) the Company will permit one individual designated by Buyer to attend (either in person or by phone) all meetings of the Company's Board of Directors in a non-voting, observer capacity, except for any such meeting at which information that is required by applicable Law to be kept confidential (such as credentialing information) will be discussed or which, if discussed in the presence of Buyer's representative, would waive any applicable privilege (such as compliance issues); and

(iii) within 30 days after the end of each month after the execution of this Agreement and prior to the Closing Date, Sellers will deliver or cause to be delivered to Buyer internally prepared monthly and year-to-date financial statements of the Company Group on a combined basis (consisting of a balance sheet and a statement of income with a comparison to the fiscal year ended December 31, 2013, and to budget, prepared in accordance with the Accounting Policies and Principles and in a manner consistent with past practices and procedures.

(d) In addition to the foregoing, from the date of this Agreement until the Closing, without the prior written consent of Buyer (which consent shall not be unreasonably withheld or delayed), Sellers agree not to undertake or permit any of the Company Group to undertake, any of the following actions:

(i) issue, sell or pledge, or authorize or propose the issuance, sale or pledge of (A) additional shares of capital stock of any class of the Company (including the Shares) or any Subsidiary, or securities convertible into or exchangeable for any such shares, or any rights, warrants or options to acquire any such shares or other convertible securities of the Company or any Subsidiary, or (B) any other securities in respect of, in lieu of, or in substitution for shares of capital stock of the Company (including the Shares) or any Subsidiary outstanding on the date hereof;

(ii) redeem, purchase or otherwise acquire any outstanding shares of the capital stock of the Company or any Subsidiary;

(iii) adopt any amendment to the certificate of incorporation or by-laws of the Company or any Subsidiary;

(iv) incur any Company Indebtedness (other than in the ordinary course consistent with past practice, borrowings from the Company Group's current senior lender, and other performance bonds or letters of credit entered into in the ordinary course of business consistent with past practice);

(v) (A) increase in any material manner the rate or terms of compensation or benefits of any of its Employees or directors except as may be required under existing employment agreements or such increases for rank-and-file Employees as are granted in the ordinary course of business consistent with past practices, or (B) pay or agree to pay any pension, retirement allowance, retention or severance benefit or other employee benefit not provided for under the terms of any Benefit Plans and Arrangements to any director, officer or Employee, whether past or present other than in the ordinary course of business consistent with past practice, or (C) enter into, adopt or amend any employment, bonus, severance or retirement contract or adopt any employee benefit plan, other than in the Ordinary Course of Business or as expressly required by any applicable Laws, including Section 409A of the Code;

(vi) (A) except in the Ordinary Course of Business, sell, lease, transfer or otherwise dispose of, any of its material property or assets or (B) create any Encumbrance (other than a Permitted Encumbrance) on any material property or assets;

(vii) acquire any business or Person, by merger or consolidation, purchase of substantial assets or equity interests, or by any other manner, in a single transaction or a series of related transactions;

(viii) make any loans, advances or capital contributions, except advances for travel and other normal business expenses to officers and Employees in the Ordinary Course of Business;

(ix) make any change in any method of accounting other than those required by GAAP;

(x) amend or modify any Material Contracts other than in the Ordinary Course of Business;

(xi) make any capital expenditures, in excess of $250,000 individually or $1,000,000 in the aggregate in any fiscal quarter, other than in the Ordinary Course of Business;

(xii) make any payment of the Company Group's accounts payable or take receipt of any of the Company Group's accounts receivable, or otherwise make any change in the treatment or handling of either of them, in each case other than in the Ordinary Course of Business;

(xiii) declare, pay or otherwise make any dividend or distribution (in cash or in any other form) to Sellers; or

(xiv) authorize, propose or agree in writing to take any of the foregoing actions.

(e) Nothing contained in this Section 6.4 shall give Buyer, directly or indirectly, the right to control or direct the operations of the Business prior to the Closing. Prior to the Closing, the Company and the Subsidiaries shall exercise, consistent with the terms and conditions of this Agreement and with the requirements of applicable Law, including Parts 760 and 765 of the NY DOH regulations to the extent that they are applicable, complete control and direction over their respective business, assets and operations. The Parties acknowledge that Buyer has entered into a Business Associates Agreement with Seller and all providing of patient information in connection with Buyer's due diligence and pre-closing cooperation with comply with the requirements of such agreement and applicable Law.

(f) Notwithstanding anything to the contrary set forth in this Agreement, the parties acknowledge and agree that any failure by the Company or any Seller to take or omit to take any action in accordance with the terms of this Section 6.4 or Exhibit I will not by itself be the basis for any claim for indemnification by any Buyer Indemnitee under this Agreement, unless such failure results in a Material Adverse Change.

6.5 Expenses . Except as otherwise provided in this Agreement, each of the Parties shall pay their respective costs and expenses in connection with the negotiation and preparation of this Agreement and the Ancillary Documents, and their respective performance hereunder and thereunder, including fees, expenses and disbursements of third party brokers, attorneys, accountants and other service providers.

6.6 Confidentiality . The Parties acknowledge and agree that this Agreement does not, and any termination of this Agreement shall not, in any manner modify or limit any party's rights and obligations under the Confidentiality Agreement, which Confidentiality Agreement will continue in full force and effect in accordance with its terms.

6.7 No Public Announcement . Unless otherwise required by applicable Law or stock exchange requirements (based upon the reasonable advice of counsel), no press release or public announcement related to this Agreement or the transactions contemplated hereby, or, prior to the Closing, any other announcement or communication to the Company Group's Employees or Persons having business relations with the Company or the Subsidiaries, shall be issued or made by any Party, in each case without the joint approval of Buyer and Sellers' Representative, which approval shall not be unreasonably withheld, delayed or conditioned; provided that the foregoing restrictions shall not restrict or prohibit: (a) any Party from making any announcement to its Employees, equity holders, customers and other business relations to the extent such Party reasonably determines in good faith that such announcement is necessary or advisable; or (b) Sellers' Representative from providing general information about the subject matter of this Agreement and the transactions contemplated hereby in connection with the fundraising, marketing, informational or reporting activities of Sellers' Representative.

6.8 Directors' and Officers' Indemnification .

(a) For not less than six years after the Closing, subject to the limitations set forth in this Section 6.8, Buyer agrees that all rights to indemnification or exculpation existing as of the date of this Agreement in favor of the directors, officers, Employees and agents of the Company Group, as provided in their respective Organizational Documents or otherwise in effect as of the date of this Agreement with respect to any matters occurring prior to the Closing Date, shall survive the transactions contemplated by this Agreement and shall continue in full force and effect, and Buyer shall cause each Entity included among the Company Group to perform and discharge its obligations to provide such indemnity and exculpation. Subject to the limitations described in Section 6.8(b), to the maximum extent permitted by applicable Law and as provided in the Company's Organizational Documents, such indemnification shall be mandatory rather than permissive, and Buyer shall cause the Company or the Subsidiaries, as the case may be, to advance expenses in connection with such indemnification as provided in the Organizational Documents of the Company or the Subsidiaries or such other applicable agreements. The indemnification and liability limitation or exculpation provisions of the Organizational Documents of the Company Group shall not be amended, repealed or otherwise modified after the Closing Date in any manner that would adversely affect the rights thereunder of individuals who, as of the Closing Date or at any time prior to the Closing Date, are or were directors, officers, Employees or agents of the Company or the Subsidiaries, unless such modification is required by applicable Law.

(b) Prior to the Closing, (i) Sellers shall cause the Company Group to maintain its existing directors' and officers' liability insurance coverage, and (ii) Sellers shall cause the Company Group to purchase and maintain in effect, without any lapses in coverage, a "tail" policy providing directors' and officers' liability insurance coverage for the benefit of those Persons who are covered by the Company's or the Subsidiaries' directors' and officers' liability insurance policies as of the date of this Agreement, for a period of six years following the Closing Date with respect to matters occurring prior to the Closing that is at least equal to the coverage provided under the Company's and the Subsidiaries' current directors' and officers' liability insurance policies; provided that Sellers may permit the Company or the Subsidiaries to substitute therefor policies of at least the same coverage containing terms and conditions which are no less advantageous to the beneficiaries thereof so long as such substitution does not result

in gaps or lapses in coverage with respect to matters occurring prior to the Closing Date. The cost of such "tail" insurance policy shall be borne by Seller. Notwithstanding anything in this Agreement to the contrary, the indemnification obligations of Company and Subsidiaries under this Section 6.8 shall be limited to the coverage provided by the "tail" policy acquired pursuant to this Section 6.8 and neither the Company nor any Subsidiary shall have any indemnification liability or obligation exceeding such coverage. If the cost of the "tail" policy has not been paid prior to Closing, the expense will be treated as a Transaction Expense. None of the Company Group will have any indemnification obligations under this Section 6.8 unless the "tail" policy is obtained as contemplated in this Section 6.8.

(c) The current and former directors, officers, Employees and agents of the Company Group entitled to the indemnification, liability limitation, exculpation and insurance described in this Section 6.8 are intended to be third party beneficiaries of this Section 6.8. This Section 6.8 shall survive the consummation of the transactions contemplated by this Agreement and shall be binding on all successors and assigns of Buyer.

(d) Buyer shall cause the Company Group to pay, all expenses, including reasonable attorneys' fees, which may be incurred by the indemnified persons referred to in this Section 6.8 in connection with their enforcement of their rights provided in this Section 6.8, but only to the extent it is determined that Buyer or the Company has breached its obligations under this Agreement.

(e) If Buyer, the Company, the Subsidiaries, or any of their respective successors or assigns, proposes to (i) consolidate with or merge into any other Person and shall not be the continuing or surviving corporation or entity in such proposed transaction, or (ii) transfer all or substantially all of its properties and assets to any Person, then, and in each case, Buyer shall cause proper provision to be made prior to or concurrently with the consummation of such transaction so that the surviving corporation or entity in such proposed transaction, or the successors and assigns of Buyer, the Company or the Subsidiaries, as the case may be, shall, from and after the consummation of such transaction, assume and comply with the covenants and obligations set forth in this Section 6.8.

6.9 Employment Matters .

(a) Prior to the Closing, Sellers shall ensure that neither the Company nor the Subsidiaries (i) effectuate a "plant closing" or "mass layoff" as those terms are defined in the United States Worker Adjustment and Retraining Notification Act, as amended, and the rules and regulations promulgated thereunder, or (ii) terminate or layoff Employees other than in the Ordinary Course of Business.

(b) After the Closing, Buyer shall ensure that neither the Company nor the Subsidiaries shall, at any time within 90 days after the Closing Date, effectuate a "plant closing" or "mass layoff" as those terms are defined in the United States Worker Adjustment and Retraining Notification Act, as amended, and the rules and regulations promulgated thereunder.

(c) If requested in writing by Buyer, Sellers shall cause the Company Group to take all necessary steps to cause the termination of Company Group's 401(k) plan immediately prior to the Closing.

(d) Nothing contained in this Section 6.9, express or implied, is intended to confer upon any Employee any right to continued employment for any period or continued receipt of any specific employee benefit, nor shall constitute an amendment to or any other modification of any Benefit Plan and Arrangement. Furthermore, this Section 6.9 shall be binding upon and inure solely to the benefit of each of the Parties, and nothing in this Section 6.9, express or implied, is intended to confer upon any other Person any rights or remedies of any nature whatsoever.

6.10 Preservation of Books and Records . After the Closing Date, Buyer shall, and shall cause its Affiliates to, until the seventh anniversary of the Closing Date, retain all books, records and other documents of the Company Group relating to periods prior to the Closing and make the same available for inspection and copying by each Seller (at such Seller's expense) during normal business hours, upon reasonable request and upon reasonable notice. Buyer shall not, and shall cause each of its Affiliates to not, destroy or permit to be destroyed any such books, records or documents after the seventh anniversary of the Closing Date without first advising Sellers' Representative in writing and giving Sellers' Representative a reasonable opportunity to obtain possession thereof.

6.11 Insurance Coverage . During the period beginning on the Closing Date and ending on the date that is 18 months following the Closing Date, Buyer shall cause the Company Group to maintain in force all property, fire and casualty, general liability, product liability, director and officer, professional malpractice and other insurance policies maintained by the Company Group as of the date of this Agreement, or replacement insurance policies providing comparable coverage.

6.12 Transfer Taxes . All transfer, documentary, sales, use, stamp, registration and other such Taxes, and all conveyance fees, recording charges and other fees and charges (including any penalties and interest) incurred in connection with consummation of the transactions contemplated by this Agreement shall be paid by Sellers when due, and Sellers will, at their own expense, file all necessary Tax Returns and other documentation with respect to all such Taxes, fees and charges, and, if required by applicable law, Buyer will, and will cause its Affiliates to, join in the execution of any such Tax Returns and other documentation.

6.13 Further Assurances; Closing Conditions . Subject to the terms and conditions of this Agreement, each Party agrees, from time to time as and when requested by any other Party, to execute and deliver, or cause to be executed and delivered, all such documents, and to use its commercially reasonable efforts to take, or cause to be taken, all such further or other appropriate actions and to do, or cause to be done, all other things, as such other Party may reasonably deem necessary or desirable to carry out the provisions of this Agreement and give effect to the transactions contemplated hereby. From the date hereof until the Closing, each party hereto shall use reasonable best efforts to take such actions as are necessary to expeditiously satisfy the closing conditions set forth in Article VII.

6.14 No Solicitation of Other Bids .

(a) Neither the Company nor any Seller shall, nor shall they authorize or permit any Subsidiaries or any of its or their Representatives to, directly or indirectly, (i) encourage, solicit, initiate, facilitate or continue inquiries regarding an Acquisition Proposal; (ii) enter into discussions or negotiations with, or provide any information to, any Person concerning a possible Acquisition Proposal; or (iii) enter into any agreements or other instruments (whether or not binding) regarding an Acquisition Proposal. The Company and Sellers shall immediately cease and cause to be terminated, and shall cause its Affiliates and all of its and their Representatives to immediately cease and cause to be terminated, all existing discussions or negotiations with any Persons conducted heretofore with respect to, or that could lead to, an Acquisition Proposal. For purposes of this Section 6.14, " Acquisition Proposal " shall mean any inquiry, proposal or offer from any Person (other than Buyer or any of its Affiliates) concerning (i) a merger, consolidation, liquidation, recapitalization, share exchange or other business combination transaction involving the Company or its Subsidiaries; (ii) the issuance or acquisition of shares of capital stock or other equity securities of the Company or its Subsidiaries; or (iii) the sale, lease, exchange or other disposition of any significant portion of the Company's or its Subsidiaries properties or assets.

(b) In addition to the other obligations under this Section 6.14, Sellers and Company shall promptly (and in any event within three Business Days after receipt thereof by any Seller or the Company or its Representatives) advise Buyer orally and in writing of any Acquisition Proposal, any request for information with respect to any Acquisition Proposal, or any inquiry with respect to or which could reasonably be expected to result in an Acquisition Proposal, the material terms and conditions of such request, Acquisition Proposal or inquiry, and the identity of the Person making the same.

(c) The Company and Sellers agree that the rights and remedies for noncompliance with this Section 6.14 shall include having such provision specifically enforced by any court having equity jurisdiction, it being acknowledged and agreed that any such breach or threatened breach shall cause irreparable injury to Buyer and that money damages would not provide an adequate remedy to Buyer.

6.15 Tax Matters .

(a) In the case of any Taxes of the Company or the Subsidiaries that are payable with respect to any Tax period that begins on or before and ends after the Closing Date (a " Straddle Period "), the portion of any such Taxes that is allocable to the portion of the Straddle Period ending on the Closing Date shall: (i) in the case of Taxes that are either (A) based upon or related to income, receipts or expenditures, or (B) imposed in connection with any sale, transfer or assignment or any deemed sale, transfer or assignment of property (real or personal, tangible or intangible), be deemed equal to the amount that would be payable if the Tax year or period ended at the end of the day on the Closing Date; and (ii) in the case of all other Taxes, be deemed to be the amount of such Taxes for the entire Straddle Period (or, in the case of such Taxes determined on an arrears basis, the amount of such Taxes for the immediately preceding Tax period) multiplied by a fraction, the numerator of which is the number of calendar days in the portion of the Straddle Period ending on the Closing Date and the denominator of

which is the number of calendar days in the entire Straddle Period. Without limiting the generality of the immediately preceding sentence, any retention or transaction bonuses or other compensatory payments or payment obligations of the Company or the Subsidiaries to Company Group Employees or other Persons that will become due and payable as a result of the consummation of the transactions contemplated by this Agreement shall be considered to have been paid on or prior to the Closing Date, so long as such payments are included as Current Liabilities in the calculation of Working Capital. Any such bonuses, payments and payment obligations (and the employer's share of any associated employment, payroll and similar Taxes) shall be deducted (pursuant to the "two and a half month rule" of Treasury Regulations Section 1.404 (b)-1T, Revenue Procedure 2008-25 or otherwise) only on Tax Returns for the Tax period ending on the Closing Date. All Taxes of the Company Group that are accrued and unpaid for the period through the Closing Date, including Taxes for the portion of the Straddle Period ending on the Closing Date shall be included as a Current Liability in calculating Working Capital.

(b) Buyer shall prepare and timely file (or cause to be prepared and timely filed) all Tax Returns of the Company Group required to be filed with any Governmental Authority after the Closing Date, and shall pay (or cause to be paid) any Taxes due in respect of such Tax Returns. With respect to any Tax Returns filed with respect to any Pre-Closing Tax Period, or with respect to any Straddle Period, Sellers shall be responsible for the Pre-Closing Taxes due in respect of such Tax Returns (collectively, "Sellers' Taxes "), to the extent not previously taken into account as a Current Liability in calculating the Final Working Capital. Buyer shall notify Sellers' Representative in writing of the amount due in respect of any such Tax Return no later than 20 Business Days prior to the date on which such Tax Return is due and attach to such written notice detailed worksheets showing the computation of the amount due. No later than 10 Business Days prior to the date such Tax Return is due, (i) Sellers shall remit, or cause Sellers' Representative to remit, the amount of Sellers' Taxes in excess of the amount taken into account as a Current Liability in calculating the Final Working Capital or (ii) Seller' Representative shall deliver to Buyer written notice that it disputes Buyer's computation of the amount due, attaching detailed worksheets showing Sellers' Representative's calculation of the amount due (if any). If Buyer and Sellers' Representative are unable to resolve any dispute within five Business Days after the delivery of Sellers' Representative's written notice, Buyer and Sellers' Representative shall engage the Accounting Firm to resolve the matter. To the extent that Sellers' Taxes are less than the amount previously taken into account as a Current Liability in calculating the Final Working Capital, Buyer shall promptly pay such difference to Sellers' Representative (on behalf of Sellers).

(c) Any refund of Taxes paid or credited to the Company or the Subsidiaries with respect to a Pre-Closing Tax Period, other than a refund attributable to a carryback of losses incurred in periods after the Closing, shall be for the benefit of Sellers and shall be paid to Sellers no later than 10 Business Days after receipt of payment or credit by the Company or the Subsidiaries, but only if the Company paid such Taxes prior to Closing or such Taxes were included as a Current Liability in the calculation of Working Capital. All Tax Benefits realized by the Company or any Subsidiary and attributable to losses incurred in a Pre-Closing Tax Period shall be for the account of the Company, its Subsidiaries and Parent and not for the account of Sellers. Amounts payable to Sellers pursuant to this Section 6.15(c) are subject to a right of setoff by Buyer for any unpaid Sellers' Taxes.

(d) Buyer shall not (and shall not cause or permit the Company or any of its Subsidiaries to) (i) amend any Tax Return filed with respect to any Tax year ending on or before the Closing Date or with respect to any Straddle Period or (ii) make any Tax election that has retroactive effect to any such year or to any Straddle Period, in each case without the prior written consent of Sellers' Representative, which consent shall not be unreasonably withheld, conditioned or delayed.

(e) No election shall be made under Code Section 338(g) with respect to the transactions contemplated by this Agreement.

6.16 Non-Competition and Non-Solicitation .

(a) For a period beginning on the Closing Date and ending on the fifth anniversary of the Closing Date (the " Restriction Period "), each Seller shall not, except in capacity as an officer or Employee of the Company or the Subsidiaries, engage in or assist others in engaging in the business of engaging in the home health, home care or personal care business (collectively, the " Restricted Business ") in the states of New York, Ohio or Connecticut (collectively, the " Territory "), as a stockholder, partner, member, owner, joint venturer, investor, employee, officer, director, sole proprietor, or similar capacity (other than as a holder of not more than two percent (2%) of the total outstanding stock of a publicly held company).

(b) During the Restriction Period, each Seller shall not, directly or indirectly, for himself or itself or on behalf of any other Person: (i) induce, persuade or encourage any customer or supplier of the Restricted Business in the Territory to cease doing business with the Company, the Subsidiaries, Buyer or any Affiliate thereof; (ii) solicit or procure the business of any Person that is a customer of the Company or the Subsidiaries as of the Closing Date in the Territory in connection with any activities which are in competition with the Restricted Business; (iii) accept or procure any business from any Person that is a customer of the Company or the Subsidiaries as of the Closing Date in the Territory in connection with any activities which are in competition with the Restricted Business; or (iv) supply or procure any services to any Person that is a customer of the Company or the Subsidiaries as of the Closing Date in the Territory in connection with any activities which are in competition with the Restricted Business.

(c) During the Restriction Period, each Seller shall not, directly or indirectly, for himself or itself or on behalf of any other Person, (i) hire or solicit for employment any Employee of the Company, the Subsidiaries, Buyer or any Affiliate thereof who was, as of the Closing Date, an Employee of the Company or the Subsidiaries or (ii) induce, persuade or encourage any Employee of the Company, the Subsidiaries, Buyer or any Affiliate thereof who was, as of the Closing Date, an Employee of the Company or the Subsidiaries to terminate such Employee's position with the Company, the Subsidiaries, Buyer or any Affiliate thereof; provided , however , that the restrictions set forth in this Section 6.16(c) shall not prevent a Seller or any of its Affiliates from employing any such Employee who contacts a Seller or any such Affiliate on such Employee's own initiative without any direct or indirect solicitation by a Seller or any such Affiliate or in response to a general solicitation (including the use of a search firm) that is not directed specifically to Employees of the Company, the Subsidiaries, Buyer or any Affiliate thereof.

(d) Each Seller acknowledges that: (i) an essential part of the acquisition contemplated by this Agreement is the purchase by Buyer of goodwill, and that to protect and preserve such goodwill, the covenants set forth in this Section 6.16 are not only reasonable and necessary but required as a condition to Buyer's consummation of the transactions contemplated by this Agreement; (ii) the provisions of this Section 6.16 are the product of arm's-length negotiations and are reasonable and necessary to protect and preserve Buyer's interests in and right to the ownership, use and operation of the Business from and after the Closing Date; and (iii) Buyer would be irreparably damaged if such Seller breached his or its covenants set forth in this Section 6.16. In the event that any covenant contained in this Section 6.16 should ever be adjudicated to exceed the time, geographic, product or service, or other limitations permitted by applicable Law in any jurisdiction, then any court is expressly empowered to reform such covenant, and such covenant shall be deemed reformed, in such jurisdiction to the maximum time, geographic, product or service, or other limitations permitted by applicable Law. The covenants contained in this Section 6.16 and each provision hereof are severable and distinct covenants and provisions. The invalidity or unenforceability of any such covenant or provision as written shall not invalidate or render unenforceable the remaining covenants or provisions hereof, and any such invalidity or unenforceability in any jurisdiction shall not invalidate or render unenforceable such covenant or provision in any other jurisdiction.

(e) The Parties recognize that damages in the event of a breach by any Seller of any provision of this Section 6.16 would be difficult, if not impossible, to ascertain, and it is therefore agreed that Buyer, in addition to and without limiting any other remedy or right it may have, shall have the right to seek an injunction or other equitable relief in any court of competent jurisdiction, enjoining any such breach. The existence of this right shall not preclude any other rights or remedies at law or in equity which Buyer may have relating to a breach of this Section 6.16.

6.17 Use of Corporate Name or Trade Name . After the Closing, neither any Seller nor any of their respective Affiliates will use any of the legal or trade names associated with the Company Group or the Business, or any other trade name included within the Company Intellectual Property, any derivative or variation thereof or any name similar thereto.

6.18 No Exercise of Put Options . Each Seller agrees that he or it shall not exercise any option to put its Shares back to the Company.

ARTICLE VII
CONDITIONS PRECEDENT

7.1 Conditions to Obligation of Buyer . The obligation of Buyer to consummate the transactions to be performed by it in connection with the Closing is subject to satisfaction or waiver of the following conditions:

(a) (i) each of the representations and warranties of Sellers set forth in Article III, and of the Company set forth in Article V (other than the representations and warranties listed in clause (ii) of this Section 7.1(a)), shall be true and correct in all material respects (without giving effect to any materiality qualifiers, including references to "Material Adverse Change" or "Material Adverse Effect," contained therein) on and as of the Closing Date as

though such representation and warranty were made on and as of the Closing Date (except with respect to any such representation or warranty that is expressly made or speaks only as of the date of this Agreement or another specific date, which need only be true and correct on and as of the date of this Agreement or such other date, as applicable), and

(ii) each of the representations and warranties of Sellers set forth in Sections 3.1 (Organization), 3.2 (Authorization of Transaction), and 3.4 (Ownership of Shares), and of the Company set forth in Sections 5.1 (Organization, Qualification, Corporate Power and Authorization), 5.2 (Authorization of Transaction), 5.3 (Capitalization), 5.5 (Brokers' Fees) and 5.7 (Subsidiaries), shall be true and correct in all respects on and as of the Closing Date, as though such representation and warranty were made on and as of the Closing Date;

(b) Sellers and the Company shall have performed and complied with, in all material respects, all covenants, agreements and obligations required to be performed or complied with by Sellers and the Company under this Agreement at or prior to the Closing;

(c) the Required Consents and Filings and the other Regulatory Approvals shall have been obtained or made;

(d) no Decree of any Governmental Authority shall be in effect, and no Law shall have been enacted, entered, promulgated, enforced or deemed applicable by any Governmental Authority that prohibits or makes illegal the consummation of the transactions contemplated by this Agreement;

(e) Sellers' Representative and the Company shall have delivered to Buyer a certificate (the " Sellers Closing Certificate ") to the effect that each of the conditions specified in Sections 7.1(a) and (b) is satisfied;

(f) the Company Warrants and the Company Options shall have been cancelled and evidence of such cancellation delivered by the Company to Buyer;

(g) each holder of Company Options shall deliver an executed Option Holder Agreement;

(h) each holder of Company Warrants shall deliver an executed Warrant Holder Agreement;

(i) Sellers shall have delivered to Buyer evidence satisfactory to Buyer that each Person entitled to a Bonus Amount has acknowledged in writing that such Person's Bonus Amount represents the entire change in control, severance, stay bonus, transaction bonus or related or similar obligations payable to such Person by the Company Group and that such Person has executed a general release in favor of the Company Group in form satisfactory to Buyer;

(j) Sellers shall have delivered to Buyer written resignations, effective as of the Closing Date, of the officers and directors of the Company and its Subsidiaries;

(k) each Seller shall have delivered to Buyer a general release by such Seller of each Entity included among the Company Group, excluding rights with respect to director's and officer's indemnification to the extent contemplated in this Agreement and rights as a Seller under this Agreement;

(l) the sale and transfer to Buyer of 100% of the Company's issued and outstanding Shares;

(m) Buyer shall have received a certificate of the Secretary of the Company certifying that attached thereto are true and complete copies of all resolutions adopted by the board of directors of the Company authorizing the execution, delivery and performance of this Agreement and the consummation of the transactions contemplated hereby and that all such resolutions are in full force and effect and are all the resolutions adopted in connection with the transactions contemplated hereby;

(n) the Company shall have delivered to Buyer a good standing certificate for the Company and each Subsidiary from the secretary of state of the jurisdiction under the Laws in which each such entity is organized;

(o) each Seller shall have delivered to Buyer a certificate pursuant to Treasury Regulations Section 1.1445-2(b) that such Seller is not a foreign person within the meaning of Section 1445 of the Code;

(p) Sellers shall have delivered, or caused to be delivered, to Buyer stock certificates evidencing the Shares, free and clear of Encumbrances, duly endorsed in blank or accompanied by stock powers or other instruments of transfer duly executed in blank and with all required stock transfer tax stamps affixed;

(q) the Company shall have delivered to Buyer all necessary payoff or similar letters with respect to the repayment and satisfaction, simultaneous with or prior to Closing, of the Company Indebtedness;

(r) from the date of this Agreement, there shall not have occurred any Material Adverse Change, nor shall any event or events have occurred that, individually or in the aggregate, with or without the lapse of time, could reasonably be expected to result in a Material Adverse Change. For purposes of determining whether a Material Adverse Change has occurred that is reflected in whole or in part by a reduction in Adjusted EBITDA during the Calculation Period, the fact that Buyer has the separate right to an adjustment to the Preliminary Purchase Price pursuant to Section 2.2 shall be ignored because the Parties agree that, under such circumstances, Buyer shall have the right to either terminate its obligations under this Agreement due to the occurrence of a Material Adverse Change or waive such right and close with the benefit of the applicable adjustment to the Preliminary Purchase Price;

(s) Sellers shall have delivered to Buyer evidence, satisfactory to Buyer in its sole discretion, that all obligations of the Company Group with respect to the obligations and liabilities relating to the Worker's Compensation Liability have been fully satisfied and released

or upon payment of an amount equal to the Worker's Compensation Liability pursuant to Section 2.4, will be fully satisfied and released;

(t) all intercompany Company Indebtedness shall be satisfied and paid in full or cancelled, and fully released, in each case to Buyer's satisfaction prior to Closing;

(u) Sellers shall have delivered to Buyer evidence satisfactory to Buyer that each Person entitled to share in the Directors Fees Amount has acknowledged in writing that such Person's share of the Directors Fees Amount represents all of such fees payable to such Person by the Company Group;

(v) Sellers shall have delivered to Buyer evidence satisfactory to Buyer that each Person entitled to share in the Guaranty Fees Amount has acknowledged in writing that such Person's share of the Guaranty Fees Amount represents all of such fees payable to such Person by the Company Group;

(w) the "tail" directors' and officers' liability insurance policy contemplated in Section 6.8 is obtained, with coverage and terms reasonably acceptable to Buyer;

(x) counsel for the David W. Brason Multi-Generational Irrevocable Trust shall have delivered to Buyer an opinion of counsel in form reasonably satisfactory to Buyer, only with respect to those matters set forth on Exhibit P as they relate to the David W. Brason Multi-Generational Irrevocable Trust;

(y) counsel for Summer Street Capital II, L.P. and Summer Street Capital NYS Fund II, L.P. shall have delivered an opinion reasonably satisfactory to Buyer, only with respect to those matters set forth on Exhibit J as they relate to Summer Street Capital II, L.P. and Summer Street Capital NYS Fund II, L.P.;

(z) the transactions contemplated under the Ohio SPA shall have closed; and

(aa) Sellers shall have delivered to Buyer all necessary payoff or similar letters, satisfactory to Buyer, with respect to repayment and satisfaction, simultaneous with or prior to Closing of the Company Indebtedness, including the release of any liens held by M&T Bank on any shares of the Company or its Subsidiaries or the assets of any of the Company or its Subsidiaries, along with a general release of the Company and the Subsidiaries from and against any liabilities or obligations under any M&T Bank loan or credit documents or otherwise.

7.2 Conditions to Obligation of Sellers . The obligation of Sellers to consummate the transactions to be performed by them in connection with the Closing is subject to satisfaction or waiver of the following conditions:

(a) each of the representations and warranties of Buyer set forth in Article IV shall be true and correct in all material respects on and as of the Closing Date, as though such representation and warranty were made on and as of the Closing Date;

(b) Buyer shall have performed and complied with, in all material respects, all covenants, agreements and obligations required to be performed or complied with by Buyer under this Agreement at or prior to the Closing;

(c) the Required Consents and Filings and the other Regulatory Approvals shall have been obtained or made;

(d) no Decree shall be in effect, and no Law shall have been enacted, entered, promulgated, enforced or deemed applicable by any Governmental Authority, that prohibits or makes illegal the consummation of the transactions contemplated by this Agreement;

(e) Buyer and Parent shall have delivered to Sellers a certificate (the " Buyer Closing Certificate ") to the effect that each of the conditions specified in Sections 7.2(a) and (b) is satisfied;

(f) Sellers shall have received a certificate of the Secretary of Buyer certifying that attached thereto are true and complete copies of all resolutions adopted by the board of directors of Buyer authorizing the execution, delivery and performance of this Agreement and the consummation of the transactions contemplated hereby and that all such resolutions are in full force and effect and are all the resolutions adopted in connection with the transactions contemplated hereby;

(g) Buyer shall have delivered to Buyer a good standing certificate for Buyer from the secretary of state of the jurisdiction under the Laws in which Buyer is organized;

(h) Buyer shall have delivered to Sellers the deliveries set forth in Section 2.7(d);

(i) Sellers shall have received evidence, satisfactory to Sellers in their sole discretion, that all obligations of the Company Group with respect to the obligations and liabilities relating to the Worker's Compensation Liability have been fully satisfied and released or upon payment of an amount equal to the Worker's Compensation Liability, will be fully satisfied and released; and

(j) The transactions contemplated under the Ohio SPA shall have closed.

7.3 Frustration of Closing Conditions . No Party may rely on the failure of any condition set forth in this Article VII to be satisfied if such failure was caused by such Party's failure to use commercially reasonable efforts to cause the Closing to occur, as required by Section 6.1.

ARTICLE VIII
REMEDIES

8.1 Survival of Representations, Warranties and Covenants .

(a) All of the representations and warranties contained in Articles III, IV and V of this Agreement shall survive the Closing and continue in full force and effect for a period of 18 months thereafter; provided that:

(i) the representations and warranties of Sellers contained in Sections 3.1 (Organization), 3.2 (Authorization of Transaction), and 3.4 (Ownership of Shares), 5.3 (Capitalization), and 5.7 (Subsidiaries) (collectively, the " Sellers' Fundamental Representations ") shall survive the Closing and continue in full force and effect for a period of five years after Closing; and

(ii) the representations and warranties of Buyer contained in Sections 4.1 (Organization), 4.2 (Authorization of Transaction), 4.5 (Investment), 4.7 (Investigation by Buyer) and 4.8 (No Reliance) (collectively, the " Buyer's Fundamental Representations ") shall survive the Closing and continue in full force and effect for a period of five years after Closing.

Except as otherwise specifically provided in this Agreement, all covenants contained in this Agreement to be performed before or at the Closing shall not survive the Closing and all covenants contained in this Agreement to be performed after the Closing shall survive the Closing in accordance with their respective terms.

(b) The Parties acknowledge and agree that no claim may be brought in respect of a breach of any representation, warranty or covenant contained in this Agreement after the expiration of the survival period applicable to such representation, warranty or covenant, as set forth in Section 8.1(a).

(c) Notwithstanding anything in this Agreement to the contrary, any claims asserted in good faith with reasonable specificity (to the extent known at such time) and in writing by notice from the non-breaching party to the breaching party prior to the expiration date of the applicable survival period shall not thereafter be barred by the expiration of the relevant representation or warranty or indemnification clause and such claims shall survive until finally resolved.

8.2 Claims Against Sellers . From and after the Closing and subject to the provisions of this Article VIII, Buyer and its respective Affiliates (which shall include, following the Closing, the Company Group), directors, officers, managers, employees, and agents (collectively, the " Buyer Indemnitees ") shall be entitled to make a Claim for Indemnification against Sellers in respect of any and all losses, assessments, adjustments, recoupment, suspensions, offsets, damages, liabilities, costs and expenses (including reasonable attorney fees) (collectively, " Losses ") incurred by Buyer Indemnitees (" Buyer Losses "), arising out of or resulting from:

(a) a breach of any representation or warranty of any Seller contained in Article III;

(b) a breach of any representation or warranty of the Company contained in Article V;

(c) a breach of any covenant or agreement of any Seller contained in this Agreement;

(d) a breach of any covenant or agreement of the Company contained in this Agreement;

(e) subject to a survival period for such indemnification obligation ending 18 months from the Closing Date, Losses arising from: (i) any post-payment review by, or claims, actions, audits, investigations, or proceedings conducted by or on behalf of, any Third Party Payors or any Governmental Programs, including but not limited to, the New York State Department of Health, the State of New York Office of the Medicaid Inspector General, Connecticut Office of Quality Assurance, Medicare and Medicaid administrative contractors or intermediaries, recovery auditors (formerly, recovery audit contractors), long-term care audits, zone program integrity contractors or specialty medical review contractors, but only to the extent such Losses arise from services performed by the Company or any Subsidiary prior to the Closing Date; (ii) audits, investigations, claims, actions, proceedings or lawsuits filed by the U.S. Department of Health and Human Services Office of Inspector General, U.S. Department of Justice, the Connecticut or New York State Attorney General, the Connecticut or New York State Medicaid agency or other agencies or persons with respect to health care fraud or False Claims Act Matters, qui tam or whistle blower actions, relating to the provision of health care services or the submission of health care claims by the Company or its Subsidiaries relating to dates of service prior to the Closing Date; (iii) any review by, or claims, actions, audits, investigations, or proceedings conducted by any Governmental Authority or Third Party Payor and relating to the operation of the business of the Company or its Subsidiaries or their participation in any Governmental Programs or Private Programs prior to the Closing Date; or (iv) medical malpractice claims arising out of or relating to the operation of the business of the Company and its Subsidiaries prior to Closing;

(f) subject to a survival period for such indemnification obligation ending 18 months from the Closing Date, other than for Benefit Plans and Arrangements which shall be subject to a survival period ending six years from the Closing Date, any Retained Employee Liabilities;

(g) subject to a survival period for such indemnification obligation ending 18 months from the Closing Date, (i) all Taxes (or the non-payment thereof) of the Company and its Subsidiaries for the Pre-Closing Tax Periods, provided, for the avoidance of doubt, the employer's share of all employment, payroll and similar Taxes incurred by the Company and its Subsidiaries with respect to any compensatory payments made in connection with the transaction contemplated by this Agreement, whether such Taxes are incurred prior to, at, or following the Closing Date, shall be treated as arising in the Pre-Closing Tax Periods, (ii) all Taxes of any member of an affiliated, consolidated, combined or unitary group of which the Company and its Subsidiaries (or any predecessor of the Company and its Subsidiaries) is or was a member on or prior to the Closing Date, including pursuant to Treasury Regulation §1.1502-6 or any analogous or similar state, local, or non-U.S. law or regulation, (iii) any and all Taxes of any Person

imposed on the Company and its Subsidiaries as a transferee or successor, by contract or pursuant to any Law, which Taxes relate to an event or transaction occurring before the Closing and (iv) any Taxes that are the responsibility of Sellers;

(h) any worker's compensation claims relating to the pre-Closing period not included among the Worker's Compensation Liability;

(i) the failure of Company Group to comply with all applicable requirements of the Patient Protection and Affordable Care Act of 2010 (" PPACA "), including, without limitation, offering affordable coverage to a sufficient number of Company Group Employees to avoid penalties under the PPACA;

(j) any obligation of the Company Group to indemnify Todd Brason with respect to expenses, claims or losses arising out of or relating to his status as a defendant in *New York State Workers' Compensation Board v. Wang* that is not is fully covered by the Company Group's directors and officers liability insurance coverage;

(k) any Losses that arise out of the failure to include to any change in control, severance, transaction or "stay around" bonus or related or similar obligations, management fees, directors' fees, guaranty fees, costs or expenses of the Company Group incurred in connection with the negotiation and preparation of this Agreement and the consummation of the transactions contemplated hereby, including for services rendered by third party brokers, bankers, attorneys, accountants or other representatives, and any payroll, withholding and similar expenses or costs among those expenses or payables that: (i) reduce the Preliminary Purchase Price pursuant to Sections 2.4(b) through (k); (ii) are included as a Current Liabilities for purposes of calculating Working Capital; or (iii) are included as a Final Company Transaction Expense for purposes of Section 2.5;

(l) any claims, actions, proceedings or lawsuits filed or instituted by Cerner Corp. d/b/a Cerner BeyondNow, Inc. or any affiliate thereof (" Cerner ") regarding payments or fees allegedly owed to Cerner by BHC Services, Inc. or any member of the Company Group relating to any software solution allegedly used by BHC Services, Inc. or any member of the Company Group for any period prior to the Closing, including without limitation those matters referred to in Part 1 and Part 2 of Section 5.18 of the Disclosure Schedules;

(m) any claims, actions, proceedings, investigations, audits or lawsuits filed or instituted by any government agency or any individual or entity on behalf of any government agency (including without limitation, any qui tam or whistleblower action) with respect to any of the matters addressed in *United States of America, ex. rel. Cary L. Zigrossi v. Western Regional Health Corporation, et. al.* , previously filed on March 2, 2011, in the United States District Court for the Western District of New York, and dismissed without prejudice by order of the court on April 24, 2014;

(n) *Helen M. Reed, Harold Reed, Administrator of the Estate of Helen M. Reed, Deceased v. Willcare, Inc.* , currently pending in New York state court, Cattaraugus County, New York (as more fully described in Part 3 of Section 5.18 of the Disclosure Schedule)

(the " Reed Litigation "), and any other lawsuit, claim, action or proceeding relating to the Reed Litigation;

(o) any amounts required to be paid to, and any claims, actions, proceedings, or lawsuits filed or instituted by, Toski & Co. or any affiliate thereof (" Toski ") relating to any outstanding balance allegedly owed to Toski by Western Region Health Corporation or any other member of the Company Group for consulting services or any other products or services, or otherwise arising out of those matters referred to in Part 8 of Section 5.18 of the Disclosure Schedules; and

(p) defending any third party claim alleging the occurrence of facts or circumstances that, if true, would entitle an Buyer Indemnitees to indemnification hereunder.

8.3 Claims Against Buyer . From and after the Closing and subject to the provisions of this Article VIII, Sellers and each of their respective Affiliates, directors, officers, managers, employees (collectively, the " Seller Indemnitees ") shall be entitled to make a Claim for Indemnification against Buyer in respect of any and all Losses incurred by Seller Indemnitees, arising out of or resulting from:

(a) a breach of any representation or warranty of Buyer contained in Article IV; and

(b) a breach of any covenant or obligation of Buyer contained in this Agreement.

8.4 Matters Involving Third Party Claims .

(a) If any third party shall notify any Party (the " Indemnified Party ") with respect to a Third Party Claim which may give rise to a Claim for Indemnification against any other Party (the " Indemnifying Party ") under this Article VIII, then the Indemnified Party shall promptly provide a Claim for Indemnification to the Indemnifying Party; provided , however , that no delay on the part of the Indemnified Party in notifying any Indemnifying Party shall relieve the Indemnifying Party from any obligation hereunder unless (and then only to the extent) the Indemnifying Party is prejudiced by such delay. Thereafter, the Indemnified Party shall deliver to the Indemnifying Party, promptly following receipt thereof, copies of all notices and documents (including court papers) received by the Indemnified Party relating to any such Third Party Claim.

(b) Any Indemnifying Party shall have the right (but not the obligation), upon written notice to the Indemnified Party delivered no later than 30 days after receipt by the Indemnifying Party of the Claim for Indemnification, to assume the conduct and control, through counsel of its choice reasonably satisfactory to the Indemnified Party, and at the expense of the Indemnifying Party, of the settlement or defense of the Third Party Claim. The Indemnified Party shall cooperate with the Indemnifying Party and its counsel in connection therewith and the Indemnifying Party shall permit the Indemnified Party to participate in such settlement or defense through counsel chosen by the Indemnified Party; provided that the fees and expenses of such counsel shall be borne solely by such Indemnified Party. So long as the Indemnifying Party

is reasonably contesting any such Third Party Claim in good faith, the Indemnified Party shall not pay or settle such Third Party Claim. If the Indemnifying Party does not notify the Indemnified Party in writing within 30 days after receipt of the Claim for Indemnification that it elects to undertake the defense of the Third Party Claim, then the Indemnified Party shall have the right to contest, settle or compromise such Third Party Claim but shall not thereby waive any right to seek indemnity therefor pursuant to this Article VIII. Any settlement or compromise of any Third Party Claim by the Indemnifying Party shall require the prior written consent of the Indemnified Party, which consent shall not be unreasonably withheld, conditioned or delayed; provided that no such consent shall be required for any such settlement or compromise that (i) is exclusively monetary and (ii) does not contain an admission of liability on the part of any Indemnified Party.

(c) All of the Parties shall reasonably cooperate in the defense or prosecution of any Third Party Claim in respect of which indemnity may be sought hereunder and Buyer and each Seller (or a duly authorized representative of such Party) shall (and Buyer shall cause the Company Group to) furnish such records, information and testimony, and attend such conferences, discovery proceedings, hearings, trials and appeals, as may be reasonably requested in connection therewith.

8.5 Matters Not Involving Third Party Claims . Buyer Indemnitees or Seller Indemnitees may make a claim under this Article VIII that does not involve a Third Party Claim in any amount to which they may be entitled under this Article VIII by providing a Claim for Indemnification against the appropriate Indemnifying Party promptly (but in no event more than 10 Business Days) after such Indemnified Party has notice of any Losses that may give rise to a Claim for Indemnification; provided , however , that no delay on the part of a Buyer Indemnitee or Seller Indemnitee in notifying such Indemnifying Party shall relieve the Indemnifying Party from any obligation hereunder unless (and then only to the extent) such Indemnifying Party is actually prejudiced by such delay. Such Indemnifying Party shall have 30 days to object to the Claim for Indemnification by delivery of a written notice of such objection to the Indemnified Party. If an objection is delivered by the Indemnifying Party, then the Indemnified Party and the Indemnifying Party shall negotiate in good faith for a period of 20 Business Days from the date the Indemnified Party receives such objection prior to commencing any Proceeding with respect to such Claim for Indemnification.

8.6 Limitations on Indemnification .

(a) Notwithstanding anything to the contrary in this Agreement, the right of Buyer Indemnitees to indemnification in respect of Buyer Losses under this Article VIII shall be subject to the following limitations:

(i) Buyer Indemnitees shall not be entitled to assert any Claim for Indemnification pursuant to Sections 8.2 (a) or 8.2(b) in respect of any Buyer Losses, or series of related Buyer Losses, until the aggregate amount of all Buyer Losses actually incurred by Buyer Indemnitees exceeds an amount equal to $275,000 (the " Deductible Amount "), in which case Buyer Indemnitees shall have the right to seek indemnification for the amount of Buyer Losses in excess of the Deductible Amount; provided , however , that the limitation set forth in this Section 8.6(a)(i) shall not apply to Buyer Losses based upon, arising out of or resulting, directly

or indirectly, from (i) a breach of Sellers' Fundamental Representations, or (ii) fraud, criminal activity or willful misconduct;

(ii) the aggregate maximum amount available to Buyer Indemnitees for Claims for Indemnification pursuant to Sections 8.2(a) and (b) shall be limited to the amount of funds in the Indemnification Escrow Amount from time to time, and all Claims for Indemnification by Buyer Indemnitees pursuant to Sections 8.2(a) and (b) shall be satisfied solely out of funds from the Indemnification Escrow Amount; provided , however , that the limitation set forth in this Section 8.6(a)(ii) shall not apply to Buyer Losses based upon, arising out of or resulting, directly or indirectly, from (A) a breach of Sellers' Fundamental Representations, or (B) fraud, criminal activity or willful misconduct; and

(iii) in no event shall any Seller's aggregate personal liability arising out of or resulting from this Agreement exceed an amount equal to such Seller's Closing Sale Proceeds. Neither the preceding sentence nor the reference to "severally, but not jointly" in the preamble to Artice III shall be interpreted to restrict Buyer's recourse for payment against the entire Indemnification Escrow Amount as contemplated pursuant to this Agreement;

(b) The amount of any and all Buyer Losses shall be determined net of: (i) any amounts actually recovered by Buyer Indemnitees or Seller Indemnitees, as applicable, under insurance policies or from other collateral sources (such as contribution agreements or contractual indemnities of any Person which are contained outside of this Agreement) with respect to such Buyer Losses **;** and (ii) any Tax Benefit realized by a Buyer Indemnitee or a Seller Indemnitee, as applicable, provided that such Tax Benefit is deductible currently (not a deferred tax benefit) and does not place the applicable Buyer Indemnitee or Seller Indemnitee, in the opinion of such indemnitee's independent accounting firm, in an uncertain adverse tax position (i.e., doesn't have substantial authority supporting such position or which Buyer's accounting firm or tax counsel does not believe satisfies the "more likely than not" standard). If an Indemnified Party recovers any amount under insurance policies or other collateral sources within two years after an indemnification payment is made to him or it pursuant to this Article VIII, the Indemnified Party shall promptly pay to the Indemnifying Party that made such indemnification payment the recovered amount; provided that in no event shall the amount of such payment to the Indemnifying Party exceed the amount of such indemnification payment. Any reduction of Losses under this paragraph shall be net of any related costs and expenses, including the aggregate cost of pursuing any related insurance claims and any related increases in insurance premiums or other chargebacks (it being agreed that neither party shall have any obligations to seek to recover any insurance proceeds in connection with making a claim under this Article VIII).

(c) No Buyer Indemnitee shall be entitled to be indemnified with respect to Buyer Losses that were included as a liability in the calculation of Final Working Capital or was reflected in an adjustment to Company Enterprise Value pursuant to Section 2.5(a)(i)(E). The representations, warranties and covenants of Sellers and the Company, and a Buyer Indemnitee's right to indemnification with respect thereto, shall not be affected or deemed waived by reason of any investigation made by or on behalf of Buyer Indemnitee (including by any of its Representatives) or by reason of the fact that Buyer Indemnitee or any of its Representatives know or should have known at any time that any such representation or warranty is, was or might

be inaccurate or by reason of Buyer Indemnitee's waiver of any condition set forth in Article VIII.

(d) Notwithstanding anything to the contrary in this Agreement, Buyer agrees and acknowledges that: (i) Buyer Indemnitees shall have no recourse under this Agreement or any Ancillary Document against any current or future director, manager, officer, employee, limited partner, member, shareholder or agent of an Entity Seller or any Affiliate or assignee thereof (other than any Seller and the general partner of any Seller), whether pursuant to any Proceeding, the enforcement of any assessment, or by virtue of any applicable Law; and (ii) no personal liability of any nature shall attach to, be imposed on or otherwise be incurred by, any current or future director, manager, officer, employee, limited partner, member, shareholder or agent of an Entity Seller or any Affiliate or assignee thereof (other than any Seller and the general partner of any Seller), in respect of any liability or obligation of an Entity Seller under this Agreement or any Ancillary Document, but the preceding sentence shall not affect or limit Buyer's right to seek payment of a Buyer Loss to the extent that amounts paid to an Entity Seller have been distributed to such Entity Seller's equity holders nor will it reduce or affect a general partner's liability for the obligations and liabilities of a Seller operating in limited partnership form.

(e) The indemnification rights of the Seller Indemnitees under this Article VIII shall be subject to the same limitations on indemnification applicable to Buyer Indemnitees under this Article VIII.

(f) Notwithstanding anything to the contrary in this Agreement, all materiality qualifications (whether by reference to "material", "all material respects", "Material Adverse Change" or "Material Adverse Effect") contained in the representations and warranties set forth in this Agreement shall be disregarded solely for purposes of determining, under this Article VIII, the amount of any Losses arising out of or resulting from a breach of any such representation or warranty; provided that none of such materiality qualifications shall be disregarded for purposes of determining whether any such representation or warranty has been breached.

(g) Notwithstanding anything to the contrary in this Agreement, all references to "Acquisition Date" contained in the representations and warranties set forth in this Agreement shall be disregarded solely for purposes of determining, under this Article VIII, whether any representation or warranty set forth in this Agreement has been breached and the amount of any Losses arising out of or resulting from a breach of any such representation or warranty.

(h) The Parties acknowledge and agree that Sellers have agreed to retain all liability arising out of or relating to the matters described in Sections 8.2(l), (m), (n) and (o). Sellers acknowledge and agree that a Buyer Indemnitee may demand payment of any Buyer Losses arising out of or relating the matters described in Sections 8.2(l), (m), (n) and (o) directly from Sellers without resort to seeking payment out of the Indemnification Escrow Amount.

8.7 Exclusive Remedy; Waiver of Certain Damages .

(a) Subject to Section 10.12, from and after the Closing, the rights of the Parties pursuant to the provisions of this Article VIII shall be the sole and exclusive remedy for the Parties, and each Party hereby waives all other remedies, with respect to any claim or matter arising from or relating to this Agreement and the transactions contemplated by this Agreement, other than claims arising from fraud, criminal activity or willful misconduct on the part of a Party hereto in connection with the transactions contemplated by this Agreement. Nothing in this Section 8.7 shall limit any Party's right to seek and obtain any equitable relief to which any Party shall be entitled or to seek any remedy on account of any party's fraudulent, criminal or willful misconduct.

(b) Subject to the final sentence of this Section 8.7(b), in no event shall any Person be liable for punitive, special, exemplary, lost profits, damage to reputation or loss of goodwill, whether based in contract, tort, strict liability or otherwise (other than indemnification for amounts paid or payable to third parties in respect of any third party claim for which indemnification hereunder is otherwise required). Nothing in this Section 8.7(b) shall limit a Person's right to recover under this Article VIII for any damages described in the preceding sentence to the extent such Person is required to pay such damages to a third party in connection with a matter for which such Person is, in all other respects, entitled to indemnification pursuant to this Article VIII.

8.8 Recourse from Escrow Fund . Except with respect to any Losses arising from, or directly or indirectly related to (i) fraud, criminal activity or willful misconduct, (ii) any breach of a Sellers' Fundamental Representation, or (iii) indemnification claims under Section 8.2 other than Sections 8.2(a) or (b), the Indemnification Escrow Amount shall be the exclusive means for Buyer Indemnitees to collect any Losses for which they are entitled to indemnification under Section 8.2 (other than third party claims alleging the occurrence of facts or circumstances that, if true, would entitle Buyer Indemnitees to indemnification for breach of a Sellers' Fundamental Representation or under Section 8.2 other than Sections 8.2(a) or (b). With respect to any indemnification claim not limited by the immediately preceding sentence to payment out of the Indemnification Escrow Amount, Buyer Indemnitees shall recover any such Losses, with the exception of Buyer Losses relating to the matters described in Sections 8.2(l), (m), (n) and (o), (A) first, from the Indemnification Escrow Amount, to the extent of the remaining portion of the Indemnification Escrow Amount, and (B) second, directly from Sellers, with each Seller's maximum liability being equal to the amount of the Loss multiplied by such Seller's ownership percentage set forth next to such Seller's name in Section 8.8 of the Disclosure Schedules. All indemnifiable Losses shall apply against the Deductible Amount.

8.9 Adjustments to Final Purchase Price . All indemnification payments under this Article VIII shall be deemed adjustments to the Final Purchase Price.

8.10 Parent Guaranty .

(a) Parent hereby unconditionally and irrevocably guarantees to Sellers the full and punctual performance of and compliance with all covenants, agreements and other obligations of Buyer, now or hereafter existing, under this Agreement and each of the Ancillary Documents, including the payment of all amounts due from Buyer under Article II and this Article VIII. The guaranty set forth in this Section 8.10(a) is an absolute, present, primary and continuing guaranty of performance, payment and compliance. Parent acknowledges and agrees that its liability under this Section 8.10(a) is joint and several with Buyer and, upon any breach or default by Buyer, Sellers shall not be obligated to first attempt enforcement against Buyer. Parent hereby waives any and all defenses to enforcement of the guaranty set forth in this Section 8.10(a), now existing or hereafter arising, which may be available to guarantors, sureties and other secondary parties at law or in equity. Parent further agrees to pay all reasonable costs and expenses, including reasonable attorney fees and related costs, incurred by Sellers or their Affiliates in enforcing the guaranty set forth in this Section 8.10(a). Parent agrees that (i) Sellers would be damaged irreparably in the event that any of the provisions of this Section 8.10(a) are not performed in accordance with their specific terms and (ii) Sellers shall be entitled, in addition to any other remedy at law or in equity, to specific performance of the terms of this Section 8.10(a), without the necessity of proving the inadequacy of money damages as a remedy and without posting any bond in connection therewith. Notwithstanding anything herein to the contrary, Parent's obligations under this Section 8.10 shall be co-extensive with Buyer's obligations under this Agreement, and shall be subject to the terms and conditions of this Agreement (excluding for this purpose, this Section 8.10).

(b) Parent represents and warrants to Sellers that, as of the date of this Agreement and as of the Closing Date: (i) Parent has the requisite power and authority to execute and deliver this Agreement and to perform its obligations under this Agreement, including the obligations set forth in Section 8.10(a); (ii) this Agreement has been duly and validly executed and delivered by Parent and, assuming the due authorization, execution and delivery by the other parties hereto, constitutes the valid and legally binding obligation of Parent, enforceable against Parent in accordance with its terms and conditions, subject to applicable bankruptcy, insolvency, reorganization, moratorium and other similar Laws affecting creditors' rights generally and general principles of equity; and (iii) the execution and delivery of this Agreement, and Parent's performance under this Agreement, including Parent's performance under Section 8.10(a), do not (x) violate any Law, Decree or other restriction of any Governmental Authority to which Parent is subject, or any provision of its Organizational Documents or (y) conflict with, result in a breach of, constitute a default under, result in the acceleration of any obligation under, create in any party the right to accelerate, terminate, modify, or cancel, or require any notice under, any agreement, contract, lease, license, instrument, or other arrangement to which Parent is a party or by which it is bound or to which any of its assets is subject.

8.11 Effect of Investigation . The representations, warranties and covenants of the Indemnifying Party, and the Indemnified Party's right to indemnification with respect thereto, shall not be affected or deemed waived by reason of any investigation made by or on behalf of the Indemnified Party (including by any of its Representatives) or by reason of the fact that the Indemnified Party or any of its Representatives knew or should have known that any such representation or warranty is, was or might be inaccurate, including as a result of Sellers' or the

Company Group's notification of Buyer of certain matters or updating of the Disclosure Schedules pursuant to Section 6.3, or by reason of the Indemnified Party's waiver of any condition set forth in Sections 7.1 or 7.2, as the case may be. But if prior to Closing, Buyer becomes aware that a representation and warranty is inaccurate, then Buyer will notify Sellers of such fact and Sellers will be provided an opportunity to cure such inaccuracy; provided, however, that Buyer's failure to notify Sellers shall not adversely affect the right of the Buyer Indemnitees indemnification rights under this Agreement or constitute a waiver of any Closing condition. Ohio SPA Transaction The Parties acknowledge that if a Closing occurs, then the indemnification obligations of the parties to the Ohio SPA transaction will be merged into this Agreement and will be governed by this Article VIII. But for purposes of this Agreement, (i) all representations and warranties in the Ohio SPA will be deemed made as of date of closing of the Ohio SPA Transaction, (ii) any outstanding indemnification claims under the Ohio SPA at as of the Closing Date will thereafter be governed by this Article VIII, and (iii) any indemnification payments made by the parties pursuant to Article VIII of the Ohio SPA will be treated for purposes of this Agreement as having been made pursuant to this Article VIII, including without limitation, for purposes of the calculating and applying the limitations in Section 8.6.

ARTICLE IX
TERMINATION

9.1 Termination of Agreement . Certain of the Parties may terminate this Agreement prior to occurrence of the Closing as provided below:

(a) Buyer and Sellers' Representative may terminate this Agreement by mutual written consent at any time prior to the Closing;

(b) Buyer or Sellers (acting through Sellers' Representative) may terminate this Agreement if the Closing shall not have occurred on or prior to December 31, 2016 (the " Termination Date "), and the Party seeking to terminate this Agreement pursuant to this Section 9.1(b) shall not have breached in any material respect any of its representations, warranties, covenants or agreements contained in this Agreement in any manner that shall have contributed to or resulted in the failure of the Closing to occur on or before the Termination Date;

(c) Buyer may terminate this Agreement by giving written notice to Sellers' Representative at any time prior to the Closing in the event: (i) any Seller or the Company has breached any representation, warranty, covenant or agreement contained in this Agreement in any material respect, which breach would cause any of the conditions set forth in Sections 7.1(a) or (b) not to be satisfied; and (ii) Buyer has notified Sellers' Representative of such breach in writing and such breach is incapable of cure, or if such breach is capable of cure, the breach has continued without cure for a period of 30 days after the notice of breach; provided , that , the right to terminate this Agreement pursuant to this Section 9.1(c) shall not be available to Buyer if Buyer or Parent is then in material breach of any of its representations, warranties, covenants or agreements contained in this Agreement;

(d) Sellers' Representative may terminate this Agreement by giving written notice to Buyer at any time prior to the Closing in the event: (i) Buyer or Parent has breached any representation, warranty, covenant or agreement contained in this Agreement in any material respect, which breach would cause any of the conditions set forth in Sections 7.2(a) or (b) not to be satisfied; and (ii) Sellers' Representative has notified Buyer of such breach in writing and such breach is incapable of cure, or if such breach is capable of cure, the breach has continued without cure for a period of 30 days after the notice of breach; provided, that the right to terminate this Agreement pursuant to this Section 9.1(d) shall not be available to Sellers' Representative if any Seller or the Company is then in material breach of any of his or its representations, warranties, covenants or agreements contained in this Agreement;

(e) Buyer may terminate this Agreement by giving written notice to Sellers' Representative at any time prior to the Closing in the event Buyer is notified in writing that any Regulatory Approval listed on Exhibit O will not be obtained; and

(f) Buyer or Sellers (acting through Sellers' Representative) may terminate this Agreement if Preliminary Adjusted EBITDA is less than $6 million or greater than $15 million.

9.2 Effect of Termination . If any Party terminates this Agreement in accordance with Section 9.1, (a) this Agreement shall thereupon become void and of no further force or effect, and there shall be no liability or obligation on the part of the Parties or any of their respective Affiliates, except that Section 6.5 (Expenses), Section 6.6 (Confidentiality), Section 6.7 (No Public Announcement), this Section 9.3 (Effect of Termination) and Article X (Miscellaneous), shall survive such termination and remain valid and binding obligations of the Parties; and (b) with respect to any liabilities or damages incurred or suffered by any Party, nothing herein shall relieve any Party from liability for such liabilities or damages arising as a result of (i) the failure of any Party to consummate the transactions contemplated by this Agreement if it is obligated to do so hereunder, (ii) the willful failure of any Party to fulfill a condition to the performance of the material obligations of any of the other Parties or (iii) the willful and material failure of any Party to perform a covenant or agreement hereunder applicable to it.

ARTICLE X
MISCELLANEOUS

10.1 No Third Party Beneficiaries . Except for (a) the provisions of Section 6.8, which are intended to be enforceable by the Persons referred to therein, and (b) the provisions of Section 10.14, which are intended to be enforceable by Sellers' Representative (in addition to Sellers), this Agreement shall not confer any rights or remedies upon any Person other than the Parties and their respective successors and permitted assigns.

10.2 Entire Agreement . This Agreement and the Ancillary Documents entered into by and between the Parties constitute the entire agreement between the Parties with respect to the subject matter of this Agreement and such Ancillary Documents, and supersede any prior understandings, agreements, or representations by or between the Parties, written or oral, to the extent they related in any way to the subject matter of this Agreement and such Ancillary Documents.

10.3 Succession and Assignment. This Agreement shall be binding upon and inure to the benefit of the Parties and their respective successors and permitted assigns. No Party may assign either this Agreement or any of his or its rights, interests, or obligations hereunder without the prior written approval of the other Parties.

10.4 Counterparts; Signatures. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. A manual signature on this Agreement or any Ancillary Document, an image of which has been transmitted electronically, shall constitute an original signature for all purposes. The delivery of copies of this Agreement or any Ancillary Document, including executed signature pages where required, by electronic transmission will constitute effective delivery of this Agreement or such Ancillary Document for all purposes.

10.5 Headings. The article and section headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.

10.6 Notices. All notices, requests, demands, claims and other communications under this Agreement shall be in writing and shall be deemed duly given: (a) when delivered personally; (b) when sent by facsimile transmission (with confirmation by the transmitting equipment); (c) three Business Days after being sent by registered or certified mail, return receipt requested, postage prepaid; or (d) one Business Day after being sent by a nationally recognized overnight delivery service (receipt requested), in each case to the appropriate addresses set forth below:

If to Sellers, to Sellers' Representative at:

Summer Street Capital Partners LLC
70 West Chippewa Street, Suite 500
Buffalo, New York 14202
Attn: Andrew Fors
John Collins
Facsimile: (716) 566-2910
E-mail: afors@summerstreetcapital.com
jcollins@summerstreetcapital.com

With a copy to:

Hodgson Russ LLP
The Guaranty Building
140 Pearl Street, Suite 100
Buffalo, New York 14202
Attn: John J. Zak
David G. Reed
Facsimile: (716) 849-0349
E-mail: jzak@hodgsonruss.com
dreed@hodgsonruss.com

If to the Company (prior to the Closing):

Bracor, Inc.
346 Delaware Avenue
Buffalo, NY 14202
Attn: CEO
Facsimile: (716) 856-7506
E-mail: eric.armenat@willcare.com

With a copy to:

Hodgson Russ LLP
The Guaranty Building
140 Pearl Street, Suite 100
Buffalo, New York 14202
Attn: John J. Zak
David G. Reed
Facsimile: (716) 849-0349
E-mail: jzak@hodgsonruss.com
dreed@hodgsonruss.com

If to Buyer:

c/o Almost Family, Inc.
9510 Ormsby Station Road, Suite 300
Louisville, Kentucky 40223
Attn: President
Facsimile: (502) 891-8067

With a copy to:

Frost Brown Todd LLC
400 West Market Street, 32 nd Floor
Louisville, Kentucky 40202
Attn: Scott W. Dolson
Facsimile: (502) 581-1087
E-mail: sdolson@fbtlaw.com

Any Party may send any notice, request, demand, claim or other communication under this Agreement to the intended recipient at the address set forth above using any other means (including electronic mail), but no such communication shall be deemed to have been duly given unless and until it actually is received by the intended recipient. Any Party may change the address to which communications under this Agreement are to be delivered by giving the other Parties notice in the manner set forth in this Section 10.6.

10.7 Governing Law . This Agreement shall be governed by and construed in accordance with the Laws of the State of Delaware, without giving effect to any choice or conflict of law provision or rule (whether of the State of Delaware or any other jurisdiction) that would cause the application of the Laws of any jurisdiction other than the State of Delaware.

10.8 Amendments and Waivers . No amendment or waiver of any provision of this Agreement shall be valid unless the same shall be in a writing referring to this Agreement signed by Buyer and Sellers' Representative. No waiver by any Party of any default, misrepresentation, or breach of warranty or covenant hereunder, whether intentional or not, shall be deemed to extend to any prior or subsequent default, misrepresentation, or breach of warranty or covenant hereunder or affect in any way any rights arising by virtue of any prior or subsequent such occurrence.

10.9 Severability . Any term or provision of this Agreement that is invalid or unenforceable in any situation in any jurisdiction shall not affect the validity or enforceability of the remaining terms and provisions hereof or the validity or enforceability of the offending term or provision in any other situation or in any other jurisdiction.

10.10 Construction . Any reference to any federal, state, local, or foreign Law shall be deemed also to refer to all rules and regulations promulgated thereunder, unless the context requires otherwise. The word "including" (and variations thereof) shall mean "including, without limitation." All accounting terms used in this Agreement shall have the meanings given to them in accordance with GAAP. All monetary amounts set forth in this Agreement are in United States Dollars. All words used in this Agreement will be construed to be of such gender or singular or plural as the circumstances require. All references to "Section" or "Article" shall be deemed to refer to the provisions of this Agreement unless otherwise expressly provided. The words "this Agreement," "hereof," "hereunder," "herein," "hereby," or words of similar import shall refer to this Agreement as a whole and not to a particular section, subsection, clause or other subdivision of this Agreement, unless the context otherwise requires. The word "or" shall not be construed in its exclusive sense. The Parties have participated jointly in the negotiation and drafting of this Agreement. In the event an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the Parties and no presumption or burden of proof shall arise favoring or disfavoring any Party by virtue of the authorship of any of the provisions of this Agreement.

10.11 Incorporation of Exhibits and Schedules . The Exhibits and Disclosure Schedule identified in this Agreement are incorporated into this Agreement by reference and made a part of this Agreement.

10.12 Specific Performance . Each of the Parties acknowledges and agrees that the other Parties would be damaged irreparably in the event any of the provisions of this Agreement are not performed in accordance with their specific terms or otherwise are breached. Accordingly, each of the Parties agrees that the other Parties shall be entitled, in addition to any other remedy at law or in equity, to an injunction or injunctions to prevent breaches of the provisions of this Agreement and to enforce the terms of this Agreement, in any Delaware State or Federal court sitting in Dover, Delaware by a decree of specific performance without the necessity of proving the inadequacy of money damages as a remedy. Each party hereby waives any requirement for

securing or posting of any bond in connection with such remedy. With respect to any matter contemplated by this Section 10.12, each Party agrees and consents to the exclusive jurisdiction of any Delaware State or Federal court sitting in Dover, Delaware, waives all objections based on lack of venue and forum non conveniens, and irrevocably consents to the personal jurisdiction of all such courts.

10.13 Disclosure Schedule .

(a) The specification of any dollar amount in the representations and warranties contained in this Agreement or the inclusion of any specific item in the Disclosure Schedule is not intended to imply that such amounts (or higher or lower amounts) or such items are or are not material, and no Party shall use the fact of the setting of such amounts or the fact of the inclusion of any such item in the Disclosure Schedule in any dispute, claim or controversy as to whether any obligation, item or matter not described herein or included in the Disclosure Schedule is or is not material for purposes of this Agreement. Any item of information, matter or document disclosed or referenced in, or attached to, the Disclosure Schedule shall not constitute, or be deemed to constitute, an admission to any third party concerning such item or matter. Any reference to a document in the Disclosure Schedule is qualified in its entirety by reference to such document.

(b) The Parties acknowledge that the Disclosure Schedule to this Agreement has excluded the disclosure of those items that would have been disclosed if the Company and the Sellers had treated BHC Services, Inc. as being part of the Company Group on the date of this Agreement and that such items are instead disclosed on the disclosure schedule to the Ohio SPA.

10.14 Sellers' Representative .

(a) Each Seller hereby irrevocably constitutes and appoints Summer Street Capital Partners LLC as his or its true, lawful and sole agent and attorney-in-fact (in such capacity, " Sellers' Representative ") to act for and on behalf of such Seller in all matters relating to or arising out of this Agreement and the Ancillary Documents, including: (i) receiving all demands and notices on or with respect to such Seller under this Agreement and the Ancillary Documents; (ii) taking any action or refraining from taking any action as Sellers' Representative may deem appropriate in its discretion relating to the subject matter of this Agreement and the Ancillary Documents; (iii) executing and delivering the Escrow Agreement and any other Ancillary Documents, any amendment to this Agreement or such Ancillary Documents, and all other instruments and documents of every kind incident to or otherwise relating to this Agreement and the Ancillary Documents; (iv) receiving any payments due from Buyer, making payment of funds, including the authorization of delivery to Buyer of all or any portion of the funds from the Escrow Account or the delivery of indemnification payments (if any) payable by Sellers to any Buyer Indemnitee in satisfaction of an indemnification claim; (v) taking any action on behalf of Sellers or any individual Seller that may be necessary or desirable, as determined by Sellers' Representative in its sole discretion, in connection with negotiating or entering into settlements, resolutions and compromises with respect to the adjustments or payments contemplated by Section 2.5; (vi) accepting notices on behalf of Sellers or any individual Seller in accordance with Section 10.6; and (vii) granting any consent or approval on behalf of Sellers

or any individual Seller under this Agreement or any Ancillary Document. Each Seller shall be fully bound by the acts, decisions and agreements of Sellers' Representative taken and done pursuant to the authority herein granted, and such Seller hereby confirms all that Sellers' Representative shall do or cause to be done by virtue of its appointment as Sellers' Representative. The appointment of Sellers' Representative pursuant to this Section 10.14: (x) is coupled with an interest, shall be irrevocable, and (to the maximum extent permitted by Law) shall survive the dissolution, termination, death, incompetency or bankruptcy of any Seller and shall be binding on his or its beneficiaries, heirs, representatives and successors; and (y) may be exercised by Sellers' Representative by signing separately as Sellers' Representative for each Seller or, after listing all Sellers executing an instrument, by signing as Sellers' Representative for all of them. Buyer and all other Persons may conclusively and absolutely rely, without inquiry, upon any action of Sellers' Representative in all matters referred to in this Agreement.

(b) Each Seller hereby agrees to indemnify and to save and hold harmless Sellers' Representative from any liability incurred by Sellers' Representative based upon or arising out of any act, whether of omission or commission, of Sellers' Representative pursuant to the authority herein granted, other than acts, whether of omission or commission, of Sellers' Representative that constitute gross negligence or willful misconduct in the exercise by Sellers' Representative of the authority granted by this Section 10.14. Sellers' Representative shall be entitled to rely on the advice of counsel, accountants or other independent experts experienced in the matter at issue, and any error in judgment or other act or omission of Sellers' Representative pursuant to such advice shall in no event subject Sellers' Representative to liability to any Seller.

(c) Sellers' Representative, or any successor hereafter appointed, may resign and shall be discharged of his or its duties hereunder upon the appointment of a successor Sellers' Representative, as hereinafter provided. In case of such resignation, or in the event of the inability to act of Sellers' Representative, a successor may be appointed by Sellers' Representative. Each such successor Sellers' Representative shall have all the power, authority, rights and privileges hereby conferred upon the original Sellers' Representative, and the term "Sellers' Representative" as used herein shall be deemed to include such successor Sellers' Representative.

(d) In connection with the performance of its responsibilities as Sellers' Representative under this Agreement, Sellers' Representative shall have the right at any time and from time to time to select and engage, at the cost and expense of Sellers, such attorneys, accountants, investment bankers, advisors, consultants and clerical personnel and obtain such other professional and expert assistance, as Sellers' Representative determines necessary or desirable.

(e) Any costs and expenses (including the fees and expenses of attorneys, accountants and other advisors, if applicable) incurred by Sellers' Representative in performing its obligations under this Agreement in excess of Sellers' Representative Expenses shall be borne pro rata by Sellers in accordance with their respective common equity ownership and each Seller shall pay Sellers' Representative such Seller's share of such costs and expenses within 10 days after delivery to such Seller by Sellers' Representative of written notice thereof. Without limiting the generality of the immediately preceding sentence, Sellers' Representative may withhold and retain from any payments to be made to Sellers such amount or amounts as it shall

determine are necessary to pay all known (or reasonably anticipated) expenses that are required to be paid or borne by Sellers pursuant to this Agreement, or are otherwise incurred by Sellers' Representative in the performance of his or its duties under this Agreement (including all out of pocket expenses) and shall pay all such expenses out of the amount or amounts so withheld.

(f) Unless otherwise agreed in writing by each Seller, Sellers' Representative shall not be entitled to any compensation for the performance of services under this Agreement, but shall be entitled, in accordance with the terms of this Agreement, to Sellers' Representative Expenses and to payment or reimbursement by Sellers of all expenses in excess of Sellers' Representative Expenses incurred as Sellers' Representative. Neither the Company Group nor Buyer will have any obligation to pay or reimburse Sellers' Representative for any of its expenses.

10.15 Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall be deemed to be one and the same agreement. A signed copy of this Agreement delivered by facsimile, e-mail or other means of electronic transmission shall be deemed to have the same legal effect as delivery of an original signed copy of this Agreement.

10.16 Public Statements. Prior to the Closing, Sellers and Buyer agree to cooperate in issuing any press releases or otherwise making public statements with respect to the transactions contemplated by this Agreement (including any statements to Employees of the Company Group) and, prior to the Closing, no press release or other public statements may be issued without the joint consent of Buyer and Sellers; provided, however, that Buyer and its Affiliates may issue press releases or make public statements without Sellers' consent to the extent Buyer or its Affiliates are required by applicable Law, as advised by legal counsel.

[signature page follows]

IN WITNESS WHEREOF , the Parties have caused this Share Purchase Agreement to be duly executed as of the date first above written.

BUYER :

NATIONAL HEALTH INDUSTRIES, INC.

By: /s/ C. Steven Guenthner
Name: C. Steven Guenthner
Title: President

PARENT :

ALMOST FAMILY, INC.

By: /s/ C. Steven Guenthner
Name: C. Steven Guenthner
Title: President

COMPANY :

BRACOR, INC.

By: /s/ Eric Armenat
Eric Armenat, President and CEO

SELLERS :

SUMMER STREET CAPITAL II, L.P.

By: SUMMER STREET CAPITAL II ADVISORS, LLC, its general partner

By: /s/ Brian D'Amico
Name: Brian D'Amico
Title: Manager

SUMMER STREET CAPITAL NYS FUND II, L.P.

By: SUMMER STREET CAPITAL II ADVISORS, LLC, its general partner

By: /s/ Brian D'Amico
Name: Brian D'Amico
Title: Manager

/s/ David W. Brason
David W. Brason

/s/ Todd W. Brason
Todd W. Brason

David W. Brason Multi-Generational Irrevocable Trust

By: /s/ Anthony Eugeni
Name: Anthony Eugeni
Title: Trustee

By: /s/ Jessica H. Brason
Name: Jessica H. Brason
Title: Trustee

Exhibit B to Share Purchase Agreement

Preliminary Adjusted EBITDA Calculation

See attached

Exhibit B - Preliminary Adjusted EBITDA Calculation

Adjusted EBITDA shall be calculated for the Calculation Period in the following manner:

	Preliminary Results for Fiscal Year Ending December 31, 2014						
	WLHV	**WLWN**	**WCWN**	**WCHV**	**WCCT**	**CHHC**	**Total**
Net Income	$ 883,255	$ 971,274	$ 472,661	$ 2,197,689	$ (677,752)	$ (254,285)	$ 3,592,842
Plus: Income Taxes	—	—	—	—	4,772	585	5,357
Plus: Assessments and Fees (1)	—	—	—	—	—	—	—
Plus: Interest Expense	21,464	—	—	—	—	13,005	34,469
Plus: Depreciation & Amortization	125,541	9,281	16,142	63,871	25,374	551,155	791,364
Plus: Administrative Overhead Allocation	804,068	597,171	923,099	1,473,160	593,001	—	4,390,499
Plus: Non-Recurring Expenses (2)	—	—	—	29,625	40,543	806	70,974
Plus: Prior Period Expenses	—	—	—	—	—	—	—
Less: Prior Period Income	(32,233)	(98,171)	(26,321)	(26,394)	(166,947)	(19,739)	(369,805)
Adjusted EBITDA	**$ 1,802,095**	**$ 1,479,555**	**$ 1,385,581**	**$ 3,737,951**	**$ (181,009)**	**$ 291,527**	**$ 8,515,700**

(1) If the New York Provider Tax or other comparable New York State taxes levied on home health agencies operating in the State of New York is eliminated or “sunsets” at any time prior to Closing, then the provision for such tax would be excluded from the determination of the actual reported branch contribution to Annualized EBITDA

(2) Non-recurring expenses subject to the reasonable approval of Buyer including, but not limited to, excessive recruiting costs, expenses related to the ICD-10 conversion, amounts paid pursuant to the Leadership Retention Plan and the Retention Bonus Plan, and expenses incurred relating to the execution of this Agreement.

Exhibit O to Share Purchase Agreement

List of Regulatory Approvals

New York State Department of Health (Public Health and Health Planning Council) (regulatory approval required for transfer of ownership for license to operate)

New York State Department of Health (regulatory application required to obtain new CLIA Certificate)

New York State Medicaid Program (regulatory notice of transfer of ownership for Medicaid Program)

State of Connecticut Department of Public Health (regulatory notice of transfer of ownership required for license to operate)

State of Connecticut Department of Consumer Protection (regulatory notice for transfer of ownership for homemaker/companion license)

State of Connecticut (regulatory notice of transfer of ownership for Medicaid Program)

State of Connecticut Department of Public Health (regulatory notice required for transfer of ownership of CLIA Certificate)

CMS Medicare Administrative Contractor (only necessary in the unlikely event that the transfer of ownership is not deemed to be a sale of stock).

Exhibit 2.2

Execution Copy

STOCK PURCHASE AGREEMENT

by and among

NATIONAL HEALTH INDUSTRIES, INC.,

ALMOST FAMILY, INC.,

and

BRACOR, INC.

dated as of

February 24, 2015

TABLE OF CONTENTS

EXHIBITS AND SCHEDULES

Exhibit A — Form of Transition Services Agreement
Disclosure Schedule — Exceptions to Representations and Warranties of the Holding Company and Certain Other Exceptions and Disclosures*

*Schedules have been omitted pursuant to Item 601(b)(2) of Regulation S-K. Almost Family hereby undertakes to furnish supplementally copies of any of the omitted schedules upon request by the U.S. Securities and Exchange Commission.

STOCK PURCHASE AGREEMENT

THIS STOCK PURCHASE AGREEMENT (this " Agreement ") dated as of February 24, 2015, is entered into by and among National Health Industries, Inc., a Kentucky corporation (" Buyer "), Almost Family, Inc., a Delaware corporation (" Parent "), and Bracor, Inc., a New York corporation (the " Holding Company "), Each of Buyer, Parent and the Holding Company is referred to in this Agreement individually as a " Party " and together as the " Parties ." Capitalized terms not otherwise defined in this Agreement have the meanings given to such terms in Article I.

RECITALS

WHEREAS , the Holding Company owns all of the issued and outstanding shares of capital stock (the " Company Shares ") of BHC Services, Inc. (the " Company "), a New York corporation, which provides home health services in Ohio;

WHEREAS , the Parties desire that, upon the terms and subject to the conditions set forth in this Agreement, Buyer will purchase from, and Holding Company will sell to Buyer, all of the Shares;

WHEREAS , Buyer is a wholly owned subsidiary of Parent, and Parent desires to guarantee certain obligations of Buyer under this Agreement; and

WHEREAS , simultaneously with the execution and delivery of this Agreement, the Parties and the shareholders of Bracor, Inc. entered into a Share Purchase Agreement (the " Bracor SPA ") pursuant to which Buyer agreed to purchase all of the stock of the Holding Company from such shareholders.

NOW, THEREFORE , in consideration of the premises and the mutual covenants and agreements contained in this Agreement, the Parties agree as follows:

ARTICLE I
DEFINITIONS

Unless otherwise expressly provided in this Agreement, the following terms, as used in this Agreement, have the following meanings:

" Accounting Policies and Principles " means GAAP using and applying the same accounting principles, practices, procedures, policies and methods (with consistent classifications, judgments, elections, inclusions, exclusions and valuation and estimation methodologies) used and applied by the Company Group in the preparation of the Most Recent Audited Financial Statements (as defined in the Bracor SPA). But to the extent that the accounting principles, practices, procedures, policies and methods used and applied by the Company Group in the preparation of the Most Recent Audited Financial Statements are not in accordance with GAAP, then the applicable determination or preparation of financial information required by this Agreement shall be undertaken without regard to the accounting principles, practices, procedures, policies or methods that deviate from GAAP.

" Acquisition Date " means July 18, 2008.

" Action " means any claim, action, cause of action, demand, lawsuit, arbitration, inquiry, audit, notice of violation, proceeding, litigation, citation, summons, subpoena or investigation of any nature, civil, criminal, administrative, regulatory or otherwise, whether at law or in equity.

" Affiliate " means, with respect to any Person, any other Person directly or indirectly controlling, controlled by, or under common control with, such Person and, in the case of an individual, includes the individual's immediate family, and the trustees of a trust the beneficiaries of which include any one or more of the foregoing.

" Agreement " is defined in the preamble to this Agreement.

" Ancillary Documents " means the agreements, documents, instruments and certificates contemplated by this Agreement to be executed in connection with the consummation of the transactions contemplated by this Agreement.

" Balance Sheet Date " means December 31, 2014.

" Benefit Plans and Arrangements " is defined in Section 5.20(a).

" Bracor SPA " is defined in the recitals to this Agreement.

" Business " means the business of operating home health agencies in Ohio as currently conducted by the Company and the Holding Company.

" Business Day " means any day other than a Saturday, a Sunday or a United States federal or New York State banking holiday.

" Buyer " is defined in the preamble to this Agreement.

" Buyer Closing Certificate " has the meaning set forth in Section 7.2(e).

" Buyer's Fundamental Representations " is defined in Section 8.1(a)(ii).

" Buyer Indemnitees " is defined in Section 8.2.

" Buyer Losses " is defined in Section 8.2.

" Cerner " is defined in Section 8.2(j).

" Claim for Indemnification " means a good faith written notice by the Buyer Indemnitees or the Seller Indemnitees asserting a claim for Losses under Article VIII delivered in accordance with Section 10.6. Such notice shall provide, in reasonable detail: (i) a specific description of the Losses that the Indemnified Party has suffered, or is reasonably likely to suffer; (ii) the dollar amount of such Losses (to the extent known or ascertainable, or if not, a good faith estimate of the amount thereof with reasonable explanation of the basis for the estimate); (iii) the representation, warranty or covenant set forth in this Agreement the breach of which is giving rise to such Losses; and (iv) the facts and circumstances underlying such asserted breach.

" Closing " is defined in Section 2.4.

" Closing Date " is defined in Section 2.4.

" Code " means the Internal Revenue Code of 1986, as amended.

" Commitment " means any: (i) option, warrant, convertible security, exchangeable security, subscription right, conversion right, exchange right or other contract that requires an Entity to issue any of its Equity Interests; (ii) other security convertible into, exchangeable or exercisable for, or representing the right to subscribe for, any Equity Interest of an Entity; (iii) statutory pre-emptive right or pre-emptive right granted under an Entity's Organizational Documents; and (iv) stock appreciation right, phantom stock, profit participation or other similar right with respect to an Entity.

" Company " is defined in the recitals to this Agreement.

" Company Group " means the Holding Company and its Subsidiaries (as defined in the Bracor SPA) together, and, as appropriate, shall mean each of the Holding Company and the Subsidiaries separately.

" Company Indebtedness " means, as of any particular time, with respect to the Company, the outstanding principal amount of, accrued and unpaid interest on, and other payment obligations (including any prepayment fees, make-whole premiums or other similar fees or premiums payable as a result of the repayment of such Indebtedness on the Closing Date) arising under, without duplication: (i) indebtedness for borrowed money, including all liabilities generally regarded as indebtedness for borrowed money in accordance with GAAP; (ii) indebtedness evidenced by any note, bond, debenture, mortgage or other debt security; (iii) obligations under capitalized leases determined under GAAP; (iv) indebtedness secured by an Encumbrance on assets or properties; (v) accrued and unpaid director and management fees; (vi) obligations under any performance bond or letter of credit, but only to the extent drawn or called prior to the Closing Date; (vii) guarantees with respect to any indebtedness, obligation or liability of any other Person of a type described in clauses (i) through (vi) above; and (viii) obligations under interest rate, currency or commodity hedging transactions, including swaps, hedges, collars, futures and similar arrangements; provided , that , Company Indebtedness shall not include any intercompany Company Indebtedness.

" Company Intellectual Property " is defined in Section 5.15(a).

" Company Shares " is defined in the recitals to this Agreement.

" Company Transaction Expenses " means, without duplication, all amounts due and payable (and not previously paid) for costs and expenses incurred by the Company in connection with the negotiation and preparation of this Agreement and the consummation of the transactions contemplated hereby, including for services rendered by third party brokers, bankers, attorneys, accountants or other representatives.

" Confidentiality Agreement " means that certain Confidentiality Agreement, dated July 29, 2014, entered into by Parent in favor of the Company.

" Contract " means any contract, agreement or other legally binding commitment, whether written or oral, to which the Company is a party and which is in effect as of the date of this Agreement.

" Decree " means any injunction, judgment, order, decree or ruling of any applicable Governmental Authority.

" Deductible Amount " is defined in Section 8.6(a)(i).

" Disclosure Schedule " is defined in Article III.

" Effective Time " means 12:01 a.m. on March 1, 2015, unless a different Effective Time is agreed to in writing by Holding Company and Buyer prior to the Closing.

" Employee " means any individual who, as reflected in the payroll records of the Company, is, as of a specified date: (i) employed by and rendering personal services to the Company; (ii) receiving short-term or long-term disability benefits from the Company under a Benefit Plan and Arrangement; or (iii) on vacation or an approved leave of absence from his or her employment with the Company.

" Encumbrance " means, with respect to any asset, any mortgage, pledge, lien, encumbrance, easement, right of way, property right or interest, restriction on transfer, security interest, or defect in title in respect of such asset. For the avoidance of doubt, the term "Encumbrance" shall not include any license of any Intellectual Property.

" Entity " means a partnership, a corporation, a limited liability company, an association, a trust, a joint venture or an unincorporated organization.

" Environment " means surface or ground water, water supply, soil, the ambient air, oceans, rivers or other bodies of water.

" Environmental Laws " means all Laws that relate to the prevention, abatement or elimination of pollution or the protection of the Environment.

" Equity Interest " means: (i) with respect to a corporation, any share of its capital stock; (ii) with respect to a limited liability company, any of its units or other limited liability company interests; and (iii) any other direct equity ownership in an Entity.

" ERISA " means the Employee Retirement Income Security Act of 1974, as amended.

" Fundamental Representations " is defined in Section 8.1(a)(ii).

" GAAP " means United States generally accepted accounting principles as in effect from time to time.

" Governmental Authority " means any foreign, federal, national, state, provincial, local or other government, governmental authority or regulatory body, agency, instrumentality or

commission or any court, tribunal or judicial or arbitral body, or any entity exercising regulatory or administrative functions of or pertaining to a government or political subdivision thereof.

" Governmental Programs " is defined in Section 5.10(b)(v).

" Hazardous Substance " means any liquid, gaseous or solid material, substance or waste that is defined or listed as hazardous or toxic under any applicable Environmental Law.

" Health Care Laws " is defined in Section 5.10(b).

" Health Care Permits " is defined in Section 5.10(c).

" Holding Company " is defined in the preamble to this Agreement.

" Holding Company Closing Certificate " is defined in Section 7.1(e).

" Home Health Agency " means the home health agency owned or operated by the Company.

" Indemnification Escrow Amount " means the Indemnification Escrow Amount as defined in the Bracor SPA.

" Indemnified Party " is defined in Section 8.4(a).

" Indemnifying Party " is defined in Section 8.4(a).

" Intellectual Property " means all patents, patent applications, trademarks, service marks and trade names, and all registrations and applications therefor, copyrights, copyright registrations and applications, internet domain names, software, trade secrets, and know how, in each case, to the extent protectable by applicable Law.

" Knowledge of the Company " or " Company's Knowledge " means the actual knowledge of Todd Brason, David Brason, Eric Armenat, Patrick Mathews and Andrew Fors.

" Law " means any constitution, statute, treaty, code, ordinance, law, rule or regulation of any applicable Governmental Authority.

" Leased Property " is defined in Section 5.6(b).

" Losses " is defined in Section 8.2.

" M&T Bank " is defined in Section 2.3(a).

" Material Adverse Change " or " Material Adverse Effect " means any event, occurrence, fact, condition or change that is, or could reasonably be expected to become, individually or in the aggregate, materially adverse to (a) the business, results of operations, condition (financial or otherwise), assets or prospects of the Company, or (b) the ability of Holding Company to consummate the transactions contemplated hereby on a timely basis; provided , however , that the term "Material Adverse Change" or "Material Adverse Effect" shall not include, alone or in

combination, and no change, event or occurrence arising from or relating to any of the following shall be taken into account in determining whether there has been a "Material Adverse Change" or "Material Adverse Effect": (i) general conditions affecting the U.S. health care or home care industries, the U.S. economy or financial markets; (ii) any national or international political or social conditions, including an outbreak or escalation of hostilities, acts of terrorism, military acts, political instability or other national or international calamity, crisis or emergency, or any governmental or other response to the foregoing, in each case whether or not involving the United States; (iii) changes resulting from the conduct of Buyer; (iv) changes in GAAP; or (v) actions or omissions of the Company taken in accordance with this Agreement or with the consent of Buyer; provided further , however , that any event, occurrence, fact, condition or change referred to in clauses (i) and (ii) immediately above shall be taken into account in determining whether a Material Adverse Effect has occurred or could reasonably be expected to occur to the extent that such event, occurrence, fact, condition or change has a disproportionate effect on the Business compared to other participants in the industries in which the Business operates. In connection with the determination of whether a Material Adverse Change or Material Adverse Effect has occurred, the failure by the Company to meet any projections, forecasts or revenue or earnings predictions for any period ending (or for which revenues or earnings are determined) shall not be considered.

" Material Contracts " is defined in Section 5.16(a).

" Multiemployer Plan " means a multiemployer plan as defined in Section 3(37) of ERISA.

" Non-Health Care Permits " is defined in Section 5.12.

" Ordinary Course of Business " means the conduct of the Business in a manner substantially consistent with the regular conduct thereof by the Company, including any activities associated with, or in anticipation of, this Agreement or the transactions ontemplated by this Agreement.

" Organizational Documents " means: (i) in the case of a corporation, the articles or certificate of incorporation and bylaws of such corporation; (ii) in the case of a limited liability company, the articles or certificate of formation and operating agreement of such limited liability company; and (iii) in the case of a limited partnership, the articles or certificate of limited partnership and the partnership agreement of such limited partnership, including, in each case, any documents analogous or comparable to, and any amendments to, the foregoing documents.

" Parent " is defined in the preamble to this Agreement.

" Parties " is defined in the preamble to this Agreement.

" Permits " means permits, licenses, consents, certifications, approvals, certificates of need, and other authorizations required from any Governmental Authority.

" Permitted Encumbrances " means any of the following: (i) any liens for Taxes and assessments of Governmental Authorities not yet due and payable or that are being contested in good faith by appropriate proceedings; (ii) any authorization, consent, approval, certificate,

license, order or filing the failure to obtain which would not constitute a breach of a representation or warranty set forth in Section 5.4; (iii) any liens in favor of vendors, carriers, warehousemen, repairmen, mechanics, workmen, materialmen, construction or similar liens arising by operation of law or in the Ordinary Course of Business in respect of obligations that are not yet due and payable, that are not yet subject to penalties for delinquent nonpayment, or that are being contested in good faith by appropriate proceeding; (iv) any zoning, building code, land use, planning, zoning, entitlement, environmental or similar laws or regulations imposed by any Governmental Authority; (v) workers' or unemployment compensation liens arising in the Ordinary Course of Business; (vi) the interests of lessors in equipment leased or loaned to the Company; (vii) any liens that will be discharged or released either prior to, or substantially simultaneous with, the Closing; (viii) any liens created by Buyer or its Affiliates; and (ix) any title defects or imperfections of title, easements, rights-of-way, covenants, restrictions and other similar non-monetary encumbrances which, in the aggregate, do not materially detract from the value of the property subject thereto or materially interfere with the continued use and operation of the property or asset as presently used or operated.

" Person " means an individual, an Entity or a Governmental Authority.

" PPACA " is defined in Section 8.2(i).

" Pre-Closing Tax Periods " means any taxable period ending on or before the Closing Date and, with respect to any taxable period beginning before and ending after the Closing Date, the portion of such taxable period ending on and including the Closing Date.

" Pre-Closing Taxes " means all Taxes of the Company for Pre-Closing Taxable Periods.

" Private Program " is defined in Section 5.10(b)(ii).

" Proceeding " means any action, litigation, suit, claim, dispute, demand, investigation, review, hearing, charge, complaint or other judicial or administrative proceeding, at law or in equity, before or by any Governmental Authority or arbitration or other dispute resolution proceeding.

" Protected Health Information " is defined in Section 5.10(b)(vii).

" Purchase Price " is defined in Section 2.2.

" Qualified Plan " is defined in Section 5.20(e).

" Real Property Lease " is defined in Section 5.6(b).

" Regulatory Approvals " means any approvals regarding changes in the ownership of the Company required to be obtained in order to consummate the transactions contemplated by this Agreement and for the Company to operate the Business after the Closing, including such approvals that are issued by (i) the Centers for Medicare and Medicaid Services; and (ii) the State of Ohio in connection with the Company's participation in the Medicaid program.

" Related Parties " means any shareholder, officer or director of the Holding Company or any Subsidiary (as defined in the Bracor SPA) and, with respect to any shareholder of the Holding Company any Representative or Affiliate of such shareholder. If a shareholder is an individual, Related Parties includes shareholder's siblings, parents, spouse and children and any family entity controlled or maintained for the benefit of one or more of such family members.

" Representatives " means, with respect to any Person, any and all directors, officers, employees, consultants, financial advisors, counsel, accountants and other agent of such Person.

" Required Consents and Filings " is defined in Section 6.1(b).

" Restricted Business " is defined in Section 6.16(a).

" Restriction Period " is defined in Section 6.16(a).

" Retained Employee Liabilities " means (i) compensation and bonus amounts payable to current and former Employees of the Company with respect to the pre-Closing period; (ii) any change in control, severance, stay bonus, transaction bonus or related or similar obligations payable to a current or former Employee or other service provider of the Company, and (iii) Losses arising out of or relating to Benefit Plans and Arrangements and relating to the period prior to the Closing Date, to the extent not reserved for on the Balance Sheet.

" Seller Indemnitees " is defined in Section 8.3.

" Sellers' Taxes " is defined in Section 6.15(b).

" Stockholders Agreement " means the Shareholders Agreement, dated as of July 18, 2008, as amended, by and among the Holding Company and its stockholders.

" Straddle Period " is defined in Section 6.15(a).

" Tax " or " Taxes " means any federal, state, local or foreign income, gross receipts, capital, bulk, production, license, payroll, employment, excise, severance, stamp, recording, occupation, premium, windfall profits, environmental, customs duties, capital stock, franchise, single business, profits, margin, withholding, social security, unemployment, disability, real property, real estate excise, mortgage, inventory, personal property, intangible property, sales, use, ad valorem, transfer, registration, value added, alternative or add-on minimum, estimated or other tax of any kind whatsoever, including any interest, penalties, fines, additions to tax or additional amounts imposed by any Governmental Authority with respect thereto, and any items described in this paragraph that are attributable to another Person but that the Company is liable to pay by law or by contract (including, without limitation, any items described in this paragraph arising as a result of (i) being (or having been) a member of an affiliated, consolidated, combined or unitary group pursuant to Treasury Regulation § 1.1502-6 or any analogous or similar state, local, or non-U.S. law or regulation, or (ii) being a transferee or successor, by contract or pursuant to any law, rule, or regulation, of any other Person).

" Tax Benefit " means any refund of Taxes paid or reduction in the amount of Taxes which otherwise would have been paid, in each case computed at the highest marginal tax rates applicable to the recipient of such benefit.

" Tax Return " means any return, declaration, report, claim for refund, or information return or statement relating to Taxes, including any schedule or attachment thereto, and including any amendment thereof.

" Termination Date " is defined in Section 9.1(b).

" Territory " is defined in Section 6.16(a).

" Third Party Claim " means any Proceeding by or before any Governmental Authority or any arbitration or other alternative dispute resolution proceeding made or brought by any Person who is not a Party or an Affiliate of a Party.

" Third Party Payor " includes any entity charged with paying claims or reimbursing the Business for health care services provided to Governmental Program or Private Program patients including but not limited to Government Program fiscal intermediaries and carriers and Private Program health insurance administrators or third party administrators.

" TSA " is defined in Section 7.1(e).

ARTICLE II
PURCHASE AND SALE OF SHARES

2.1 Basic Transaction . Upon the terms and subject to the conditions of this Agreement, Buyer agrees to purchase from the Holding Company, and the Holding Company agrees to sell to Buyer, all of the Company Shares for the consideration specified in this Article II.

2.2 Purchase Price . In consideration for the Company Shares, Buyer shall pay, in accordance with the terms of this Article II, the sum of Three Million Dollars ($3,000,000) (the " Purchase Price ").

2.3 Payments at Closing .

(a) At Closing, Buyer shall pay to Manufacturers and Traders Trust Company (" M&T Bank ") at the Holding Company's direction an amount equal to satisfy the Company Indebtedness owed to M&T Bank pursuant to a payoff or similar letter with respect to the repayment and satisfaction, simultaneous with the Closing, of the Company Indebtedness listed in Section 2.3(a) of the Disclosure Schedule; and

(b) At Closing, Buyer shall pay to the Holding Company an amount equal to the balance of the Purchase Price after deducting the payoff amount in accordance with Section 2.3(a) by wire transfer of immediately available funds, in accordance with the instructions provided by the Holding Company no later than two Business Days prior to the Closing.

2.4 Closing . The closing of the transactions contemplated by this Agreement (the " Closing ") shall take place at the offices of Hodgson Russ LLP, Buffalo, New York, commencing at 9:00 a.m., local time within three Business Days following the satisfaction or waiver of the last of the conditions to the obligations of the Parties to consummate the transactions contemplated by this Agreement (other than conditions with respect to actions each Party will take at the Closing itself), or such other date as the Parties may mutually determine (the " Closing Date "). The Parties may mutually agree to consummate the Closing via electronic exchange of execution versions of the agreements and documents contemplated by this Agreement and the signed signature pages thereto via facsimile or via email by PDF.

2.5 Deliveries at Closing . At Closing:

(a) Buyer will deliver to the Holding Company the certificates, instruments, and documents referred to in Section 7.2;

(b) the Holding Company will deliver to Buyer the certificates, instruments, and documents referred to in Section 7.1;

(c) The Holding Company will deliver to Buyer stock certificates and duly executed assignment instruments with respect to the Company Shares; and

(d) Buyer will make the payments specified in Section 2.3.

ARTICLE III
REPRESENTATIONS AND WARRANTIES OF THE HOLDING COMPANY

The Holding Company represents and warrants to Buyer that the statements contained in this Article III are correct and complete as of the date of this Agreement, except as set forth in the disclosure schedule delivered by the Holding Company to Buyer on the date of this Agreement (the " Disclosure Schedule "). The Disclosure Schedule will be arranged in paragraphs corresponding to the numbered and lettered paragraphs contained in this Article III, and the disclosure in any such numbered and lettered Section of the Disclosure Schedule shall qualify the corresponding numbered and lettered paragraphs in this Article III, and any other paragraph to the extent the relevance of such disclosure is reasonably apparent on its face.

3.1 Organization . The Holding Company is duly organized, validly existing, and in good standing under the Laws of the jurisdiction of its formation.

3.2 Authorization of Transaction . The Holding Company has the requisite capacity, power and authority to execute and deliver this Agreement and each of the Ancillary Documents to which it is a party, and to perform its obligations under this Agreement and each such Ancillary Document. This Agreement has been, and each of the Ancillary Documents to which it is a party, when entered into by the Holding Company, will be, duly and validly executed and delivered by the Holding Company and, assuming the due authorization, execution and delivery by the other parties hereto and thereto, this Agreement constitutes, and each of the Ancillary Documents to which the Holding Company is a party, when entered into by the Holding Company, will constitute, the valid and legally binding obligation of the Holding Company, enforceable against the Holding Company in accordance with its terms and conditions, subject to

applicable bankruptcy, insolvency, reorganization, moratorium and other similar Laws affecting creditors' rights generally and general principles of equity.

3.3 Non-Contravention . Neither the execution and the delivery of this Agreement, nor the consummation of the transactions contemplated hereby: will (a) violate any Law, Decree, or other restriction of any Governmental Authority to which the Holding Company is subject or any provision of its Organizational Documents; (b) conflict with, result in a breach of, constitute a default under, result in the acceleration of any obligation under, create in any party the right to accelerate, terminate, modify, or cancel, or require any notice under, any agreement, contract, lease, license, instrument, or other arrangement to which the Holding Company is a party or by which it is bound or to which any of its assets is subject; or (c) result in the imposition of an Encumbrance on any of the Company Shares. Except for the Regulatory Approvals, the Holding Company is not required to give any notice to, make any filing with, or obtain any authorization, consent or approval of any Governmental Authority in order to consummate the transactions contemplated by this Agreement.

3.4 Ownership of Company Shares . The Holding Company holds of record and owns beneficially all of the Company's issued and outstanding stock, free and clear of any restrictions or Encumbrances (other than restrictions of general applicability imposed by federal or state securities laws). At the Closing, the transfer of the Company Shares in the manner and on the terms and conditions provided in this Agreement will transfer to Buyer good and valid title to all of the Company Shares, free and clear of all Encumbrances (other than restrictions of general applicability imposed by federal or state securities laws). The Holding Company is not a party to any agreement restricting the Holding Company's ability to sell, transfer or otherwise dispose of any the Company Shares. The Holding Company is not a party to any voting trust, proxy or other agreement or understanding with respect to the voting of any of the Company Shares.

ARTICLE IV
REPRESENTATIONS AND WARRANTIES OF BUYER

Buyer represents and warrants to the Holding Company that the statements contained in this Article IV are correct and complete as of the date of this Agreement.

4.1 Organization . Buyer is a corporation duly organized, validly existing, and in good standing under the Laws of the Commonwealth of Kentucky.

4.2 Authorization of Transaction . Buyer has the requisite power and authority to execute and deliver this Agreement and each of the Ancillary Documents to which it is a party, and to perform its obligations under this Agreement and each such Ancillary Document. This Agreement has been, and the Ancillary Documents to which it is a party, when entered into by Buyer, will be, duly and validly executed and delivered by Buyer and, assuming the due authorization, execution and delivery by the other parties hereto and thereto, this Agreement constitutes, and the Ancillary Documents to which Buyer is a party, when entered into by Buyer, will constitute, the valid and legally binding obligation of Buyer, enforceable against it in accordance with its terms and conditions, subject to applicable bankruptcy, insolvency, reorganization, moratorium and other similar Laws affecting creditors' rights generally and general principles of equity.

4.3 Non-Contravention . Neither the execution and the delivery of this Agreement, nor the consummation of the transactions contemplated hereby, will: (a) violate any Law, Decree, or other restriction of any Governmental Authority to which Buyer is subject or any provision of its Organizational Documents; or (b) conflict with, result in a breach of, constitute a default under, result in the acceleration of any obligation under, create in any party the right to accelerate, terminate, modify, or cancel, or require any notice under, any agreement, contract, lease, license, instrument, or other arrangement to which Buyer is a party or by which it is bound or to which any of its assets is subject. Buyer is not required to give any notice to, make any filing with, or obtain any authorization, consent, or approval of any Governmental Authority in order to consummate the transactions contemplated by this Agreement.

4.4 Brokers' Fees . Buyer has no liability or obligation to pay any fees or commissions to any broker, finder, or agent with respect to the transactions contemplated by this Agreement.

4.5 Investment . Buyer, individually or together with its Affiliates: (a) is an informed, sophisticated entity with sufficient knowledge and experience in investment and financial matters so as to be capable of evaluating the risks and merits of its purchase of the Company Shares; (b) has determined that the purchase of the Company Shares is consistent with its general business and investment objectives; (c) understands that the purchase of the Company Shares involves business and other risks; (d) is financially able to bear the risks of purchasing the Company Shares; (e) is acquiring the Company Shares for its own account for the purpose of investment and not with a view to or for sale in connection with any distribution thereof; (f) understands that the Company Shares have not been registered under the Securities Act or the securities laws of any state and, accordingly, must be held indefinitely unless a subsequent disposition thereof is registered under the Securities Act or qualified under such state laws or is exempt from such registration or qualification; and (g) is an "accredited investor" as defined in Rule 501(a) under the Securities Act.

4.6 Financial Ability to Perform . Buyer has, as of the date of this Agreement, available cash funds, credit facilities or other sources of immediately available funds sufficient to consummate the transactions contemplated by this Agreement.

4.7 Investigation by Buyer . Buyer acknowledges that it and its Affiliates have: (a) had an opportunity to discuss the business, management and financial affairs of the Company with officers of the Holding Company; (b) conducted, to their satisfaction, their own independent investigation of the Company; and (c) in making the determination to proceed with the transactions contemplated by this Agreement, relied on the results of their own independent investigation and the representations and warranties of the Holding Company in Articles III and V.

4.8 No Reliance . Buyer is not relying on any representations, warranties, statements or omissions of the Holding Company, the Company or any other Person, other than the representations and warranties expressly set forth in Article III and Article V.

4.9 Litigation . There is no Proceeding pending, or to Buyer's knowledge, threatened, against Buyer which seeks to enjoin, restrict or prohibit the consummation of the transactions contemplated by this Agreement.

ARTICLE V
REPRESENTATIONS AND WARRANTIES OF THE HOLDING COMPANY

The Holding Company represents and warrants to Buyer that the statements contained in this Article V are (i) correct and complete as of the date of this Agreement or (ii) to the extent made as of or with respect to a specific date, correct and complete as of such date, except, in each case, as set forth in the Disclosure Schedule. The Disclosure Schedule will be arranged in paragraphs corresponding to the numbered and lettered paragraphs contained in this Article V, and the disclosure in any such numbered and lettered Section of the Disclosure Schedule shall qualify the corresponding numbered and lettered paragraphs in this Article V, and any other paragraph to the extent the relevance of such disclosure is reasonably apparent on its face.

5.1 Organization, Qualification, Corporate Power and Authorization . The Company is duly organized, validly existing, and in good standing under the Laws of the state of New York. The Company is qualified to do business and is in good standing in the state of Ohio and in each jurisdiction where such qualification is required. The Company has full corporate power and authority to carry on the business in which it is engaged and to own and use the properties owned and used by it.

5.2 Authorization of Transaction . The entering into and performance by the Holding Company of its obligations under this Agreement have been duly authorized by its Board and Directors and as otherwise required under applicable Law and the Holding Company's Organizational Documents.

5.3 Capitalization . Section 5.3 of the Disclosure Schedule sets forth: (a) the number of authorized shares for each class of the Company's capital stock; (b) the number of issued and outstanding shares of each class of the Company's capital stock, all of which have been duly authorized and are validly issued, fully paid and non-assessable, and the holders of each outstanding share of Company capital stock. There are no outstanding Commitments that would require the Company to issue, sell or otherwise cause to become outstanding any of its Equity Interests. Except as set forth in the Company's Organizational Documents and the Stockholders Agreement, there are no voting trusts, proxies, or other agreements or understandings with respect to the voting of the Company Shares. Pursuant to the terms of this Agreement, the Holding Company shall transfer and assign to Buyer good and valid title to all of the Company's issued and outstanding capital stock.

5.4 Non-Contravention . Neither the execution and the delivery of this Agreement, nor the consummation of the transactions contemplated hereby, will: (a) violate any Law, Decree or other restriction of any Governmental Authority to which the Company is subject or any provision of the Organizational Documents of the Company; (b) conflict with, result in a breach of, constitute a default under, result in the acceleration of any obligation under, create in any party the right to accelerate, terminate, modify, or cancel, or require any notice under, any Material Contract; or (c) result in the imposition of an Encumbrance on any of the material assets

of the Company, except, in each case, where such violation, conflict, breach, default, acceleration, termination, modification, cancelation or notice would not have a Material Adverse Effect. Except for the Required Consents and Filings, and as set forth in Section 5.4 of the Disclosure Schedule, the Company is not required to give any notice to, make any filing with, or obtain any authorization, consent, or approval of any Person in order for the Parties to consummate the transactions contemplated by this Agreement.

5.5 Brokers' Fees . The Company has no liability or obligation to pay any fees or commissions to any broker, finder, or agent with respect to the transactions contemplated by this Agreement.

5.6 Real Property .

(a) The Company does not currently own, or has ever at any time owned, any real property.

(b) Section 5.6(b) of the Disclosure Schedule contains a list of each real property lease to which the Company is a party (each, a " Real Property Lease ," and all real property under such leases being collectively, the " Leased Property "). To the Company's Knowledge, each Real Property Lease is valid, binding and enforceable and in full force and effect. The Company is not in default under any Real Property Lease.

(c) The Leased Property constitutes all of the real property used, in any material respect, in connection with the operation of the Business, and is adequate to conduct the Business as currently conducted.

(d) The Company is in actual occupancy and in compliance in all material respects with the provisions of each Real Property Lease. Each Real Property Lease is in full force and effect, and, to the Knowledge of the Company, no other party to any of such leases is in breach or default under any Real Property Lease nor has any event occurred nor does any circumstance exist which, with the delivery of notice, the passage of time, or both, would or could constitute a breach or default thereunder.

(e) With respect to the Leased Property, the Company has not received any written notice of (i) material violations of building codes and/or zoning ordinances or other governmental or regulatory laws, (ii) existing, pending, or threatened condemnation proceeding, or (iii) existing, pending, or threatened zoning, building code, or other moratoria proceedings, or similar matters.

5.7 Subsidiaries . The Company has no subsidiaries and is not a party to any joint venture arrangement.

5.8 Financial Statements .

(a) Section 5.8 of the Disclosure Schedule sets forth an internally prepared balance sheet of the Company as of and for the fiscal year ended on the Balance Sheet Date; (the " Balance Sheet "). Except as may be indicated in the notes thereto and except for normal year-end adjustments and the lack of all footnotes and other presentation items required under GAAP,

the Balance Sheet has been prepared (i) from the books and records of the Company consistent with past practices, and (ii) in accordance with the Accounting Policies and Principles, applied on a consistent basis throughout the periods covered thereby, and presents fairly, in all material respects, the financial condition and results of operations and cash flows of the Company as of their respective dates and for the respective periods covered thereby.

(b) The Company has implemented and maintains a system of internal control over financial reporting sufficient to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements and that transactions are recorded as necessary to permit preparation of financial statements in conformity with GAAP. The Company maintains internal accounting controls sufficient to provide reasonable assurances that (i) transactions are executed in accordance with management's general or specific authorizations, (ii) transactions are recorded as necessary to permit preparation of financial statements in conformity with GAAP and to maintain accountability for assets, (iii) access to assets is permitted only in accordance with management's general or specific authorization, and (iv) the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences.

(c) All classifications, judgments, elections, inclusions, exclusions and valuation and estimation methodologies used and applied by the Company in the preparation of the Balance Sheet are in accordance with GAAP.

5.9 Absence of Certain Changes and Events . Since the Balance Sheet Date, there has not been any Material Adverse Change. Without limiting the generality of the immediately preceding sentence, since the Balance Sheet Date, except as set forth on Section 5.9 of the Disclosure Schedule, the Company has not:

(a) amended its Organizational Documents;

(b) issued, sold or otherwise disposed of any of its Equity Interests or granted any Commitments;

(c) effected any recapitalization, reclassification, stock split or like change in its capitalization;

(d) incurred any Company Indebtedness other than in the Ordinary Course of Business;

(e) made any material change in the Company's cash management practices and its policies, practices and procedures with respect to collection of accounts receivable, establishment of reserves for uncollectible accounts, accrual of accounts receivable, repayment of expenses, payment of trade accounts payable, accrual of other expenses, deferral of revenue and acceptance of deposits;

(f) entered into any Contract that would constitute a Material Contract;

(g) accelerated, terminated, materially modified or cancelled any Material Contract;

(h) sold, assigned, leased or transferred any of its tangible assets outside the Ordinary Course of Business;

(i) made any capital expenditure (or series of related capital expenditures) outside the Ordinary Course of Business;

(j) made any capital investment in, any loan to, or any acquisition of the securities of, any other Person (or series of related capital investments, loans or acquisitions) outside the Ordinary Course of Business;

(k) granted any increase in the base compensation of or bonuses payable to any of its directors, managers, officers or Employees, made any change in employment or severance terms for any of its directors, managers or officers, or any material change in the employment, severance or payment terms for any of its other Employees, consultants or independent contractors, in each case, other than in the Ordinary Course of Business, except for retention and similar arrangements entered into in contemplation of the transactions contemplated by this Agreement;

(l) hired or promoted any person as or to (as the case may be) an officer or hired or promoted any Employee below officer except to fill a vacancy in the ordinary course of business;

(m) adopted, modified or terminated any: (i) employment, severance, retention or other agreement with any current or former Employee, officer, director, independent contractor or consultant, (ii) Benefit Plan or Arrangement or (iii) collective bargaining or other agreement with a labor union or similar organization, in each case whether written or oral;

(n) loaned to (or forgave of any loan to), or entered into any other transaction with, any of its stockholders or current or former directors, officers and Employees;

(o) entered into a new line of business or abandonment or discontinuance of existing lines of business; or

(p) made any material change in its accounting methods, principles or practices for financial accounting (except for those changes required to comply with GAAP or applicable Law or as disclosed in the notes to the Balance Sheet, any of such changes shall be identified and described in detail on Section 5.9 of the Disclosure Schedule).

5.10 Compliance with Laws .

(a) Except as set forth in Section 5.10(a) of the Disclosure Schedule, the Company has not been, since the Acquisition Date, and is not currently in material violation of any applicable Law and since the Acquisition Date has conducted and is conducting the Business in accordance with, applicable Law and Governmental Orders. Except as set forth in Section 5.10(a) of the Disclosure Schedule, no investigation or audit by any Governmental Authority with respect to the Company is pending or, to the Knowledge of the Company, threatened, nor, to the Knowledge of the Company, has any Governmental Authority indicated an intention to conduct any such investigation or audit.

(b) Without limiting the generality of the foregoing:

(i) Since the Acquisition Date, the Company and all of its respective officers, directors and Employees (while employed by the Company) have complied in all material respects with all applicable Laws to which they are subject with respect to health care regulatory matters (including 42 U.S.C. Sections 1320a-7 and 7(a) imposing sanctions and civil monetary penalties respectively, and 1320a-7 (b) (commonly referred to as the "Federal Anti-Kickback Statute") imposing criminal penalties for fraud and abuse violations regarding claims submitted to Medicare and other federal health care programs; 42 U.S.C. Section 1395nn (Prohibition Against Certain Referrals), commonly referred to as the "Stark Statute"; 31 U.S.C. Sections 3729-3733, the statute commonly referred to as the "Federal False Claims Act," the Health Insurance Portability and Accountability Act of 1996 (commonly referred to as "HIPAA"), as amended by the Health Information Technology for Economic and Clinical Health Act (commonly referred to as the "HITECH Act"), and in each case the applicable statutory counterparts to such federal statutes in the state of Ohio (collectively, " Health Care Laws "). Since the Acquisition Date, the Company has maintained in all material respects all records required to be maintained by the Medicare and applicable state Medicaid programs, and all other applicable federal, state and local Governmental Authorities as required by applicable Health Care Laws. There are no presently existing circumstances which would result or would be reasonably likely to result in material violations of any such Health Care Laws. Neither the Company nor any of its officers, directors or Employees (while employed by the Company), has been materially sanctioned as not being in compliance with any Health Care Laws. Except as set forth in Section 5.10(b)(i) of the Disclosure Schedule, none of the Company or any of its officers, directors or Employees (while employed by the Company), has since December 31, 2012, received any written notice or other communication from any Governmental Authority to the effect that it or any activity conducted by the Company is not in material compliance with any Health Care Laws.

(ii) The Company (a) is qualified for participation in the Medicare program and in the Medicaid program for the State of Ohio, and (b) has current provider numbers for all Governmental Programs and such private non-governmental programs, including without limitation any private insurance program, under which it directly or indirectly is presently receiving payments or is a participating provider (each, a " Private Program "). The Company is in compliance in all material respects with all material requirements of each Governmental Program and each Private Program in which the Company participates. None of the Company or any of its officers, directors or Employees has received any notice indicating that such participation may be terminated, suspended, limited or withdrawn nor, to the Knowledge of the Company, is there any reason to believe that such participation may be terminated, suspended, limited or withdrawn. The Company has not received any written communication from a Governmental Authority that alleges that it is not in compliance with any Health Care Laws, other than statements of deficiencies from a Governmental Authority received in the ordinary course of business. Since the Acquisition Date, the Company has not been subpoenaed or charged or, to the Company's Knowledge, investigated in connection with any possible violation of any Health Care Laws, except for any surveys or investigations in the ordinary course of business regarding compliance with Medicare or Medicaid conditions of participation or state licensure requirements. Except as set forth in Section 5.10(b)(ii) of the Disclosure Schedule and except for payment adjustment notices received in the ordinary cause of

business, there are no pending appeals, overpayment determinations, audits, litigation or notices of intent to open Medicare, Medicaid or other Third Party Payor claim determinations or cost reports. True, correct and complete copies of all reports of all inspections and surveys of the Company containing unresolved findings with respect to the Business conducted in connection with any Governmental Program, Private Program or licensing or accrediting body during the past three years and delivered to the Holding Company or the Company have been provided or made available to Buyer. To the Knowledge of the Company, there are no Governmental Program overpayments that have not been refunded in accordance with the PPACA.

(iii) Except as set forth on Section 5.10(b)(iii) of the Disclosure Schedule, since the Acquisition Date, neither the Company, nor any of its officers, directors, or, to the Knowledge of the Company, Employees has been convicted of, charged with, or investigated for a Medicare, Medicaid or Governmental Program related offense, or convicted of, charged with or, to the Knowledge of the Company, investigated for a violation of federal or state Law relating to fraud, theft, embezzlement, breach of fiduciary responsibility, financial misconduct, obstruction of an investigation or controlled substances. Except as set forth on Section 5.10(b)(iii) of the Disclosure Schedule, neither the Company nor any of its officers, directors or, to the Knowledge of the Company, Employees, has been charged with or convicted of any criminal offense relating to the delivery of an item or service under any Governmental Program, has been excluded or suspended from participation in Medicare, Medicaid or any other Governmental Program, or has been debarred, suspended or are otherwise ineligible to participate in any such Governmental Program. Except as set forth on Section 5.10(b)(iii) of the Disclosure Schedule, since the Acquisition Date, to the Knowledge of the Company, neither the Company nor any of its officers, directors or Employees has committed any offense which may reasonably serve as the basis for any such exclusion, suspension, debarment or other ineligibility from a Governmental Program. To the Knowledge of the Company, neither of the Company nor any of its officers, directors or Employees has arranged or contracted with any individual or entity that is suspended, excluded or debarred from participation in, or otherwise ineligible to participate in, a Governmental Program.

(iv) The Company is not subject to a corporate integrity agreement, consent order or similar agreement with any Governmental Authority. Neither the Company nor to the Knowledge of the Company any current Employee thereof has been excluded or is threatened with exclusion from participation in any Governmental Program.

(v) Since the Acquisition Date, the Company has filed all material claims, cost reports, or other reports required to be filed with respect to the provision of services, products and supplies covered under Medicare, Medicaid, TRICARE and other Federal Health Care Programs, as such term is defined in section 1128B(f) of the Social Security Act, 42 U.S.C. § 1320a-7b(f), in which the Company participates (collectively " Governmental Programs "), in material compliance with all statutes, rules and regulations applicable to the Governmental Program, and all such claims and reports comply in all material respects with all statutes, rules and regulations applicable to the Governmental Program. Since the Acquisition Date, the Company is and has been in material compliance with filing requirements with respect to cost reports, and such reports do not claim, and the Company has not received, payment or reimbursement in excess of the amount provided by applicable law or any applicable agreement, except where excess reimbursement was noted on the cost report or in an appeal of the cost

report. True and correct copies of all such reports for the three most recent fiscal years of the Company have been made available to Buyer. Section 5.10(b)(v) of the Disclosure Schedule indicates which of such cost reports for cost reporting periods ended within the three most recent fiscal years have been audited by the fiscal intermediary and finally settled. To the Company's Knowledge, there are no facts or circumstances which may reasonably be expected to give rise to any material disallowance under any such cost reports.

(vi) In accordance with 42 CFR § 424.550(b), the Company has not, with respect to its respective provider numbers, experienced a change of majority ownership, as that term is interpreted under 42 CFR § 424.550(b), during the 36 months preceding the Closing Date. Further, the Company has the power to transfer the Governmental Program provider numbers listed on Section 5.10(b)(i) of the Disclosure Schedule to Buyer provided that any required consent or approval of, prior filing with or notice to, or any action by, any Governmental Authority is fulfilled, and no transaction or event has occurred that would prevent the Company from transferring those Governmental Program provider numbers set forth on Section 5.10(b)(ii) of the Disclosure Schedule to Buyer. In accordance with 42 CFR § 424.535, 42 CFR § 424.502 and 42 CFR § 489.52, with respect to the Governmental Program provider numbers to be transferred to Buyer under this Agreement, the Company has not undergone a cessation of business and the Company has remained operational as defined in 42 CFR § 424.502. To the Knowledge of the Company, there is no material violation, default, or deficiency that exists with respect to the Governmental Program provider numbers owned by the Company that would give cause for termination of the provider agreement or revocation of enrollment or billing privileges by any Governmental Program.

(vii) The Company is in material compliance with the applicable privacy, security, transaction standards, breach notification, and other provisions and requirements of HIPAA, the HITECH Act and any comparable state Laws. The Company has established and implemented such policies, programs, procedures, contracts and systems as are necessary to comply with HIPAA and the HITECH Act. Since the Acquisition Date, the Company has not received any written communication, or to the Company's Knowledge, any verbal notice, from any Governmental Authority that alleges that the Company is not in material compliance with the HIPAA Privacy and Security Standards or the HITECH Act. Since the Acquisition Date, no Breach has occurred with respect to any unsecured Protected Health Information (including electronic Protected Health Information) maintained by or for the Company that is subject to the notification requirements of 45 CFR Part 164, Subpart D, and no information security or privacy breach event has occurred that would require notification under any comparable state Laws. For purposes of this Section, " Breach " means a breach of unsecured Protected Health Information as defined in 45 CFR Section 164.402 and " Protected Health Information " means individually identifiable health information transmitted by electronic media, maintained in electronic media, or transmitted or maintained in any other form or medium as defined in 45 CFR Section 160.103. The Company has records retention policies and procedures that require compliance with all records retention Laws pertaining to retention of health care records, including records retention requirements imposed by Medicare and applicable Medicaid programs, and, since the Acquisition Date, the Company has materially complied with such policies and procedures and such Law.

(viii) To the Knowledge of the Company, since the Acquisition Date, neither the Company, nor any officer or director of any of them, acting alone or together, has performed any of the following acts: (A) the making or offering of any payment to or for the private use of any governmental official, employee, agent or candidate where the payment or the purpose of the payment was illegal under the laws of the United States or the jurisdiction in which such payment was made, (B) the establishment or maintenance of any unrecorded fund, asset or liability for any purpose or the making of any false or artificial entries on its books, or (C) the making of any payment to any Person or the receipt of any payment with the intention or understanding that any part of the payment was to be used for any purpose other than described in the documents supporting the payment.

(c) Section 5.10(c) of the Disclosure Schedule sets forth a true, complete and accurate list of: (i) the authorized services provided by the Home Health Agency; and (ii) the service area of the Home Health Agency. The Company possesses all Permits that are necessary or required to be obtained from (A) the Centers For Medicare and Medicaid Services; (B) the State of Ohio in connection with the Company's license to operate in such state; and (C) the State of Ohio in connection with the Company's participation in the Medicaid Program in such state, to carry on the health care operations of the Business in the manner presently conducted (collectively, " Health Care Permits "). The Holding Company has previously provided copies of all Health Care Permits to Buyer. All Health Care Permits are valid and in full force and effect, no violations have occurred, and no action or proceeding is pending or, to the Knowledge of the Company, threatened to revoke or limit any of those Health Care Permits. To the Knowledge of the Company, no action has been taken or recommended by any Governmental Authority, either to revoke, withdraw or suspend any Health Care Permit. No event has occurred which, with the giving of notice, the passage of time, or both, would constitute grounds for a material violation of any Health Care Permit or to revoke, suspend, restrict or cancel any Health Care Permit.

5.11 Undisclosed Liabilities .

(a) The Company has no material liability of any nature, whether absolute, accrued, contingent, known, unknown, matured, unmatured or otherwise, and whether or not required to be disclosed or provided for in financial statements prepared in accordance with GAAP, that is required to be disclosed as a liability on a balance sheet prepared in accordance with the Accounting Policies and Procedures, except for: (i) liabilities reflected on or reserved against in the Balance Sheet or disclosed in the notes thereto; and (ii) liabilities that have arisen since December 31, 2014, in the Ordinary Course of Business and which are not, individually or in the aggregate, material in amount.

(b) There are no change-in-control, severance, transaction, or "stay around" bonus or related or similar obligations payable to any current or former Employees or services providers in connection with the Closing. The Company does not owe (i) any Person any director's fees, (ii) any fees and other compensation payable to any Holding Company shareholder or Affiliate of the Holding Company or a Holding Company pursuant to any management services agreement, administrative services agreement, back-office agreement or other related or similar agreement, (iii) any Person any guaranty fees, or (iv) any attorneys, brokers, accountants or bankers any unpaid amounts for fees or expenses.

(c) As of the Closing, the Company will not be subject to any Company Indebtedness or intercompany Company Indebtedness.

5.12 Permits . The Company possesses all material Permits, other than Health Care Permits, necessary to carry on the operations of the Company in the manner presently conducted (collectively, " Non-Health Care Permits "). Section 5.12 of the Disclosure Schedule sets forth all material Non-Health Care Permits, which Non-Health Care Permits are valid and in full force and effect except as set forth therein. Since the Acquisition Date, the Company has complied, and is currently in compliance with, all material terms and conditions of the Non-Health Care Permits. The Company is not in default under, or violation of, any material Non-Health Care Permits held by it. No Proceeding is pending or, to the Knowledge of the Company, threatened, contemplating the suspension, cancellation, revocation, withdrawal, modification, limitation or nonrenewal of any Non-Health Care Permits.

5.13 Environmental Matters . The Business is presently conducted, in all material respects, in compliance with all applicable Environmental Laws. Neither the Holding Company or the Company has received any written citation or other notification from any Governmental Authority or any other Person that the Company is in violation, in any material respect, of any Environmental Laws. The Company is not subject to any Decree issued by any Governmental Authority with respect to Environmental Laws or violations thereof. The Company has not generated, used, transported, treated, stored, released or disposed of any Hazardous Substances in material violation of any applicable Environmental Laws.

5.14 Taxes .

(a) All Tax Returns filed or required to be filed by or on behalf of the Company has been duly filed or extended and each such Tax Return is true, correct and complete in all material respects. All material Taxes of the Company (including the assets, operations and business of the Company) have been timely paid in the manner required by applicable Tax Law, whether or not shown on a Tax Return. Where required by GAAP, there has been made a separate adequate accrual on the Balance Sheet i for the payment in full of all material Taxes of the Company (including the assets, operations and business of the Company) that are not yet due and payable. To the Knowledge of the Company, no adjustment relating to any Tax Return of or including the Company or their respective assets or operations has been proposed by any Governmental Authority.

(b) The Company has provided to Buyer true, correct, and complete copies of all income Tax Returns of the Company filed for every taxable period for which the applicable statutory period of limitations has not expired.

(c) There are no Encumbrances with respect to Taxes (other than Permitted Encumbrances) on any of the assets of the Company.

(d) The Company has withheld from salaries, wages and other amounts paid or owing and deposited with and reported to the appropriate taxing authorities all material amounts required to be so withheld, deposited or reported under Tax information reporting and withholding provisions of applicable Law.

(e) The Company is not the beneficiary of any extension of time (other than an automatic extension of time not requiring the consent of any Governmental Authority) within which: (i) to file any Tax Return or make any election, designation or similar filing relating to Taxes for which it is liable or (ii) to pay or remit any Taxes for which it is liable. The Company has not extended any statute of limitations with respect to any material amount of Taxes for which it is liable. The Company is not a party to any "listed transaction" as defined in Code Section 6707A(c)(2) and Treasury Regulations Section 1.6011-4(b)(2).

(f) Since the Acquisition Date, the Company has not distributed stock of another Person, or has had its stock distributed by another Person, in a transaction that was purported or intended to be governed in whole or in part by Code Sections 355 or 361.

(g) The Company is not a party to or bound by any Tax allocation or Tax sharing agreement (other than any agreement entered into in the Ordinary Course of Business, the primary focus of which is not Taxes (including leases, loans or purchase and sale contracts that include ancillary Tax provisions)). The Company (i) has not been a member of an affiliated group (under Code Section 1504(a)) filing a consolidated federal income Tax Return (other than the group the common parent of which is the Holding Company); or (ii) does not have any liability for the Taxes of any Person (other than the members of the consolidated group of which the common parent is the Holding Company) under Treasury Regulations Section 1.1502-6 (or any similar provision of state, local, or non-U.S. Law), as a transferee or successor, by contract, or otherwise.

(h) Since the Acquisition Date, the Company has not entered into a closing agreement pursuant to Section 7121 of the Code (or any analogous provision of state, local or foreign Laws relating to taxation). No audit, suit, proceeding, claim, examination, deficiency or assessment concerning Taxes is currently being conducted by any Governmental Authority. The Company has not received any written notice of assessment or proposed assessment in connection with any Taxes, which assessment has not since been paid, settled or otherwise satisfied. Since the Acquisition Date, no waivers of statutes of limitation have been given or requested by the Company in connection with any material Tax Return covering the Company, or with respect to any material Taxes for which the Company could reasonably be expected to be liable.

(i) For periods beginning January 1, 2011, all required estimated Tax payments sufficient to avoid any underpayment penalties have been timely made by or on behalf of the Company. None of the Tax Returns filed by or with respect to the Company contains a disclosure statement under Section 6662 of the Code (or any similar provision of state, local or foreign Tax law).

(j) No claim has been made by any taxing authority in any jurisdiction where the Company does not file Tax Returns that it is, or may be, subject to Tax by that jurisdiction.

(k) No extensions or waivers of statutes of limitations have been given or requested with respect to any Taxes of the Company.

(l) All deficiencies asserted, or assessments made, against the Company or as a result of any examinations by any taxing authority have been fully paid.

(m) The Company is not a party to any Action by any taxing authority. There are no pending or threatened Actions by any taxing authority.

(n) The Company is not a party to, or bound by, any Tax indemnity, Tax sharing or Tax allocation agreement.

(o) No private letter rulings, technical advice memoranda or similar agreement or rulings have been requested, entered into or issued by any taxing authority with respect to the Company.

(p) The Company will not be required to include any item of income in, or exclude any item or deduction from, taxable income for any taxable period or portion thereof ending after the Closing Date as a result of:

(i) any change in a method of accounting under Section 481 of the Code (or any comparable provision of state, local or foreign Tax Laws), or use of an improper method of accounting, for a taxable period ending on or prior to the Closing Date;

(ii) an installment sale or open transaction occurring on or prior to the Closing Date;

(iii) a prepaid amount received on or before the Closing Date;

(iv) any closing agreement under Section 7121 of the Code, or similar provision of state, local or foreign Law; or

(v) any election under Section 108(i) of the Code.

5.15 Intellectual Property .

(a) The Company owns, or has a valid license or other right to use, all of the material Intellectual Property used in the operation of the Business as currently conducted (the " Company Intellectual Property "). Section 5.15(a) of the Disclosure Schedule sets forth a list of all registered Company Intellectual Property.

(b) To the Knowledge of the Company, the operation of the Business as it is currently conducted does not infringe on the Intellectual Property of any other Person. Since December 31, 2011, the Company has not received any written notice asserting any such infringement.

5.16 Contracts .

(a) Section 5.16(a) of the Disclosure Schedule lists the following (collectively, the " Material Contracts "):

(i) all Contracts with customers, suppliers or vendors providing for annual expenditures or receipts or payments by the Company of $100,000 or more;

(ii) all Contracts relating to Company Indebtedness;

(iii) all Contracts relating to employment or compensation with an aggregate annual salary and cash bonus in excess of $50,000 or containing any change-in-control or severance payment obligations;

(iv) all Contracts providing for commission or equity or non-equity incentive payments;

(v) all lease agreements (whether of real or personal property) providing for annual lease payments in excess of $50,000;

(vi) all Contracts to which the Company, on the one hand, and any of the Company's Affiliates, on the other hand, are parties or by which they are bound that relate to or are connected in any way with the Business;

(vii) all Contracts with any Governmental Authority;

(viii) all Contracts restricting the ability of the Company to engage in any line of business or to compete with any Person;

(ix) all Contracts relating to the prospective acquisition or disposition of any material assets, product line or service offering outside the Ordinary Course of Business;

(x) all partnership, joint venture, operating agreements or other similar Contracts;

(xi) corporate integrity agreements, settlement and other agreements with Governmental Authorities;

(xii) agreements in which any of the Company manages the operations of another party, and any agreement in which any of the Company has material management services provided to it;

(xiii) any agreement which contains any provisions requiring the Company to indemnify any other party (excluding business associate agreements entered into in the ordinary course of business);

(xiv) any guarantees by the Company of indebtedness or other obligations of the Company or any other Person;

(xv) any outstanding powers of attorney; and

(xvi) all agreements relating to worker's compensation arrangements, liabilities or obligations.

(b) Each of the Material Contracts is in full force and effect, is a valid and binding obligation of the Company, and is enforceable in accordance with its terms (except as may be limited by applicable bankruptcy, insolvency, reorganization, moratorium and other similar Laws affecting creditors' rights generally and general principles of equity). The Company is not in breach of, or default under, any Material Contract, except for breaches and defaults that would not have a Material Adverse Effect. The Holding Company has made available to Buyer a true, correct and complete copy of each Material Contract.

5.17 Insurance .

(a) The Company maintains insurance coverage in amounts and types that are customary in the industry for similar companies and sufficient to cover the replacement value of the properties and assets of the Company covered by such policies, and all such policies are valid and in full force and effect. The Company has delivered to Buyer true, correct and complete copies of all such policies in place as of the date hereof, together with (a) all riders and amendments thereto and (b) if completed, the applications for each of such policies. Such policies are current, are valid and in full force and effect, all premiums due thereon have been paid, and the Company has complied in all material respects with the provisions of such policies. No Proceedings are pending or, to the Knowledge of the Company, threatened, or during the prior three (3) year-period were instituted or threatened, to revoke, cancel, limit or otherwise modify such policies and no notice of cancellation of any of such policies has been received.

5.18 Litigation . There is no Proceeding pending or, to the Knowledge of the Company, threatened, against or otherwise affecting the Company, nor is there any material Decree of any Governmental Authority or arbitrator outstanding against the Company.

5.19 Labor Matters .

(a) Section 5.19(a) of the Disclosure Schedule sets forth for each Employee whose annual base salary exceeds $50,000, such Employee's name, title or position held, and base salary, wage or other pay rate.

(b) The Company is not a party to any collective bargaining agreement or other labor union contract and, to the Knowledge of the Company, no petition has been filed, nor has any proceeding been instituted by any Employee or group of Employees with any labor relations board or commission seeking recognition of a collective bargaining representative.

(c) The Company is, in all material respects, in compliance with all applicable Laws pertaining to employment and employment practices, including all such Laws relating to labor relations, equal employment, fair employment practices, entitlements, workers compensation, prohibited discrimination, employment eligibility or other similar employment practices or acts.

(d) There are no pending nor, to the Knowledge of the Company, threatened labor strikes, work stoppages, slowdowns or refusals to work or similar material labor disruption or dispute affecting the Company, and, to the Knowledge of the Company, there are no labor disputes currently subject to any grievance procedure or Proceeding.

(e) Except as set forth in Section 5.19(e) of the Disclosure Schedule, no current or former Employees of the Company are entitled to any bonus, severance or other compensation arising out of or relating to the transactions contemplated by this Agreement. Except as set forth in Section 5.19(e) of the Disclosure Schedule, none of the Employees of the Company are entitled to or participate in any equity based compensation, options, warrants, equity grants, severance, deferred compensation or other similar bonus or compensation plan.

(f) The Company is in compliance in all material respects with the Immigration Reform and Control Act of 1986, as amended, and all Employees who are not United States citizens (i) are set forth in Section 5.19(f) of the Disclosure Schedule, and (ii) to the Company's Knowledge, are authorized under United States immigration laws to hold United States employment.

(g) The Company has not conducted a facility closing or mass layoff of any kind resulting in a loss of employment of 40 or more active Employees at any single site of employment during the six months preceding the date of this Agreement and the Holding Company has had no notice obligations under the Worker Adjustment and Retraining Notification (WARN) Act for any facility closing or layoff of any kind relating to the Business which occurred prior to the date of this Agreement.

5.20 Employee Benefits .

(a) Set forth in Section 5.20(a) of the Disclosure Schedule is a list of each (i) employee pension benefit plan (as defined in Section 3(2) of ERISA); (ii) employee welfare benefit plan (as defined in Section 3(1) of ERISA); (iii) employment, consulting, compensation, severance, retention, change in control or other similar Contract involving an annual cost of more than $50,000; and (iv) plan, arrangement, policy or Contract providing for insurance coverage (including any self-insured arrangements), workers' compensation, disability benefits, retirement benefits, life, health, disability, salary continuation, vacation, sick leave, fringe or accident benefits, profit-sharing, deferred compensation, bonuses, stock options, stock appreciation rights, stock purchase, stock ownership or other forms of incentive compensation or post-retirement benefits, in each case which is maintained by or contributed to by, or required to be maintained by or contributed to by the Company, or with respect to which the Company has any liability, with respect to any current or former Employee, independent contractor, consultant, officer, director, member of the Company, or to any worker providing services to the Company through an employee leasing agreement (the foregoing collectively, the " Benefit Plans and Arrangements "), whether or not subject to ERISA.

(b) Each Benefit Plan and Arrangement has been established and administered in accordance with its terms in all material respects, and is in material compliance with, all applicable Laws, including ERISA and the Code. All contributions to, and payments from, each Benefit Plan and Arrangement that are required to be made in accordance with the terms and conditions thereof and applicable Laws (including ERISA and the Code) have been timely made in all material respects.

(c) The Company has never maintained, been a participating employer in, contributed to, or has or may have any liability with respect to a Benefit Plan and Arrangement

(i) subject to Title IV of ERISA or (ii) subject to the minimum funding standards of Section 302 of ERISA or Section 412 of the Code. The Company has not sponsored or contributed to, or been required to contribute to, a multiemployer plan (as defined in Section 4001(a)(3) of ERISA), any multiple employer plan within the meaning of Section 4063 or Section 4064 of ERISA, or a multiple employer welfare arrangement (as defined in Section 3(40) of ERISA). The Company has no contingent liability under Title IV of ERISA with respect to an ERISA Affiliate.

(d) With respect to each Benefit Plan and Arrangement, the Company has not engaged in any prohibited transactions or breaches of any of the duties imposed on "fiduciaries" (within the meaning of Section 3(21) of ERISA) by ERISA with respect to the Benefit Plans and Arrangements that would reasonably be expected to result in any material liability or excise tax to the Company under ERISA or the Code.

(e) As applicable with respect to each of the Benefit Plans and Arrangements, the Company has made available to Buyer a true, correct and complete copy or original of, if applicable (i) each Benefit Plan and Arrangement (or, in the case of an unwritten Benefit Plan and Arrangement, a written description thereof), including all amendments thereto and all related trust documents, and, for plans intended to be qualified under Section 401(a) of the Code (a " Qualified Plan "), all prior documents in effect during the period commencing January 1, 20122, for such Qualified Plans, including for such Qualified Plans that have been merged or whose assets have been transferred into the Qualified Plan of the Company; (ii) the three most recent Annual Report (Form 5500 Series) and accompanying schedules; (iii) the most recent summary plan description and all subsequent summaries of material modifications, if any; (iv) the most recent determination, opinion, notification or advisory letter from the Internal Revenue Service; (v) all insurance policies in the possession of the Company pertaining to fiduciary liability insurance covering the fiduciaries for each of the Benefit Plans and Arrangements; (vi) the most recent nondiscrimination testing and compliance reports, including all auditor's management letters; and (vii) copies of material notices, letters or other correspondence since 2010 from the Internal Revenue Service, Department of Labor, Pension Benefit Guarantee Corporation or other Governmental Authority related to a Benefit Plan and Arrangement.

(f) Except as set forth in Section 5.20(f) of the Disclosure Schedule, neither consummation of the transactions contemplated by this Agreement nor this Agreement (either alone or together with any other event) will entitle any Person to severance, change in control or other similar pay or benefits, or accelerate the time of vesting or the time of payment, or increase the amount, of compensation due to any current or former director, officer or Employee of the Company. There are no Proceedings (other than routine claims for benefits) pending or, the Knowledge of the Company, threatened, involving any of the Benefit Plans and Arrangements or the assets thereof.

(g) None of the Benefit Plans and Arrangements (i) is subject to non-U.S. Law, or (ii) covers Employees whose principal location of employment is outside the U.S.

(h) Each individual classified by the Company as an independent contractor has been properly classified for purposes of participation and benefit accrual under each Benefit Plan and Arrangement.

(i) Except as required by applicable Law, no provision of any Benefit Plan and Arrangement or collective bargaining agreement could reasonably be expected to result in any limitation on Buyer or any of its Affiliates from amending or terminating any Benefit Plan and Arrangement. The Company has no commitment or obligation, nor has it made any representations, to any Employee, officer, director, independent contractor or consultant, whether or not legally binding, to adopt, amend or modify any Benefit Plan and Arrangement or any collective bargaining agreement, in connection with the consummation of the transactions contemplated by this Agreement or otherwise.

(j) There has been no amendment to, announcement by the Company or the Holding Company relating to, or change in employee participation or coverage under, any Benefit Plan and Arrangement or collective bargaining agreement that would increase the annual expense of maintaining such plan above the level of the expense incurred for the most recently completed fiscal year with respect to any director, officer, Employee, independent contractor or consultant, as applicable.

(k) The Company has no liability for life, health, medical or other welfare benefits for former Employees or beneficiaries or dependents thereof with coverage or benefits under Benefit Plans and Arrangements, other than as required by COBRA or any other applicable Law.

(l) No amount or other entitlement that could be received as a result of the transactions (alone or in conjunction with any other event) by any "disqualified individual" (as defined in Section 280G(c) of the Code) with respect to Company will constitute an "excess parachute payment" (as defined in Section 280G(b)(1) of the Code). All Benefit Plans and Arrangements subject to Section 409A of the Code is documented and operated in compliance in all respects with Section 409A of the Code and all applicable regulatory guidance (including, notices, rulings and proposed and final regulations). No director, officer, Employee or independent contractor of the Company is entitled to receive any gross-up or additional payment by reason of the tax required by Sections 409A or 4999 of the Code being imposed on such person.

5.21 Tangible Personal Property . The Company has good title to, or a valid leasehold interest in or other right to use, all of the equipment and other tangible personal property used in the operation of the Business as it is currently conducted, in each case subject to Permitted Encumbrances. The equipment used by the Company in the operation of the Business is, in all material respects, in adequate working condition (ordinary wear and tear excepted) and, to the Knowledge of the Company, is not in need of maintenance or repair, except for ordinary, routine maintenance and repair in the Ordinary Course of Business.

5.22 Transactions with Certain Affiliates . Section 5.22 of the Disclosure Schedule specifies all Related Parties that either currently or at any time since December 31, 2013: (a) have, or during such period have had, directly or indirectly, any material interest in any material property (real or personal, tangible or intangible) that any of the Company uses or during such period has used in or pertaining to the business of the Company or (b) have or during such period have had, directly or indirectly, any material business dealings or a material financial interest in any transaction with the Company or involving any material asset or property of the Company.

At or prior to Closing, all agreements between a Related Party, and any of the Company will be terminated and the Company will have any further liabilities or obligations to such Related Party under such agreements or otherwise.

5.23 Accounts Receivable . Except as set forth on Section 5.23 of the Disclosure Schedule or as otherwise reserved on the Balance Sheet, the accounts receivables of the Company reflected in the Balance Sheet represent or will represent valid obligations arising from sales actually made or services actually performed in the ordinary course of business.

5.24 Worker's Compensation . Except as disclosed on Section 5.24 of the Disclosure Schedule, the Company is in material compliance with all worker's compensation laws with respect to the Business and has worker's compensation insurance on a self-insured basis with respect to the Business. Section 5.24 of the Disclosure Schedule also identifies any pending worker's compensation claims by state relating to the Company or the Business, including applicable insurance coverage. The Company has paid all stop loss premiums relating to worker's compensation coverage.

5.25 Full Disclosure . No representation or warranty by Holding Company in this Agreement and no statement contained in the Disclosure Schedule or in the Holding Company's Closing Certificate to be furnished to Buyer pursuant to this Agreement contains any untrue statement of a material fact, or omits to state a material fact necessary to make the statements contained therein, in light of the circumstances in which they are made, not misleading.

ARTICLE VI
CERTAIN COVENANTS AND AGREEMENTS

6.1 Cooperation; Regulatory Approvals .

(a) Subject to the terms and conditions of this Agreement, each Party shall use commercially reasonable efforts to take, or cause to be taken, all actions and to do, or cause to be done, all things reasonably necessary, proper or advisable to consummate and make effective as promptly as practicable the transactions contemplated by this Agreement (including the satisfaction, but not waiver, of the closing conditions set forth in Article VII).

(b) As soon as practicable, the Holding Company and Buyer shall commence all reasonable actions to obtain any Regulatory Approvals and make any required notifications and filings as set forth in Section 6.1(b) of the Disclosure Schedule that are required to consummate the transactions contemplated by this Agreement (the " Required Consents and Filings "). The Parties shall cooperate and the Holding Company and Buyer shall use commercially reasonable efforts to diligently obtain the Regulatory Approvals.

(c) The Parties acknowledge that Buyer and the Company will require certain transition services from the Holding Company for a period of up to 90 days after the Closing with respect to payroll, billing and other usual and customary administrative services previously provided by the Holding Company to the Company. In addition, the Parties further anticipate that the Holding Company may request that Buyer or its Affiliates provide certain administrative services on an as-needed basis to the Company Group during the period through the closing of

the transactions contemplated under the Bracor SPA. All services will be provided pursuant to the general terms of the TSA and will be provided by the applicable Party at cost. The specific agreed-upon services will be identified on Attachment A to the TSA, which shall also set forth any other mutually agreed terms and conditions.

6.2 Access . Prior to the Closing, the Holding Company will permit representatives of Buyer to have reasonable access, during normal business hours and in a manner so as not to interfere with the normal business operations of the Company, to the premises, properties, books, records, contracts and documents of or pertaining to the Business as Buyer may reasonably request. All requests for information made pursuant to this Section 6.2 shall be directed to the officers, branch administrators or other agents of the Companies listed in Section 6.2 of the Disclosure Schedule, or such other officers, branch administrators or other agents of the Company as may be designated in writing by the Holding Company. The Holding Company shall not be required to disclose any information to Buyer if such disclosure would, in the Company's sole discretion: (a) cause significant competitive harm to the Company and its Business if the transactions contemplated by this Agreement are not consummated; (b) jeopardize any attorney-client or other privilege; or (c) contravene any applicable Law. Buyer shall, and shall cause its Representatives to, abide by the terms of the Confidentiality Agreement with respect to any access or information provided pursuant to this Section 6.2.

6.3 Notification of Certain Matters .

(a) Prior to the Closing, each Party shall give prompt notice to the other Parties of: (i) any Proceeding commenced or threatened in writing wherein an unfavorable Decree would (A) prevent consummation of any of the transactions contemplated by this Agreement or (B) cause any of the transactions contemplated by this Agreement to be rescinded following consummation, or would have been required to have been disclosed pursuant to Section 5.18; (ii) any failure by such Party to comply with or satisfy, in any material respect, any covenant, agreement or condition to Closing to be complied with or satisfied by it under this Agreement; (iii) any information, development or state of affairs that arises or of which it becomes aware which would cause or result in a breach of any of the representations and warranties of such Party set forth in this Agreement; (iv) any notice or other communications from any Governmental Authority in connection with the transactions contemplated by this Agreement; (v) any notice or other communication from any Person alleging that the consent of such Person is or may be required in connection with the transactions contemplated by this Agreement; and (vi) any fact, circumstance, event or action, the existence, occurrence or taking of which (A) has had, or could reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect, (B) has resulted in, or could reasonably be expected to result in, any representation or warranty made by the Holding Company hereunder not being true and correct or (C) has resulted in, or could reasonably be expected to result in, the failure of any of the conditions set forth in Sections 7.1 or 7.2 to be satisfied. Furthermore, the Holding Company will supplement or amend the Disclosure Schedule with respect to any matter arising or discovered after the date of this Agreement which, if existing or occurring at the date of this Agreement, would have been required to be set forth or described in the Disclosure Schedule, other than matters contemplated to occur by this Agreement or that arise in the Ordinary Course of Business.

(b) Buyer's receipt of information pursuant to Section 6.3(a) shall not operate as a waiver or otherwise affect any representation, warranty or agreement given or made by the Holding Company in this Agreement, including for purposes of the indemnification or termination rights contained in this Agreement or of determining whether or not the conditions set forth in Section 7.1 (a) have been satisfied.

6.4 Operation of Business .

(a) From the date of this Agreement until the Closing, except: (i) as otherwise contemplated by this Agreement; (ii) for matters set forth in Section 6.4 of the Disclosure Schedule; or (iii) as otherwise required by Law or any Governmental Authority, the Company will not, (A) take any action described in Section 5.9 or (B) otherwise take any action or enter into any transaction outside the Ordinary Course of Business, in each case, without the prior written consent of Buyer (which consent shall not be unreasonably withheld, delayed or conditioned). In addition, the Company will use commercially reasonable efforts to operate the Business in the ordinary course and to take those steps it has taken in the past and commercially reasonable additional steps to preserve the Business, keep available the services of key employees and preserve the current relationship of the Company with customers, payors and suppliers, of, and other Persons which have significant business relationships with, the Company during the period beginning on the date of this Agreement and ending on the Closing Date.

(b) Without limiting the foregoing, from the date hereof until the Closing Date, the Holding Company shall:

(i) cause the Company to preserve and maintain all of its Permits, unless a Permit is no longer required in connection with the operation of the Business;

(ii) cause the Company to pay its debts, Taxes and other obligations in the Ordinary Course of Business;

(iii) cause the Company to maintain the properties and assets owned, operated or used by the Company in the same condition as they were on the date of this Agreement, subject to reasonable wear and tear;

(iv) cause the Company to continue in full force and effect insurance coverages substantially similar in scope as currently maintained by the Company, except as required by applicable Law;

(v) cause the Company to defend and protect its properties and assets from infringement or usurpation which the Company become aware of;

(vi) cause the Company to perform all of its obligations under all Contracts relating to or affecting its properties, assets or business, except for any obligation which the Company are contesting in good faith;

(vii) cause the Company to maintain its books and records in accordance with past practice; and

(viii) cause the Company to comply in all material respects with all applicable Laws.

(c) In addition to the foregoing, from the date of this Agreement until the Closing, the Holding Company shall consult with Buyer concerning any material operational matters of the Company, any proposed changes in senior management, and any proposed capital expenditures or contractual commitments that individually or in the aggregate involve expenditures in excess of $50,000.

(d) In addition to the foregoing, from the date of this Agreement until the Closing, without the prior written consent of Buyer (which consent shall not be unreasonably withheld or delayed), the Holding Company agrees not to undertake or permit the Company to undertake, any of the following actions:

(i) issue, sell or pledge, or authorize or propose the issuance, sale or pledge of (A) additional shares of capital stock of any class of the Company (including the Company Shares), or securities convertible into or exchangeable for any such shares, or any rights, warrants or options to acquire any such shares or other convertible securities of the Company, or (B) any other securities in respect of, in lieu of, or in substitution for shares of capital stock of the Company (including the Company Shares) outstanding on the date hereof;

(ii) redeem, purchase or otherwise acquire any outstanding shares of the capital stock of the Company;

(iii) adopt any amendment to the certificate of incorporation or by-laws of the Company;

(iv) incur any Company Indebtedness (other than in the ordinary course consistent with past practices);

(v) (A) increase in any material manner the rate or terms of compensation or benefits of any of its Employees or directors except as may be required under existing employment agreements or such increases for rank-and-file Employees as are granted in the ordinary course of business consistent with past practices, or (B) pay or agree to pay any pension, retirement allowance, retention or severance benefit or other employee benefit not provided for under the terms of any Benefit Plans and Arrangements to any director, officer or Employee, whether past or present other than in the ordinary course of business consistent with past practice, or (C) enter into, adopt or amend any employment, bonus, severance or retirement contract or adopt any employee benefit plan, other than in the Ordinary Course of Business or as expressly required by any applicable Laws, including Section 409A of the Code;

(vi) (A) except in the Ordinary Course of Business, sell, lease, transfer or otherwise dispose of, any of its material property or assets or (B) create any Encumbrance (other than a Permitted Encumbrance) on any material property or assets;

(vii) acquire any business or Person, by merger or consolidation, purchase of substantial assets or equity interests, or by any other manner, in a single transaction or a series of related transactions;

(viii) make any loans, advances or capital contributions, except advances for travel and other normal business expenses to officers and Employees in the Ordinary Course of Business;

(ix) make any change in any method of accounting other than those required by GAAP;

(x) amend or modify any Material Contracts other than in the Ordinary Course of Business;

(xi) make any capital expenditures, in excess of $550,000 individually or $150,000 in the aggregate in any fiscal quarter, other than in the Ordinary Course of Business;

(xii) make any payment of the Company's accounts payable or take receipt of any of the Company's accounts receivable, or otherwise make any change in the treatment or handling of either of them, in each case other than in the Ordinary Course of Business;

(xiii) declare, pay or otherwise make any dividend or distribution (in cash or in any other form) to the Holding Company; or

(xiv) authorize, propose or agree in writing to take any of the foregoing actions.

6.5 Expenses. Except as otherwise provided in this Agreement, each of the Parties shall pay its respective costs and expenses in connection with the negotiation and preparation of this Agreement and the Ancillary Documents, and its respective performance hereunder and thereunder, including fees, expenses and disbursements of third party brokers, attorneys, accountants and other service providers.

6.6 Confidentiality. The Parties acknowledge and agree that this Agreement does not, and any termination of this Agreement shall not, in any manner modify or limit any Party's rights and obligations under the Confidentiality Agreement, which Confidentiality Agreement will continue in full force and effect in accordance with its terms.

6.7 No Public Announcement. Unless otherwise required by applicable Law or stock exchange requirements (based upon the reasonable advice of counsel), no press release or public announcement related to this Agreement or the transactions contemplated hereby, or, prior to the Closing, any other announcement or communication to the Company's Employees or Persons having business relations with the Company, shall be issued or made by any Party, in each case without the joint approval of Buyer and the Holding Company, which approval shall not be unreasonably withheld, delayed or conditioned; provided that the foregoing restrictions shall not restrict or prohibit any Party from making any announcement to its employees, equity holders, customers and other business relations to the extent such Party reasonably determines in good faith that such announcement is necessary or advisable.

6.8 Directors' and Officers' Indemnification .

(a) For not less than six years after the Closing, subject to the limitations set forth in this Section 6.8, Buyer agrees that all rights to indemnification or exculpation existing as of the date of this Agreement in favor of the directors, officers, employees and agents of the Company, as provided in the Company's Organizational Documents or otherwise in effect as of the date of this Agreement with respect to any matters occurring prior to the Closing Date, shall survive the transactions contemplated by this Agreement and shall continue in full force and effect, and Buyer shall cause the Company to perform and discharge its obligations to provide such indemnity and exculpation. To the maximum extent permitted by applicable Law and as provided in the Company's Organizational Documents, such indemnification shall be mandatory rather than permissive, and Buyer shall cause the Company to advance expenses in connection with such indemnification as provided in the Organizational Documents of the Company or such other applicable agreements. The indemnification and liability limitation or exculpation provisions of the Organizational Documents of the Company shall not be amended, repealed or otherwise modified after the Closing Date in any manner that would adversely affect the rights thereunder of individuals who, as of the Closing Date or at any time prior to the Closing Date, are or were directors, officers, employees or agents of the Company, unless such modification is required by applicable Law.

(b) The current and former directors, officers, employees and agents of the Company entitled to the indemnification, liability limitation, exculpation and insurance described in this Section 6.8 are intended to be third party beneficiaries of this Section 6.8. This Section 6.8 shall survive the consummation of the transactions contemplated by this Agreement and shall be binding on all successors and assigns of Buyer.

(c) Buyer shall cause the Company to pay, all expenses, including reasonable attorneys' fees, which may be incurred by the indemnified persons referred to in this Section 6.8 in connection with their enforcement of their rights provided in this Section 6.8, but only to the extent it is determined that Buyer or the Company has breached its obligations under this Agreement.

(d) If Buyer or the Company, or any of their respective successors or assigns, proposes to (i) consolidate with or merge into any other Person and shall not be the continuing or surviving corporation or entity in such proposed transaction, or (ii) transfer all or substantially all of its properties and assets to any Person, then, and in each case, Buyer shall cause proper provision to be made prior to or concurrently with the consummation of such transaction so that the surviving corporation or entity in such proposed transaction, or the successors and assigns of Buyer, or the Company, as the case may be, shall, from and after the consummation of such transaction, assume and comply with the covenants and obligations set forth in this Section 6.8.

(e) If the transactions contemplated by the Bracor SPA do not close, the Holding Company shall maintain its current level of directors' and officers' liability insurance coverage for a period of at least six years after the Closing Date and Buyer's obligation under Section 6.8(a) shall terminate if such insurance coverage is not maintained for such six year period. Upon closing of the transactions contemplated in the Bracor SPA, the rights and

obligations under this Section 6.8 shall terminate and thereafter the terms of the Bracor SPA shall govern.

6.9 Employment Matters .

(a) Prior to the Closing, the Holding Company shall ensure that the Company does not (i) effectuate a "plant closing" or "mass layoff" as those terms are defined in the United States Worker Adjustment and Retraining Notification Act, as amended, and the rules and regulations promulgated thereunder, or (ii) terminate or lay off employees other than in the Ordinary Course of Business.

(b) After the Closing, Buyer shall ensure that the Company does not, at any time within 90 days after the Closing Date, effectuate a "plant closing" or "mass layoff" as those terms are defined in the United States Worker Adjustment and Retraining Notification Act, as amended, and the rules and regulations promulgated thereunder.

(c) Nothing contained in this Section 6.9, express or implied, is intended to confer upon any Employee any right to continued employment for any period or continued receipt of any specific employee benefit, nor shall constitute an amendment to or any other modification of any Benefit Plan and Arrangement. Furthermore, this Section 6.9 shall be binding upon and inure solely to the benefit of each of the Parties, and nothing in this Section 6.9, express or implied, is intended to confer upon any other Person any rights or remedies of any nature whatsoever.

6.10 Preservation of Books and Records . After the Closing Date, Buyer shall, and shall cause its Affiliates to, until the seventh anniversary of the Closing Date, retain all books, records and other documents of the Company relating to periods prior to the Closing and make the same available for inspection and copying by the Holding Company (or the Holding Company's shareholders if the transactions contemplated by the Bracor SPA close) (and at such Persons' expense) during normal business hours, upon reasonable request and upon reasonable notice. Buyer shall not, and shall cause each of its Affiliates to not, destroy or permit to be destroyed any such books, records or documents after the seventh anniversary of the Closing Date without first advising the Holding Company in writing and giving the Holding Company a reasonable opportunity to obtain possession thereof.

6.11 Insurance Coverage . During the period beginning on the Closing Date and ending on the date that is 18 months following the Closing Date, Buyer shall cause the Company to maintain in force all property, fire and casualty, general liability, product liability, director and officer, professional malpractice and other insurance policies maintained by the Company as of the date of this Agreement, or replacement insurance policies providing comparable coverage.

6.12 Transfer Taxes . All transfer, documentary, sales, use, stamp, registration and other such Taxes, and all conveyance fees, recording charges and other fees and charges (including any penalties and interest) incurred in connection with consummation of the transactions contemplated by this Agreement shall be paid by the Holding Company when due, and the Holding Company will, at its own expense, file all necessary Tax Returns and other documentation with respect to all such Taxes, fees and charges, and, if required by applicable

law, Buyer will, and will cause its Affiliates to, join in the execution of any such Tax Returns and other documentation.

6.13 Further Assurances; Closing Conditions . Subject to the terms and conditions of this Agreement, each Party agrees, from time to time as and when requested by any other Party, to execute and deliver, or cause to be executed and delivered, all such documents, and to use its commercially reasonable efforts to take, or cause to be taken, all such further or other appropriate actions and to do, or cause to be done, all other things, as such other Party may reasonably deem necessary or desirable to carry out the provisions of this Agreement and give effect to the transactions contemplated hereby. From the date hereof until the Closing, each party hereto shall use reasonable best efforts to take such actions as are necessary to expeditiously satisfy the closing conditions set forth in Article VII.

6.14 No Solicitation of Other Bids .

(a) The Holding Company shall not, directly or indirectly, (i) encourage, solicit, initiate, facilitate or continue inquiries regarding an Acquisition Proposal; (ii) enter into discussions or negotiations with, or provide any information to, any Person concerning a possible Acquisition Proposal; or (iii) enter into any agreements or other instruments (whether or not binding) regarding an Acquisition Proposal. The Holding Company shall immediately cease and cause to be terminated, and shall cause its Affiliates and all of its and their Representatives to immediately cease and cause to be terminated, all existing discussions or negotiations with any Persons conducted heretofore with respect to, or that could lead to, an Acquisition Proposal. For purposes of this Section 6.14, " Acquisition Proposal " shall mean any inquiry, proposal or offer from any Person (other than Buyer or any of its Affiliates) concerning (i) a merger, consolidation, liquidation, recapitalization, share exchange or other business combination transaction involving the Company; (ii) the issuance or acquisition of shares of capital stock or other equity securities of the Company; or (iii) the sale, lease, exchange or other disposition of any significant portion of the Company's properties or assets.

(b) In addition to the other obligations under this Section 6.14, the Holding Company shall promptly (and in any event within three Business Days after receipt thereof by the Holding Company or its Representatives) advise Buyer orally and in writing of any Acquisition Proposal, any request for information with respect to any Acquisition Proposal, or any inquiry with respect to or which could reasonably be expected to result in an Acquisition Proposal, the material terms and conditions of such request, Acquisition Proposal or inquiry, and the identity of the Person making the same.

(c) The Holding Company agrees that the rights and remedies for noncompliance with this Section 6.14 shall include having such provision specifically enforced by any court having equity jurisdiction, it being acknowledged and agreed that any such breach or threatened breach shall cause irreparable injury to Buyer and that money damages would not provide an adequate remedy to Buyer.

6.15 Tax Matters .

(a) In the case of any Taxes of the Company that are payable with respect to any Tax period that begins on or before and ends after the Closing Date (a " Straddle Period "), the portion of any such Taxes that is allocable to the portion of the Straddle Period ending on the Closing Date shall: (i) in the case of Taxes that are either (A) based upon or related to income, receipts or expenditures, or (B) imposed in connection with any sale, transfer or assignment or any deemed sale, transfer or assignment of property (real or personal, tangible or intangible), be deemed equal to the amount that would be payable if the Tax year or period ended at the end of the day on the Closing Date; and (ii) in the case of all other Taxes, be deemed to be the amount of such Taxes for the entire Straddle Period (or, in the case of such Taxes determined on an arrears basis, the amount of such Taxes for the immediately preceding Tax period) multiplied by a fraction, the numerator of which is the number of calendar days in the portion of the Straddle Period ending on the Closing Date and the denominator of which is the number of calendar days in the entire Straddle Period. Any bonuses, payments and payment obligations (and the employer's share of any associated employment, payroll and similar Taxes) shall be deducted (pursuant to the "two and a half month rule" of Treasury Regulations Section 1.404(b)-1T, Revenue Procedure 2008-25 or otherwise) only on Tax Returns for the Tax period ending on the Closing Date. All Taxes of the Company that are accrued and unpaid for the period through the Closing Date, including Taxes for the portion of the Straddle Period ending on the Closing Date shall be paid by the Holding Company or shall be included as a Current Liability in calculating Working Capital for purposes of the Bracor SPA.

(b) Buyer shall prepare and timely file (or cause to be prepared and timely filed) all Tax Returns of the Company required to be filed with any Governmental Authority after the Closing Date, and shall pay (or cause to be paid) any Taxes due in respect of such Tax Returns. With respect to any Tax Returns filed with respect to any Pre-Closing Tax Period, or with respect to any Straddle Period, the Holding Company shall be responsible for the Pre-Closing Taxes due in respect of such Tax Returns (collectively, " Sellers' Taxes "), to the extent not previously taken into account as a Current Liability in calculating the Final Working Capital under the Bracor SPA. Buyer shall notify the Holding Company in writing of the amount due in respect of any such Tax Return no later than 20 Business Days prior to the date on which such Tax Return is due and attach to such written notice detailed worksheets showing the computation of the amount due. No later than 10 Business Days prior to the date such Tax Return is due, the Holding Company shall either (i) remit the amount of Sellers' Taxes (if a closing of the Bracor SPA transaction occurs, any amount in excess of the amount taken into account as a Current Liability in calculating the Final Working Capital under the Bracor SPA) or (ii) deliver to Buyer written notice that it disputes Buyer's computation of the amount due, attaching detailed worksheets showing the Holding Company's calculation of the amount due (if any). If Buyer and the Holding Company are unable to resolve any dispute within five Business Days after the delivery of the Holding Company's written notice, Buyer and the Holding Company shall engage the Accounting Firm (as defined in the Bracor SPA) to resolve the matter. To the extent that Sellers' Taxes are less than the amount previously taken into account as a Current Liability in calculating the Final Working Capital under the Bracor SPA, Buyer shall promptly pay such difference as directed in the Bracor SPA.

(c) Any refund of Taxes paid or credited to the Company with respect to a Pre-Closing Tax Period, other than a refund attributable to a carryback of losses incurred in periods after the Closing, shall be for the benefit of the Holding Company and shall be paid to the Holding Company no later than 10 Business Days after receipt of payment or credit by the Company, but only if the Company paid such Taxes prior to Closing or such Taxes were included as a Current Liability in the calculation of Working Capital. All Tax Benefits realized by the Company and attributable to losses incurred in a Pre-Closing Tax Period shall be for the account of the Company and Parent and not for the account of the Holding Company. Amounts payable to the Holding Company pursuant to this Section 6.15(c) are subject to a right of setoff by Buyer for any unpaid Sellers' Taxes.

(d) Buyer shall not (and shall not cause or permit the Company) (i) amend any Tax Return filed with respect to any Tax year ending on or before the Closing Date or with respect to any Straddle Period or (ii) make any Tax election that has retroactive effect to any such year or to any Straddle Period, in each case without the prior written consent of the Holding Company, which consent shall not be unreasonably withheld, conditioned or delayed.

(e) No election shall be made under Code Section 338(g) with respect to the transactions contemplated by this Agreement. If the transactions contemplated in the Bracor SPA close, then the obligations of the Parties with respect to Taxes shall be governed by the Bracor SPA with the exception that the Closing Date of this Agreement shall apply in determining the allocation of obligations between Buyer and Sellers (as defined in the Bracor SPA) for Company tax-related obligations and liabilities.

6.16 Non-Competition and Non-Solicitation .

(a) For a period beginning on the Closing Date and ending on the fifth anniversary of the Closing Date (the " Restriction Period "), the Holding Company shall not, directly or indirectly, engage in or assist others in engaging in the business of engaging in the home health, home care or personal care business (collectively, the " Restricted Business ") in the state of Ohio (the " Territory "), as a stockholder, partner, member, owner, joint venturer, investor, employee, officer, director, sole proprietor, or similar capacity (other than as a holder of not more than two percent (2%) of the total outstanding stock of a publicly held company).

(b) During the Restriction Period, the Holding Company shall not, directly or indirectly, for itself or on behalf of any other Person: (i) induce, persuade or encourage any customer or supplier of the Restricted Business in the Territory to cease doing business with the Company, Buyer or any Affiliate thereof; (ii) solicit or procure the business of any Person that is a customer of the Company as of the Closing Date in the Territory in connection with any activities which are in competition with the Restricted Business; (iii) accept or procure any business from any Person that is a customer of the Company as of the Closing Date in the Territory in connection with any activities which are in competition with the Restricted Business; or (iv) supply or procure any services to any Person that is a customer of the Company as of the Closing Date in the Territory in connection with any activities which are in competition with the Restricted Business.

(c) During the Restriction Period, the Holding Company shall not, directly or indirectly, for itself or on behalf of any other Person, (i) hire or solicit for employment any employee of the Company, Buyer or any Affiliate thereof who was, as of the Closing Date, an employee of the Company or (ii) induce, persuade or encourage any Employee of the Company, Buyer or any Affiliate thereof who was, as of the Closing Date, an employee of the Company to terminate such employee's position with the Company, Buyer or any Affiliate thereof.

(d) The Holding Company acknowledges that: (i) an essential part of the acquisition contemplated by this Agreement is the purchase by Buyer of goodwill, and that to protect and preserve such goodwill, the covenants set forth in this Section 6.16 are not only reasonable and necessary but required as a condition to Buyer's consummation of the transactions contemplated by this Agreement; (ii) the provisions of this Section 6.16 are the product of arm's-length negotiations and are reasonable and necessary to protect and preserve Buyer's interests in and right to the ownership, use and operation of the Business from and after the Closing Date; and (iii) Buyer would be irreparably damaged if the Holding Company breached its covenants set forth in this Section 6.16. In the event that any covenant contained in this Section 6.16 should ever be adjudicated to exceed the time, geographic, product or service, or other limitations permitted by applicable Law in any jurisdiction, then any court is expressly empowered to reform such covenant, and such covenant shall be deemed reformed, in such jurisdiction to the maximum time, geographic, product or service, or other limitations permitted by applicable Law. The covenants contained in this Section 6.16 and each provision hereof are severable and distinct covenants and provisions. The invalidity or unenforceability of any such covenant or provision as written shall not invalidate or render unenforceable the remaining covenants or provisions hereof, and any such invalidity or unenforceability in any jurisdiction shall not invalidate or render unenforceable such covenant or provision in any other jurisdiction.

(e) The Parties recognize that damages in the event of a breach by the Holding Company of any provision of this Section 6.16 would be difficult, if not impossible, to ascertain, and it is therefore agreed that Buyer, in addition to and without limiting any other remedy or right it may have, shall have the right to seek an injunction or other equitable relief in any court of competent jurisdiction, enjoining any such breach. The existence of this right shall not preclude any other rights or remedies at law or in equity which Buyer may have relating to a breach of this Section 6.16.

(f) The obligations of the Parties in this Section 6.16 shall terminate if the transactions contemplated by the Bracor SPA close and thereafter be governed by the terms of the Bracor SPA.

6.17 Use of Corporate Name or Trade Name . After the Closing, neither the Holding Company nor any of its Affiliates will use any of the legal or trade names associated with the Company or the Business (other than the "Willcare" name which may continue to be used by the Company Group in accordance with the terms of the Bracor SPA), or any other trade name included within the Company Intellectual Property, any derivative or variation thereof or any name similar thereto. If the transactions contemplated by the Bracor SPA close, then this provision shall terminate and thereafter its subject matter shall be governed by the terms of the Bracor SPA.

ARTICLE VII
CONDITIONS PRECEDENT

7.1 Conditions to Obligation of Buyer . The obligation of Buyer to consummate the transactions to be performed by it in connection with the Closing is subject to satisfaction or waiver of the following conditions:

(a) (i) each of the representations and warranties of the Holding Company set forth in Articles III and Article V (other than the representations and warranties listed in clause (ii) of this Section 7.1(a)), shall be true and correct in all material respects (without giving effect to any materiality qualifiers, including references to "Material Adverse Change" or "Material Adverse Effect," contained therein) on and as of the Closing Date as though such representation and warranty were made on and as of the Closing Date (except with respect to any such representation or warranty that is expressly made or speaks only as of the date of this Agreement or another specific date, which need only be true and correct on and as of the date of this Agreement or such other date, as applicable), and

(ii) each of the representations and warranties of the Holding Company set forth in Sections 3.1 (Organization), 3.2 (Authorization of Transaction), and 3.4 (Ownership of Company Shares), and of the Holding Company set forth in Sections 5.1 (Organization, Qualification, Corporate Power and Authorization), 5.2 (Authorization of Transaction), 5.3 (Capitalization), 5.5 (Brokers' Fees) and 5.7 (Subsidiaries), shall be true and correct in all respects on and as of the Closing Date, as though such representation and warranty were made on and as of the Closing Date;

(b) the Holding Company shall have performed and complied with, in all material respects, all covenants, agreements and obligations required to be performed or complied with by the Holding Company under this Agreement at or prior to the Closing;

(c) the Required Consents and Filings and the other Regulatory Approvals shall have been obtained or made;

(d) no Decree of any Governmental Authority shall be in effect, and no Law shall have been enacted, entered, promulgated, enforced or deemed applicable by any Governmental Authority that prohibits or makes illegal the consummation of the transactions contemplated by this Agreement;

(e) the Holding Company shall have delivered to Buyer a certificate (the " Holding Company Closing Certificate ") to the effect that each of the conditions specified in Sections 7.1(a) and (b) is satisfied;

(f) the Holding Company shall have delivered to Buyer written resignations, effective as of the Closing Date, of the officers and directors of the Company;

(g) the Holding Company shall have delivered to Buyer a general release of the Company, excluding rights under this Agreement, including without limitation, a release of any liabilities or obligations under any management or administrative services agreement;

(h) the sale and transfer to Buyer of 100% of the Company's issued and outstanding Company Shares;

(i) Buyer shall have received a certificate of the Secretary of the Holding Company certifying that attached thereto are true and complete copies of all resolutions adopted by the board of directors of the Holding Company authorizing the execution, delivery and performance of this Agreement and the consummation of the transactions contemplated hereby and that all such resolutions are in full force and effect and are all the resolutions adopted in connection with the transactions contemplated hereby;

(j) the Holding Company shall have delivered to Buyer a good standing certificate for the Holding Company and the Company from the secretary of state of the jurisdiction under the Laws in which each such entity is organized or with respect to the Company, qualified as a foreign corporation;

(k) the Holding Company shall have delivered to Buyer a certificate pursuant to Treasury Regulations Section 1.1445-2 (b) that the Holding Company is not a foreign person within the meaning of Section 1445 of the Code;

(l) the Holding Company shall have delivered, or caused to be delivered, to Buyer stock certificates evidencing the Company Shares, free and clear of Encumbrances, duly endorsed in blank or accompanied by stock powers or other instruments of transfer duly executed in blank and with all required stock transfer tax stamps affixed;

(m) the Holding Company shall have delivered to Buyer payoff or similar letters with respect to the repayment and satisfaction, simultaneous with or prior to Closing, of the Company Indebtedness listed in Section 2.3(a) of the Disclosure Schedule, including the release of any liens held by M&T Bank on the Company Shares and the assets of the Company, and the termination of any guaranty agreement entered into by the Company, along with a general release of the Company from and against any liabilities or obligations under any M&T Bank loan or credit documents or otherwise;

(n) from the date of this Agreement, there shall not have occurred any Material Adverse Change, nor shall any event or events have occurred that, individually or in the aggregate, with or without the lapse of time, could reasonably be expected to result in a Material Adverse Change; and

(o) Holding Company shall have executed and delivered a Transition Services Agreement in the form attached hereto as Exhibit A (the " TSA ").

7.2 Conditions to Obligation of the Holding Company . The obligation of the Holding Company to consummate the transactions to be performed by them in connection with the Closing is subject to satisfaction or waiver of the following conditions:

(a) each of the representations and warranties of Buyer set forth in Article IV shall be true and correct in all material respects on and as of the Closing Date, as though such representation and warranty were made on and as of the Closing Date;

(b) Buyer shall have performed and complied with, in all material respects, all covenants, agreements and obligations required to be performed or complied with by Buyer under this Agreement at or prior to the Closing;

(c) the Required Consents and Filings and the other Regulatory Approvals shall have been obtained or made;

(d) no Decree shall be in effect, and no Law shall have been enacted, entered, promulgated, enforced or deemed applicable by any Governmental Authority, that prohibits or makes illegal the consummation of the transactions contemplated by this Agreement;

(e) Buyer and Parent shall have delivered to the Holding Company a certificate (the " Buyer Closing Certificate ") to the effect that each of the conditions specified in Sections 7.2(a) and (b) is satisfied;

(f) the Holding Company shall have received a certificate of the Secretary of Buyer certifying that attached thereto are true and complete copies of all resolutions adopted by the board of directors of Buyer authorizing the execution, delivery and performance of this Agreement and the consummation of the transactions contemplated hereby and that all such resolutions are in full force and effect and are all the resolutions adopted in connection with the transactions contemplated hereby;

(g) Buyer shall have delivered to Buyer a good standing certificate for Buyer from the secretary of state of the jurisdiction under the Laws in which Buyer is organized;

(h) Buyer shall have made the payments specified in Section 2.3; and

(i) Buyer shall have executed and delivered the TSA.

7.3 Frustration of Closing Conditions . No Party may rely on the failure of any condition set forth in this Article VII to be satisfied if such failure was caused by such Party's failure to use commercially reasonable efforts to cause the Closing to occur, as required by Section 6.1.

ARTICLE VIII
REMEDIES

8.1 Survival of Representations, Warranties and Covenants .

(a) All of the representations and warranties contained in Articles III, IV and V of this Agreement shall survive the Closing and continue in full force and effect for a period of 18 months thereafter; provided that:

(i) the representations and warranties of Holding Company contained in Sections 3.1 (Organization), 3.2 (Authorization of Transaction), and 3.4 (Ownership of Company Shares), (collectively, the " Fundamental Representations ") shall survive the Closing and continue in full force and effect for a period of five years after Closing; and

(ii) the representations and warranties of Buyer contained in Sections 4.1 (Organization), 4.2 (Authorization of Transaction), 4.5 (Investment), 4.7 (Investigation by Buyer) and 4.8 ("No Reliance) (collectively, the " Buyer's Fundamental Representations ") shall survive the Closing and continue in full force and effect for a period of five years after Closing.

Except as otherwise specifically provided in this Agreement, all covenants contained in this Agreement to be performed before or at the Closing shall not survive the Closing and all covenants contained in this Agreement to be performed after the Closing shall survive the Closing in accordance with their respective terms.

(b) The Parties acknowledge and agree that no claim may be brought in respect of a breach of any representation, warranty or covenant contained in this Agreement after the expiration of the survival period applicable to such representation, warranty or covenant, as set forth in Section 8.1(a).

(c) Notwithstanding anything in this Agreement to the contrary, any claims asserted in good faith with reasonable specificity (to the extent known at such time) and in writing by notice from the non-breaching party to the breaching party prior to the expiration date of the applicable survival period shall not thereafter be barred by the expiration of the relevant representation or warranty or indemnification clause and such claims shall survive until finally resolved.

8.2 Claims Against the Holding Company . From and after the Closing and subject to the provisions of this Article VIII, Buyer and its respective Affiliates (which shall include, following the Closing, the Company), directors, officers, managers, employees, and agents (collectively, the " Buyer Indemnitees ") shall be entitled to make a Claim for Indemnification against the Holding Company in respect of any and all losses, assessments, adjustments, recoupment, suspensions, offsets, damages, liabilities, costs and expenses (including reasonable attorney fees) (collectively, " Losses ") incurred by Buyer Indemnitees (" Buyer Losses "), arising out of or resulting from:

(a) a breach of any representation or warranty of the Holding Company contained in Article III;

(b) a breach of any representation or warranty of the Holding Company contained in Article V;

(c) a breach of any covenant or agreement of the Holding Company contained in this Agreement;

(d) [intentionally deleted];

(e) subject to a survival period for such indemnification obligation ending 18 months from the Closing Date, Losses arising from: (i) any post-payment review by, or claims, actions, audits, investigations, or proceedings conducted by or on behalf of, any Third Party Payors or any Governmental Programs, including but not limited to the Ohio Department of Medicare, Medicare and Medicaid administrative contractors or intermediaries, recovery auditors (formerly recovery audit contractors), long-term care audits, zone program integrity contractors,

specialty medical review contractors, but only to the extent such Losses arise from services performed by the Company prior to the Closing Date; (ii) audits, investigations, claims, actions, proceedings or lawsuits filed by the U.S. Department of Health and Human Services Office of Inspector General, U.S. Department of Justice, the Ohio State Attorney General, the Ohio State Medicaid agency or other agencies or persons with respect to health care fraud or False Claims Act Matters, qui tam or whistle blower actions, relating to the provision of health care services or the submission of health care claims by the Company relating to dates of service prior to the Closing Date; (iii) any review by, or claims, actions, audits, investigations, or proceedings conducted by any Governmental Authority or Third Party Payor and relating to the operation of the business of the Company or its participation in any Governmental Programs or Private Programs prior to the Closing Date; or (iv) medical malpractice claims arising out of or relating to the operation of the business of the Company prior to Closing;

(f) subject to a survival period for such indemnification obligation ending 18 months from the Closing Date, other than for Benefit Plans and Arrangements which shall be subject to a survival period ending six years from the Closing Date, any Retained Employee Liabilities;

(g) subject to a survival period for such indemnification obligation ending 18 months from the Closing Date, (i) all Taxes (or the non-payment thereof) of the Company for the Pre-Closing Tax Periods, provided, for the avoidance of doubt, the employer's share of all employment, payroll and similar Taxes incurred by the Company with respect to any compensatory payments made in connection with the transaction contemplated by this Agreement, whether such Taxes are incurred prior to, at, or following the Closing Date, shall be treated as arising in the Pre-Closing Tax Periods, (ii) all Taxes of any member of an affiliated, consolidated, combined or unitary group of which the Company (or any predecessor of the Company) is or was a member on or prior to the Closing Date, including pursuant to Treasury Regulation §1.1502-6 or any analogous or similar state, local, or non-U.S. law or regulation, (iii) any and all Taxes of any Person imposed on the Company as a transferee or successor, by contract or pursuant to any Law, which Taxes relate to an event or transaction occurring before the Closing and (iv) any Taxes that are the responsibility of the Holding Company;

(h) any worker's compensation claims relating to the pre-Closing period;

(i) the failure of the Company to comply with all applicable requirements of the Patient Protection and Affordable Care Act of 2010 (" PPACA "), including, without limitation, offering affordable coverage to a sufficient number of Company employees to avoid penalties under the PPACA;

(j) and any claims, actions, proceedings or lawsuits filed or instituted by Cerner Corp. d/b/a Cerner BeyondNow, Inc. or any affiliate thereof (" Cerner ") regarding payments or fees allegedly owed to Cerner by the Company or any member of the Company Group relating to any software solution allegedly used by the Company or any member of the Company Group for any period prior to the Closing, including without limitation those matters referred to in Part 1 and Part 2 of Section 5.18 of the Disclosure Schedules to the Bracor SPA;

(k) any claims, actions, proceedings, investigations, audits or lawsuits filed or instituted by any government agency or any individual or entity on behalf of any government agency with respect to any of the matters addressed in *United States of America, ex. rel. Cary L. Zigrossi v. Western Regional Health Corporation, et. al.* , previously filed on March 2, 2011, in the United States District Court for the Western District of New York, and dismissed without prejudice by order of the court on April 24, 2014; and

(l) defending any third party claim alleging the occurrence of facts or circumstances that, if true, would entitle an Buyer Indemnitees to indemnification hereunder.

8.3 Claims Against Buyer . From and after the Closing and subject to the provisions of this Article VIII, the Holding Company and its Affiliates, directors, officers, managers, employees (collectively, the " Seller Indemnitees ") shall be entitled to make a Claim for Indemnification against Buyer in respect of any and all Losses incurred by Seller Indemnitees, arising out of or resulting from:

(a) a breach of any representation or warranty of Buyer contained in Article IV; and

(b) a breach of any covenant or obligation of Buyer contained in this Agreement.

8.4 Matters Involving Third Party Claims .

(a) If any third party shall notify any Party (the " Indemnified Party ") with respect to a Third Party Claim which may give rise to a Claim for Indemnification against any other Party (the " Indemnifying Party ") under this Article VIII, then the Indemnified Party shall promptly provide a Claim for Indemnification to the Indemnifying Party; provided , however , that no delay on the part of the Indemnified Party in notifying any Indemnifying Party shall relieve the Indemnifying Party from any obligation hereunder unless (and then only to the extent) the Indemnifying Party is prejudiced by such delay. Thereafter, the Indemnified Party shall deliver to the Indemnifying Party, promptly following receipt thereof, copies of all notices and documents (including court papers) received by the Indemnified Party relating to any such Third Party Claim.

(b) Any Indemnifying Party shall have the right (but not the obligation), upon written notice to the Indemnified Party delivered no later than 30 days after receipt by the Indemnifying Party of the Claim for Indemnification, to assume the conduct and control, through counsel of its choice reasonably satisfactory to the Indemnified Party, and at the expense of the Indemnifying Party, of the settlement or defense of the Third Party Claim. The Indemnified Party shall cooperate with the Indemnifying Party and its counsel in connection therewith and the Indemnifying Party shall permit the Indemnified Party to participate in such settlement or defense through counsel chosen by the Indemnified Party; provided that the fees and expenses of such counsel shall be borne solely by such Indemnified Party. So long as the Indemnifying Party is reasonably contesting any such Third Party Claim in good faith, the Indemnified Party shall not pay or settle such Third Party Claim. If the Indemnifying Party does not notify the Indemnified Party in writing within 30 days after receipt of the Claim for Indemnification that it

elects to undertake the defense of the Third Party Claim, then the Indemnified Party shall have the right to contest, settle or compromise such Third Party Claim but shall not thereby waive any right to seek indemnity therefor pursuant to this Article VIII. Any settlement or compromise of any Third Party Claim by the Indemnifying Party shall require the prior written consent of the Indemnified Party, which consent shall not be unreasonably withheld, conditioned or delayed; provided that no such consent shall be required for any such settlement or compromise that (i) is exclusively monetary and (ii) does not contain an admission of liability on the part of any Indemnified Party.

(c) All of the Parties shall reasonably cooperate in the defense or prosecution of any Third Party Claim in respect of which indemnity may be sought hereunder and the Parties (or a duly authorized representative of such Party) shall (and Buyer shall cause the Company to) furnish such records, information and testimony, and attend such conferences, discovery proceedings, hearings, trials and appeals, as may be reasonably requested in connection therewith.

8.5 Matters Not Involving Third Party Claims . Buyer Indemnitees or Seller Indemnitees may make a claim under this Article VIII that does not involve a Third Party Claim in any amount to which they may be entitled under this Article VIII by providing a Claim for Indemnification against the appropriate Indemnifying Party promptly (but in no event more than 10 Business Days) after such Indemnified Party has notice of any Losses that may give rise to a Claim for Indemnification; provided , however , that no delay on the part of a Buyer Indemnitee or Seller Indemnitee in notifying such Indemnifying Party shall relieve the Indemnifying Party from any obligation hereunder unless (and then only to the extent) such Indemnifying Party is actually prejudiced by such delay. Such Indemnifying Party shall have 30 days to object to the Claim for Indemnification by delivery of a written notice of such objection to the Indemnified Party. If an objection is delivered by the Indemnifying Party, then the Indemnified Party and the Indemnifying Party shall negotiate in good faith for a period of 20 Business Days from the date the Indemnified Party receives such objection prior to commencing any Proceeding with respect to such Claim for Indemnification.

8.6 Limitations on Indemnification .

(a) Notwithstanding anything to the contrary in this Agreement, the right of Buyer Indemnitees to indemnification in respect of Buyer Losses under this Article VIII shall be subject to the following limitations:

(i) Buyer Indemnitees shall not be entitled to assert any Claim for Indemnification pursuant to Sections 8.2 (a) or 8.2(b) in respect of any Buyer Losses, or series of related Buyer Losses, until the aggregate amount of all Buyer Losses actually incurred by Buyer Indemnitees exceeds an amount equal to $165,000 (the " Deductible Amount "), in which case Buyer Indemnitees shall have the right to seek indemnification for the amount of Buyer Losses in excess of the Deductible Amount; provided , however , that the limitation set forth in this Section 8.6(a)(i) shall not apply to Buyer Losses based upon, arising out of or resulting, directly or indirectly, from (i) a breach of Fundamental Representations, or (ii) fraud, criminal activity or willful misconduct; and

(ii) the aggregate maximum amount available to Buyer Indemnitees for Claims for Indemnification pursuant to Sections 8.2(a) and (b) shall be limited to $3,000,000; provided , however , that the limitation set forth in this Section 8.6(a)(ii) shall not apply to Buyer Losses based upon, arising out of or resulting, directly or indirectly, from (A) a breach of Fundamental Representations, or (B) fraud, criminal activity or willful misconduct.

(b) The amount of any and all Buyer Losses shall be determined net of: (i) any amounts actually recovered by Buyer Indemnitees or Seller Indemnitees, as applicable, under insurance policies or from other collateral sources (such as contribution agreements or contractual indemnities of any Person which are contained outside of this Agreement) with respect to such Buyer Losses; and (ii) any Tax Benefit realized by a Buyer Indemnitee or a Seller Indemnitee, as applicable, provided that such Tax Benefit is deductible currently (not a deferred tax benefit) and does not place the applicable Buyer Indemnitee or Seller Indemnitee, in the opinion of such indemnitee's independent accounting firm, in an uncertain adverse tax position (i.e., doesn't have substantial authority supporting such position or for which Buyer Indemnitee's or Seller Indemnitee's accounting firm or tax counsel, as applicable, does not believe satisfies the "more likely than not" standard). If an Indemnified Party recovers any amount under insurance policies or other collateral sources within two years after an indemnification payment is made to him or it pursuant to this Article VIII, the Indemnified Party shall promptly pay to the Indemnifying Party that made such indemnification payment the recovered amount; provided that in no event shall the amount of such payment to the Indemnifying Party exceed the amount of such indemnification payment. Any reduction of Losses under this paragraph shall be net of any related costs and expenses, including the aggregate cost of pursuing any related insurance claims and any related increases in insurance premiums or other chargebacks (it being agreed that neither party shall have any obligations to seek to recover any insurance proceeds in connection with making a claim under this Article VIII).

(c) The representations, warranties and covenants of Holding Company, and a Buyer Indemnitee's right to indemnification with respect thereto, shall not be affected or deemed waived by reason of any investigation made by or on behalf of Buyer Indemnitee (including by any of its Representatives) or by reason of the fact that Buyer Indemnitee or any of its Representatives know or should have known at any time that any such representation or warranty is, was or might be inaccurate or by reason of Buyer Indemnitee's waiver of any condition set forth in Article VIII.

(d) The indemnification rights of the Seller Indemnitees under this Article VIII shall be subject to the same limitations on indemnification applicable to Buyer Indemnitees under this Article VIII.

(e) Notwithstanding anything to the contrary in this Agreement, all materiality qualifications (whether by reference to "material", "all material respects", "Material Adverse Change" or "Material Adverse Effect") contained in the representations and warranties set forth in this Agreement shall be disregarded solely for purposes of determining, under this Article VIII, the amount of any Losses arising out of or resulting from a breach of any such representation or warranty; provided that none of such materiality qualifications shall be disregarded for purposes of determining whether any such representation or warranty has been breached.

(f) Notwithstanding anything to the contrary in this Agreement, all references to "Acquisition Date" contained in the representations and warranties set forth in this Agreement shall be disregarded solely for purposes of determining, under this Article VIII, whether any representation and warranty set forth in this Agreement has been breached and the amount of any Losses arising out of or resulting from a breach of any such representation or warranty.

8.7 Exclusive Remedy; Waiver of Certain Damages .

(a) Subject to Section 10.12, from and after the Closing, the rights of the Parties pursuant to the provisions of this Article VIII shall be the sole and exclusive remedy for the Parties, and each Party hereby waives all other remedies, with respect to any claim or matter arising from or relating to this Agreement and the transactions contemplated by this Agreement, other than claims arising from fraud, criminal activity or willful misconduct on the part of a Party hereto in connection with the transactions contemplated by this Agreement. Nothing in this Section 8.7 shall limit any Party's right to seek and obtain any equitable relief to which any Party shall be entitled or to seek any remedy on account of any party's fraudulent, criminal or willful misconduct.

(b) Subject to the final sentence of this Section 8.7(b), in no event shall any Person be liable for (i) punitive, special, exemplary, lost profits, damage to reputation or loss of goodwill, whether based in contract, tort, strict liability or otherwise (other than indemnification for amounts paid or payable to third parties in respect of any third party claim for which indemnification hereunder is otherwise required). Nothing in this Section 8.7(b) shall limit a Person's right to recover under this Article VIII for any damages described in the preceding sentence to the extent such Person is required to pay such damages to a third party in connection with a matter for which such Person is, in all other respects, entitled to indemnification pursuant to this Article VIII.

8.8 Closing of the Bracor SPA Transaction . Notwithstanding anything in this Agreement to the contrary, if the transactions contemplated by the Bracor SPA close, then (a) the Holding Company's indemnification obligations under this Article VIII shall be merged into the indemnification obligations of the Sellers (as defined in the Bracor SPA) and otherwise subject to the provisions of Article VIII of the Bracor SPA, including, without limitation, the application of the Indemnification Escrow Amount and the limitations on indemnification set forth in such Article VIII, (b) to the extent that the Holding Company has paid an indemnification claim pursuant to this Agreement prior to the Bracor SPA Closing Date (as defined in the Bracor SPA), then the amount of such payment shall, as applicable, apply against the indemnification limitations set forth in the Bracor SPA and reduce the Company Group's (as defined in the Bracor SPA) Working Capital (as defined in the Bracor SPA) for purposes of computation of the Preliminary Purchase Price (as defined in the Bracor SPA) and Final Purchase Price (as defined in the Bracor SPA) under the Bracor SPA, and (c) the survival period for indemnification purposes shall be deemed to commence as of the Bracor SPA closing date, but the "Closing Date" for purposes of the bring down of representations and warranties in this Agreement shall remain the actual Closing Date of the transactions contemplated by this Agreement. But if the Bracor SPA is terminated prior to a closing, then the Holding Company's and the Buyer's indemnification obligations under this Agreement shall be determined based on this Article VIII without regard to the Bracor SPA.

8.9 Adjustments to Final Purchase Price . All indemnification payments under this Article VIII shall be deemed adjustments to the Final Purchase Price.

8.10 Parent Guaranty .

(a) Parent hereby unconditionally and irrevocably guarantees to the Holding Company the full and punctual performance of and compliance with all covenants, agreements and other obligations of Buyer, now or hereafter existing, under this Agreement and each of the Ancillary Documents, including the payment of all amounts due from Buyer under Article II and this Article VIII. The guaranty set forth in this Section 8.10(a) is an absolute, present, primary and continuing guaranty of performance, payment and compliance. Parent acknowledges and agrees that its liability under this Section 8.10(a) is joint and several with Buyer and, upon any breach or default by Buyer, the Holding Company shall not be obligated to first attempt enforcement against Buyer. Parent hereby waives any and all defenses to enforcement of the guaranty set forth in this Section 8.10(a), now existing or hereafter arising, which may be available to guarantors, sureties and other secondary parties at law or in equity. Parent further agrees to pay all reasonable costs and expenses, including reasonable attorney fees and related costs, incurred by the Holding Company or their Affiliates in enforcing the guaranty set forth in this Section 8.10(a). Parent agrees that (i) the Holding Company would be damaged irreparably in the event that any of the provisions of this Section 8.10(a) are not performed in accordance with their specific terms and (ii) the Holding Company shall be entitled, in addition to any other remedy at law or in equity, to specific performance of the terms of this Section 8.10(a), without the necessity of proving the inadequacy of money damages as a remedy and without posting any bond in connection therewith. Notwithstanding anything herein to the contrary, Parent's obligations under this Section 8.10 shall be co-extensive with Buyer's obligations under this Agreement, and shall be subject to the terms and conditions of this Agreement (excluding for this purpose, this Section 8.10).

(b) Parent represents and warrants to the Holding Company that, as of the date of this Agreement and as of the Closing Date: (i) Parent has the requisite power and authority to execute and deliver this Agreement and to perform its obligations under this Agreement, including the obligations set forth in Section 8.10(a); (ii) this Agreement has been duly and validly executed and delivered by Parent and, assuming the due authorization, execution and delivery by the other parties hereto, constitutes the valid and legally binding obligation of Parent, enforceable against Parent in accordance with its terms and conditions, subject to applicable bankruptcy, insolvency, reorganization, moratorium and other similar Laws affecting creditors' rights generally and general principles of equity; and (iii) the execution and delivery of this Agreement, and Parent's performance under this Agreement, including Parent's performance under Section 8.10(a), do not (x) violate any Law, Decree or other restriction of any Governmental Authority to which Parent is subject, or any provision of its Organizational Documents or (y) conflict with, result in a breach of, constitute a default under, result in the acceleration of any obligation under, create in any party the right to accelerate, terminate, modify, or cancel, or require any notice under, any agreement, contract, lease, license, instrument, or other arrangement to which Parent is a party or by which it is bound or to which any of its assets is subject.

8.11 Effect of Investigation . The representations, warranties and covenants of the Indemnifying Party, and the Indemnified Party's right to indemnification with respect thereto, shall not be affected or deemed waived by reason of any investigation made by or on behalf of the Indemnified Party (including by any of its Representatives) or by reason of the fact that the Indemnified Party or any of its Representatives knew or should have known that any such representation or warranty is, was or might be inaccurate, including as a result of the Holding Company's notification of Buyer of certain matters or updating of the Disclosure Schedules pursuant to Section 6.3, or by reason of the Indemnified Party's waiver of any condition set forth in Sections 7.1 or 7.2, as the case may be.

ARTICLE IX
TERMINATION

9.1 Termination of Agreement . Certain of the Parties may terminate this Agreement, prior to the occurrence of the Closing, as provided below:

(a) Buyer and the Holding Company may terminate this Agreement by mutual written consent at any time prior to the Closing;

(b) Buyer or the Holding Company may terminate this Agreement if the Closing shall not have occurred on or prior to March 31, 2015 (the " Termination Date "), and the Party seeking to terminate this Agreement pursuant to this Section 9.1(b) shall not have breached in any material respect any of its representations, warranties, covenants or agreements contained in this Agreement in any manner that shall have contributed to or resulted in the failure of the Closing to occur on or before the Termination Date;

(c) Buyer may terminate this Agreement by giving written notice to the Holding Company at any time prior to the Closing in the event: (i) the Holding Company has breached any representation, warranty, covenant or agreement contained in this Agreement in any material respect, which breach would cause any of the conditions set forth in Sections 7.1(a) or (b) not to be satisfied; and (ii) Buyer has notified the Holding Company of such breach in writing and such breach is incapable of cure, or if such breach is capable of cure, the breach has continued without cure for a period of 30 days after the notice of breach; provided , that , the right to terminate this Agreement pursuant to this Section 9.1(c) shall not be available to Buyer if Buyer or Parent is then in material breach of any of its representations, warranties, covenants or agreements contained in this Agreement; or

(d) The Holding Company may terminate this Agreement by giving written notice to Buyer at any time prior to the Closing in the event: (i) Buyer or Parent has breached any representation, warranty, covenant or agreement contained in this Agreement in any material respect, which breach would cause any of the conditions set forth in Sections 7.2(a) or (b) not to be satisfied; and (ii) the Holding Company has notified Buyer of such breach in writing and such breach is incapable of cure, or if such breach is capable of cure, the breach has continued without cure for a period of 30 days after the notice of breach; provided, that the right to terminate this Agreement pursuant to this Section 9.1(d) shall not be available to the Holding Company if the Holding Company is then in material breach of any of his or its representations, warranties, covenants or agreements contained in this Agreement.

9.2 Effect of Termination . If any Party terminates this Agreement in accordance with Section 9.1, (a) this Agreement shall thereupon become void and of no further force or effect, and there shall be no liability or obligation on the part of the Parties or any of their respective Affiliates, except that Section 6.5 (Expenses), Section 6.6 (Confidentiality), Section 6.7 (No Public Announcement), this Section 9.2 (Effect of Termination) and Article X (Miscellaneous), shall survive such termination and remain valid and binding obligations of the Parties; and (b) with respect to any liabilities or damages incurred or suffered by any Party, nothing herein shall relieve any Party from liability for such liabilities or damages arising as a result of (i) the failure of any Party to consummate the transactions contemplated by this Agreement if it is obligated to do so hereunder, (ii) the willful failure of any Party to fulfill a condition to the performance of the material obligations of any of the other Parties or (iii) the willful and material failure of any Party to perform a covenant or agreement hereunder applicable to it.

ARTICLE X
MISCELLANEOUS

10.1 No Third Party Beneficiaries . Except for the provisions of Section 6.8, which are intended to be enforceable by the Persons referred to therein, this Agreement shall not confer any rights or remedies upon any Person other than the Parties and their respective successors and permitted assigns.

10.2 Entire Agreement . This Agreement and the Ancillary Documents entered into by and between the Parties constitute the entire agreement between the Parties with respect to the subject matter of this Agreement and such Ancillary Documents, and supersede any prior understandings, agreements, or representations by or between the Parties, written or oral, to the extent they related in any way to the subject matter of this Agreement and such Ancillary Documents.

10.3 Succession and Assignment . This Agreement shall be binding upon and inure to the benefit of the Parties and their respective successors and permitted assigns. No Party may assign either this Agreement or any of his or its rights, interests, or obligations hereunder without the prior written approval of the other Parties.

10.4 Counterparts; Signatures . This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. A manual signature on this Agreement or any Ancillary Document, an image of which has been transmitted electronically, shall constitute an original signature for all purposes. The delivery of copies of this Agreement or any Ancillary Document, including executed signature pages where required, by electronic transmission will constitute effective delivery of this Agreement or such Ancillary Document for all purposes.

10.5 Headings . The article and section headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.

10.6 Notices . All notices, requests, demands, claims and other communications under this Agreement shall be in writing and shall be deemed duly given: (a) when delivered

personally; (b) when sent by facsimile transmission (with confirmation by the transmitting equipment); (c) three Business Days after being sent by registered or certified mail, return receipt requested, postage prepaid; or (d) one Business Day after being sent by a nationally recognized overnight delivery service (receipt requested), in each case to the appropriate addresses set forth below. If to the Holding Company:

Bracor, Inc.
346 Delaware Avenue
Buffalo, NY 14202
Attn: CEO
Facsimile: (716) 856-7506
E-mail: eric.armenat@willcare.com

With a copy to:

Hodgson Russ LLP
The Guaranty Building
140 Pearl Street, Suite 100
Buffalo, New York 14202
Attn: John J. Zak
David G. Reed
Facsimile: (716) 849-0349
E-mail: jzak@hodgsonruss.com
dreed@hodgsonruss.com

If to Buyer or Parent:

c/o Almost Family, Inc.
9510 Ormsby Station Road, Suite 300
Louisville, Kentucky 40223
Attn: President
Facsimile: (502) 891-8067

With a copy to:

Frost Brown Todd LLC
400 West Market Street, 32 nd Floor
Louisville, Kentucky 40202
Attn: Scott W. Dolson
Facsimile: (502) 581-1087
E-mail: sdolson@fbtlaw.com

Any Party may send any notice, request, demand, claim or other communication under this Agreement to the intended recipient at the address set forth above using any other means (including electronic mail), but no such communication shall be deemed to have been duly given unless and until it actually is received by the intended recipient. Any Party may change the

address to which communications under this Agreement are to be delivered by giving the other Parties notice in the manner set forth in this Section 10.6.

10.7 Governing Law . This Agreement shall be governed by and construed in accordance with the Laws of the State of Delaware, without giving effect to any choice or conflict of law provision or rule (whether of the State of Delaware or any other jurisdiction) that would cause the application of the Laws of any jurisdiction other than the State of Delaware.

10.8 Amendments and Waivers . No amendment or waiver of any provision of this Agreement shall be valid unless the same shall be in a writing referring to this Agreement signed by Buyer and the Holding Company. No waiver by any Party of any default, misrepresentation, or breach of warranty or covenant hereunder, whether intentional or not, shall be deemed to extend to any prior or subsequent default, misrepresentation, or breach of warranty or covenant hereunder or affect in any way any rights arising by virtue of any prior or subsequent such occurrence.

10.9 Severability . Any term or provision of this Agreement that is invalid or unenforceable in any situation in any jurisdiction shall not affect the validity or enforceability of the remaining terms and provisions hereof or the validity or enforceability of the offending term or provision in any other situation or in any other jurisdiction.

10.10 Construction . Any reference to any federal, state, local, or foreign Law shall be deemed also to refer to all rules and regulations promulgated thereunder, unless the context requires otherwise. The word "including" (and variations thereof) shall mean "including, without limitation." All accounting terms used in this Agreement shall have the meanings given to them in accordance with GAAP. All monetary amounts set forth in this Agreement are in United States Dollars. All words used in this Agreement will be construed to be of such gender or singular or plural as the circumstances require. All references to "Section" or "Article" shall be deemed to refer to the provisions of this Agreement unless otherwise expressly provided. The words "this Agreement," "hereof," "hereunder," "herein," "hereby," or words of similar import shall refer to this Agreement as a whole and not to a particular section, subsection, clause or other subdivision of this Agreement, unless the context otherwise requires. The word "or" shall not be construed in its exclusive sense. The Parties have participated jointly in the negotiation and drafting of this Agreement. In the event an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the Parties and no presumption or burden of proof shall arise favoring or disfavoring any Party by virtue of the authorship of any of the provisions of this Agreement.

10.11 Incorporation of Exhibits and Schedules . The Exhibits and Disclosure Schedule identified in this Agreement are incorporated into this Agreement by reference and made a part of this Agreement.

10.12 Specific Performance . Each of the Parties acknowledges and agrees that the other Parties would be damaged irreparably in the event any of the provisions of this Agreement are not performed in accordance with their specific terms or otherwise are breached. Accordingly, each of the Parties agrees that the other Parties shall be entitled, in addition to any other remedy at law or in equity, to an injunction or injunctions to prevent breaches of the provisions of this

Agreement and to enforce the terms of this Agreement, in any Delaware State or Federal court sitting in Dover, Delaware by a decree of specific performance without the necessity of proving the inadequacy of money damages as a remedy. Each party hereby waives any requirement for securing or posting of any bond in connection with such remedy. With respect to any matter contemplated by this Section 10.12, each Party agrees and consents to the exclusive jurisdiction of any Delaware State or Federal court sitting in Dover, Delaware, waives all objections based on lack of venue and forum non conveniens, and irrevocably consents to the personal jurisdiction of all such courts.

10.13 Disclosure Schedule . The specification of any dollar amount in the representations and warranties contained in this Agreement or the inclusion of any specific item in the Disclosure Schedule is not intended to imply that such amounts (or higher or lower amounts) or such items are or are not material, and no Party shall use the fact of the setting of such amounts or the fact of the inclusion of any such item in the Disclosure Schedule in any dispute, claim or controversy as to whether any obligation, item or matter not described herein or included in the Disclosure Schedule is or is not material for purposes of this Agreement. Any item of information, matter or document disclosed or referenced in, or attached to, the Disclosure Schedule shall not constitute, or be deemed to constitute, an admission to any third party concerning such item or matter. Any reference to a document in the Disclosure Schedule is qualified in its entirety by reference to such document.

10.14 Public Statements . Prior to the Closing, the Holding Company and Buyer agree to cooperate in issuing any press releases or otherwise making public statements with respect to the transactions contemplated by this Agreement (including any statements to employees of the Company) and, prior to the Closing, no press release or other public statements may be issued without the joint consent of Buyer and the Holding Company; provided, however, that Buyer and its Affiliates may issue press releases or make public statements without the Holding Company's consent to the extent Buyer or its Affiliates are required by applicable Law, as advised by legal counsel.

[signature page follows]

IN WITNESS WHEREOF , the Parties have caused this Stock Purchase Agreement to be duly executed as of the date first above written.

BUYER :

NATIONAL HEALTH INDUSTRIES, INC.

By: /s/ C. Steven Guenthner
Name: C. Steven Guenthner
Title: President

PARENT :

ALMOST FAMILY, INC.

By: /s/ C. Steven Guenthner
Name: C. Steven Guenthner
Title: President

HOLDING COMPANY :

BRACOR, INC.

By: /s/ Eric Armenat
Eric Armenat, President and CEO

[Signature Page to Stock Purchase Agreement]

Exhibit A

Form of Transition Services Agreement

TRANSITION SERVICES AGREEMENT

This TRANSITION SERVICES AGREEMENT (this " Agreement ") is entered into as of [March 1], 2015 by and among (i) National Health Industries, Inc. (" NHI "), (ii) Bracor, Inc. (" Bracor "), and (iii) BHC Services, Inc. (" BHC ").

RECITALS

A. Pursuant to the terms of a Stock Purchase Agreement dated as of February 24, 2015, among NHI, Almost Family, Inc. (" AFAM "), and Bracor (the " Ohio Purchase Agreement "), NHI has acquired 100% of the stock of BHC (the " Ohio Acquisition "). Capitalized terms not otherwise defined in this Agreement shall have the meanings assigned to them in the Ohio Purchase Agreement.

B. Simultaneously with the execution of the Ohio Purchase Agreement, NHI, AFAM, Bracor, and the shareholders of Bracor have entered into a Share Purchase Agreement, dated as of February 24, 2015 (the " Bracor Purchase Agreement "), pursuant to which NHI will acquire 100% of the stock of Bracor upon the receipt of certain regulatory approvals and the satisfaction of certain additional closing conditions (the " Bracor Acquisition " and, collectively with the Ohio Acquisition, the " Acquisition ").

C. Bracor currently performs certain administrative and other services for BHC necessary for the operation of BHC's business.

D. Bracor likewise desires for NHI and its affiliates to provide certain transitional services to Bracor up to the date of closing of the Bracor Acquisition.

E. In connection with the Acquisition, and as further contemplated by the Ohio Purchase Agreement, Bracor and NHI have agreed to reciprocally provide certain transition services as more fully set forth in this Agreement, in the manner and for the respective periods set forth in this Agreement.

THE PARTIES, INTENDING TO BE LEGALLY BOUND, AGREE AS FOLLOWS:

1. Transition Services .

(a) During the Transition Period (as defined below), at the reasonable request of NHI from time to time (i) Bracor will use its reasonable best efforts to provide or cause one or more of its affiliates to provide to BHC one or more of the home office services traditionally provided by Bracor to BHC, and will use commercially reasonable efforts to provide such other transition support and expertise or such adjustments to such services as NHI and Bracor may hereafter agree (collectively, the " Bracor Services ").

(b) During the Transition Period, at the reasonable request of Bracor's from time to time (i) NHI will use its reasonable best efforts to provide or cause one or more of its affiliates to provide to Bracor or its subsidiaries, one or more of the home office services NHI or its affiliates traditionally have provided to NHI's affiliated home health agencies, (collectively, the " NHI Services ", and, collectively with the Bracor Services, the " Services ").

(c) When Services are requested and the terms (e.g., cost, reimbursement protocols, length of service, etc.) for such Services are mutually agreed upon by Bracor and NHI, the parties will memorialize on an attachment to this Agreement (" Attachment A "), the nature of the services and the material terms.

2. Transition Periods . The Bracor Services and NHI Services may be requested by the applicable party from time to time during the period commencing on the date of this Agreement through the date of closing of the transactions contemplated by the Bracor Agreement (the " Transition Period "). The period of time that a specific service is provided within the Transition Period shall be determined by mutual agreement of the parties and memorialized on Attachment A .

3. Payment for Services .

(a) During the Transition Period, Bracor and NHI or their respective affiliates shall provide their respective Services in the manner set forth herein at the prices determined in accordance with Attachment A . Services will be provided at their actual cost to the providing party: in the event that Bracor or NHI or any of their respective affiliates incur reasonable and documented out-of-pocket expenses in the provision of any Service, but excluding payments made to their respective employees or any of their respective affiliates (such expenses, collectively, " Out-of-Pocket Costs "), Bracor and NHI shall reimburse each other for their respective Out-of-Pocket Costs in accordance with the invoicing procedures set forth in this Section 3. NHI shall be responsible for all sales or use taxes imposed or assessed as a result of the provision of Bracor Services, and Bracor shall be responsible for all sales or use taxes imposed or assessed as a result of the provision of the NHI Services. If either party's Service is terminated prior to the end of applicable payment period for such Service, the amount due with respect to such Service shall be prorated based upon the number of days elapsed since the end of the last period for which party providing the Service shall have been paid pursuant to paragraph 3(b) with respect to such Service. Upon the adding of an additional Service, the parties shall determine in good faith an adjustment of the amount to be paid by the party receiving the Service for such additional service.

(b) Bracor and NHI will submit to each other for payment monthly statements of amounts due under this Agreement for the Services delivered by Bracor and NHI during the preceding month. The statements will specify the nature of the Services provided and will contain or be followed by such other supporting detail as the party receiving the invoice may from time to time reasonably request. All amounts due to Bracor or NHI pursuant to this Agreement shall be paid within 30 days after receipt of each such statement hereunder. In the event of an invoice dispute, the party disputing the invoice shall deliver a written statement to the other party no later than 10 days prior to the date payment is due on the disputed invoice listing all disputed items and providing a reasonably detailed description of each disputed item.

Amounts not so disputed shall be deemed accepted and shall be paid, notwithstanding disputes on other items, within the period set forth in this Section 3. The parties shall seek to resolve all such disputes expeditiously and in good faith.

(c) If at any time either party believes that the payments contemplated by a specific Service are materially insufficient to compensate the party providing the Service for the cost of providing the Service it is obligated to provide hereunder, or believes that the payments contemplated by a specific Service materially overcompensate the party providing the Service for such Service, such party shall notify the other party as soon as possible, and the parties hereto will commence good faith negotiations toward an agreement in writing as to the appropriate course of action with respect to pricing of such Service for future periods.

4. Books and Records . Each party shall make available and shall cause its affiliates providing Services hereunder to make available their books and records indicating the costs charged for the Services described in Attachment A, at reasonable times at their principal place of business, to the other party or any firm of certified public accountants or other agent selected by the party receiving the Services at such party's cost and expense for the purpose of verifying the amounts charged for the Services.

5. Responsibilities of Bracor and NHI .

(a) Bracor and NHI will provide or cause their respective affiliates to provide their respective Services in accordance with the terms hereof and usual and customary standards and, in the case of Bracor, will exercise the same degree of care, skill and effort as it exercises (or has exercised) in providing the same or similar Services for BHC prior to the date hereof. The Bracor Services will be substantially identical in nature and quality to the services provided or otherwise made available by Bracor to BHC immediately prior to the date hereof. Bracor and NHI shall each perform, or cause their respective affiliates to perform, their respective Services in compliance with all applicable Laws. Any confidential information or other intellectual property of the a party or its affiliates used by the other party in connection with the providing of Services under this Agreement belongs to the party receiving the Services or its respective affiliates, and upon the termination of such Services under this Agreement, any data or other confidential information in the possession of the party providing the Services will be turned over to the other party or its affiliates to the extent reasonably feasible, and Bracor shall otherwise cooperate in NHI's assumption of the Bracor Services.

(b) Each party's respective personnel performing the Services will be and remain the employees of the party providing the Services, and each party will provide for and pay the compensation and other benefits of such employees within such party's existing policies and practices, including salary, health, accident, severance, and workers' compensation benefits and all taxes and contributions which an employer is required to pay relating to the employment of employees.

(c) Except as expressly set forth in this Agreement, neither party makes any representations and warranties of any kind, implied or expressed, with respect to the Services, including, without limitation, no warranties of merchantability or fitness for a particular purpose, which are specifically disclaimed. Each party acknowledges and agrees that this Agreement does

not create a fiduciary relationship, partnership, joint venture or relationships of trust or agency between the parties and that all Services are provided by Bracor or NHI (as applicable) as an independent contractor.

(d) It is understood and agreed that each Bracor may have been retaining, and may continue to retain, third-party service providers to provide some of the Bracor Services to NHI. In addition, each party shall have the right to hire third-party subcontractors to provide all or part of any Service hereunder required to be performed by such party; provided , however , that in the event such subcontracting is inconsistent with past practices or such subcontractor is not already engaged with respect to such Bracor Service as of the date hereof, Bracor shall obtain the prior written consent of NHI to hire such subcontractor, such consent not to be unreasonably withheld. Each party shall in all cases retain responsibility for the provision to the other party of any Services to be performed by any third-party service provider or subcontractor or by any of such party's affiliates.

6. Confidentiality . Each party shall, and shall cause their affiliates to, hold in confidence all confidential or trade secret information obtained relating to the subject matter or performance of this Agreement. Notwithstanding the foregoing, confidential or trade secret information shall not include any information that a party can demonstrate: (a) was publicly known at the time of disclosure to it, or has become publicly known through no act of such party; (b) was rightfully received from a third party without a duty of confidentiality; or (c) was developed by such party independently without any reliance on the confidential or trade secret information of the other party or its affiliates.

7. Duration and Termination .

(a) This Agreement shall become effective as of the date first above written and shall continue until the expiration of the Bracor Transition Period. Upon the expiration or termination of this Agreement pursuant to this paragraph 7, the rights and obligations of the parties hereunder shall terminate, except rights and obligations of the parties under paragraphs 3, 4, 6, and 7, which shall survive such expiration or termination without limitation. Subject to paragraph 6, upon expiration or termination of the Ohio Transition Period, Bracor shall promptly deliver to NHI all data, programs, software materials and other properties owned by NHI or BHC and held by Bracor or any of its affiliates in connection with the performance of this Agreement, and will assist NHI and BHC at NHI's or BHC's request and expense in effecting an orderly transition of all Bracor Services.

(b) Any party (the " Non-Breaching Party ") may terminate this Agreement with respect to any Service at any time upon prior written notice to the other party (the " Breaching Party ") if the Breaching Party has failed (other than pursuant to Section 12) to perform any of its material obligations under this Agreement relating to such Service, and such failure shall have continued without cure for a period of 15 days after receipt by the Breaching Party of a written notice of such failure from the Non-Breaching party seeking to terminate such service. For the avoidance of doubt, non-payment by a party for a Service in accordance with this Agreement and not the subject of a good-faith dispute shall be deemed a breach for purposes of this Section 7(b).

(c) In the event that either party hereto shall (i) file a petition in bankruptcy, (ii) become or be declared insolvent, or become the subject of any proceedings (not dismissed within 60 days related to its liquidation, insolvency or the appointment of a receiver, (iii) make an assignment on behalf of all or substantially all of its creditors, or (iv) take any corporate action for its winding up or dissolution, then the other party shall have the right to terminate this Agreement upon written notice given to the affected party.

8. Representations and Warranties of Bracor . Bracor represents and warrants to NHI, as follows.

(a) Bracor that is an entity duly formed, validly existing and in good standing under the laws of the State of New York. Bracor has all requisite corporate power and authority to provide the Bracor Services and to own and use the assets and properties used in connection with the Bracor Services.

(b) Bracor has the right and power to enter into, and perform its obligations under this Agreement and has taken all requisite corporate action to authorize the execution, delivery and performance of this Agreement and the consummation of the transactions contemplated hereby. This Agreement has been duly authorized, executed and delivered by each Bracor and is binding upon, and enforceable against, Bracor in accordance with its terms, except as such enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting enforcement of creditors' rights generally and by general principles of equity (whether applied in a proceeding at law or in equity.)

(c) Neither the execution, delivery and performance of this Agreement by Bracor nor the consummation of the transactions contemplated hereby, does or will, after the giving of notice, or the lapse of time, or otherwise, conflict with, result in a breach of, or constitute a default under, the articles of incorporation or bylaws of Bracor, or any Law or any contract to which Bracor is a party or by which Bracor is subject or bound.

(d) No consent, authorization or approval of, filing or registration with or giving of notice to, any Governmental Authority or any other Person is necessary in connection with the execution, delivery and performance by Bracor of this Agreement.

9. Representations and Warranties of NHI . NHI represents and warrants to Bracor, as follows.

(a) NHI is a corporation duly organized, validly existing and in good standing under the laws of the Commonwealth of Kentucky. NHI has all requisite corporate power and authority to provide the NHI Services and to own and use the assets and properties used in connection with the NHI Services.

(b) NHI has the corporate right and power to enter into, and perform its obligations under this Agreement and has taken all requisite corporate action to authorize the execution, delivery and performance of this Agreement and the consummation of the transactions contemplated hereby. This Agreement has been duly authorized, executed and delivered by NHI and is binding upon, and enforceable against, NHI in accordance with its terms, except as such enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium or other

similar laws affecting enforcement of creditors' rights generally and by general principles of equity (whether applied in a proceeding at law or in equity.)

(c) Neither the execution, delivery and performance of this Agreement by NHI nor the consummation of the transactions contemplated hereby, does or will, after the giving of notice, or the lapse of time, or otherwise, conflict with, result in a breach of, or constitute a default under, the articles of incorporation or bylaws of NHI, or any Law or any contract to which NHI is a party or by which NHI is subject or bound.

(d) No consent, authorization or approval of, filing or registration with or giving of notice to, any Governmental Authority or any other Person is necessary in connection with the execution, delivery and performance by NHI of this Agreement.

10. Non-Exclusivity . Nothing in this Agreement shall preclude a party from obtaining any Services to be provided to such party, in whole or in part, from its own employees or from other third party providers at any time.

11. Assignment, Successors and Assigns . The respective rights and obligations of a party shall not be assignable without the prior written consent of the other parties. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their successors, permitted assigns and heirs.

12. Force Majeure . The obligations of each party under this Agreement with respect to performance of any Service shall be suspended during the period and to the extent that such party is prevented or hindered from providing such Service, or the party receiving such Service is prevented or hindered from receiving such Service, due to any of the following causes beyond such party's reasonable control (such causes, " Force Majeure Events "): (a) acts of God, (b) flood, fire or explosion, (c) war, invasion, riot or other civil unrest, (d) governmental order or law, (e) actions, embargoes or blockades in effect on or after the date of this Agreement, (f) action by any governmental authority, (g) national or regional emergency, (h) strikes, labor stoppages or slowdowns or other industrial disturbances, (i) shortage of adequate power or transportation facilities, or (j) any other event which is beyond the reasonable control of such party. The party suffering a Force Majeure Event shall give notice of suspension as soon as reasonably practicable to the other party stating the date and extent of such suspension and the cause thereof, and the party performing such Service shall resume the performance of its obligations as soon as reasonably practicable after the removal of the cause. Neither NHI nor Bracor shall be liable for the nonperformance or delay in performance of its respective obligations under this Agreement when such failure is due to a Force Majeure Event.

13. Access to Premises . In order to enable the provision of the Services, each party agrees that it shall provide to the other party and its affiliates' employees and any third-party service providers or subcontractors who provide Services, at no cost to the other party, access to the facilities, assets and books and records of the party receiving the Services, in all cases to the extent necessary for the party providing the Services to fulfill its obligations under this Agreement. Each party agrees that all of its and its affiliates' employees and any third-party service providers and subcontractors, when on the property of the other party or its affiliates or when given access to any equipment, computer, software, network or files owned or controlled

by the other party or its affiliates, shall conform to the policies and procedures of the other party or its affiliates concerning health, safety and security which are made known to the party providing the services in advance in writing.

14. Limitation on Liability . In no event shall any party have any liability under any provision of this Agreement for any punitive, special, exemplary, lost profits, damage to reputation or loss of goodwill, whether based in contract, tort, strict liability or otherwise (other than for amounts paid or payable to third parties in respect of any third party claim for which indemnification hereunder is otherwise required). Each party acknowledges that the Services to be provided to it hereunder are subject to, and that its remedies under this Agreement are limited by, the applicable provisions of this Agreement, including the limitations on representations and warranties with respect to the Services.

15. Entire Agreement . This Agreement (including Attachment A , which is incorporated into this Agreement) constitutes the entire agreement between the parties with respect to the transactions contemplated hereunder, and supersede all negotiations, representations, warranties, commitments, offers, contracts and writings prior to the date hereof. No waiver and no modification or amendment of any provision of this Agreement shall be effective unless specifically made in writing and duly signed by the party to be bound thereby.

16. Counterparts . This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which, together, shall constitute one and the same instrument.

17. Interpretation; No Strict Construction . Attachment A shall be construed with and as an integral part of this Agreement to the same extent as if set forth verbatim herein. The language used in this Agreement shall be deemed to be the language chosen by the parties hereto to express their mutual intent, and no rule of strict construction shall be applied against any party hereto.

18. Savings Clause . If any provision hereof shall be held invalid or unenforceable by any court of competent jurisdiction or as a result of future legislative action, such holding or action shall be strictly construed and shall not affect the validity or effect of any other provision hereof.

19. No Third-Party Beneficiary . This Agreement is being entered into solely for the benefit of the parties, and the parties do not intend that any other person shall be a third-party beneficiary of the covenants by the parties contained in this Agreement.

20. Relationship of Parties . It is expressly understood and agreed that in rendering Services hereunder, each party is acting as an independent contractor. No party (nor any employee thereof) shall be deemed an employee, partner, joint venturer, agent or other representative of any other party for any purpose whatsoever. No party has the right or authority to enter into any contract, warranty, guaranty or other undertaking in the name of or for the account of any other party, or to assume or create any obligation or liability of any kind, express or implied, on account of the other or to bind any other party in any manner whatsoever, or hold itself out as having any such power or authority to create any such obligation or liability on

behalf of any other party or to bind such party in any manner whatsoever (except as to any actions taken by one of them at the express written request and direction of the other).

21. Notices . All notices required or permitted to be given hereunder shall be in writing and may be delivered by hand, by facsimile, by nationally recognized private courier, by United States mail or electronic mail. Notices delivered by mail shall be deemed given three Business Days after being deposited in the United States mail, postage prepaid, registered or certified mail, return receipt requested. Notices delivered by hand, by facsimile, by electronic mail or by nationally recognized private courier shall be deemed given on the first Business Day following receipt. All notices shall be addressed as follows:

If to Bracor:

Bracor, Inc.
346 Delaware Avenue
Buffalo, NY 14202
Attn: CEO
Facsimile: (716) 856-7506
E-mail: eric.armenat@willcare.com

With a copy to:

Hodgson Russ LLP
The Guaranty Building
140 Pearl Street, Suite 100
Buffalo, New York 14202
Attn: John J. Zak
David G. Reed
Facsimile: (716) 849-0349
E-mail: jzak@hodgsonruss.com
dreed@hodgsonruss.com

If to NHI or BHC:

c/o Almost Family, Inc.
9510 Ormsby Station Road, Suite 300
Louisville, Kentucky 40223
Attn: President
Facsimile: (502) 891-8067

With a copy to:

Frost Brown Todd LLC
400 West Market Street, 32 nd Floor
Louisville, Kentucky 40202
Attn: Scott W. Dolson
Facsimile: (502) 581-1087
E-mail: sdolson@fbtlaw.com

and/or to such other respective addresses and/or addressees as may be designated by notice given in accordance with the provisions of this paragraph 18.

22. Descriptive Headings . The captions of the various sections of this Agreement have been inserted only for convenience of reference and shall not be deemed to modify, explain, enlarge or restrict any of the provisions of this Agreement.

23. U.S. Dollars . All amounts expressed in this Agreement (including Attachment A) and all payments required by this Agreement are in United States dollars.

24. Governing Law . This Agreement shall be governed and controlled as to validity, enforcement, interpretation, construction, effect and in all other respects by the internal laws of the State of Delaware applicable to contracts made in that state, without giving effect to any choice of law or conflict of law provision or rule that would cause the application of laws of any jurisdiction other than the State of Delaware.

25. Waiver of Trial by Jury . EACH OF THE PARTIES HERETO WAIVES THE RIGHT TO A JURY TRIAL IN CONNECTION WITH ANY SUIT, ACTION OR PROCEEDING SEEKING ENFORCEMENT OF SUCH PARTY'S RIGHTS UNDER THIS AGREEMENT.

26. Consent to Jurisdiction . EACH OF THE PARTIES HERETO AGREES TO THE EXCLUSIVE JURISDICTION OF ANY STATE OR FEDERAL COURT WITHIN DOVER, DELAWARE, WITH RESPECT TO ANY CLAIM OR CAUSE OF ACTION ARISING UNDER OR RELATING TO THIS AGREEMENT, AND WAIVES PERSONAL SERVICE OF ANY AND ALL PROCESS UPON IT, AND CONSENTS THAT ALL SERVICES OF PROCESS BE MADE BY REGISTERED MAIL, DIRECTED TO IT AT ITS ADDRESS AS SET FORTH IN PARAGRAPH 18, AND SERVICE SO MADE SHALL BE DEEMED TO BE COMPLETED WHEN RECEIVED. EACH OF THE PARTIES HERETO WAIVES ANY OBJECTION BASED ON FORUM NON CONVENIENS AND WAIVES ANY OBJECTION TO VENUE OF ANY ACTION INSTITUTED HEREUNDER. NOTHING IN THIS PARAGRAPH 23 SHALL AFFECT THE RIGHT OF ANY PARTY HERETO TO SERVE LEGAL PROCESS IN ANY OTHER MANNER PERMITTED BY LAW.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties have caused this Transition Services Agreement to be executed as of the date first set forth above.

NATIONAL HEALTH INDUSTRIES, INC.

By: _____

Name: _____

Title: _____

BRACOR, INC.

By: _____

Name: _____

Title: _____

BHC SERVICES, INC.

By: _____

Name: _____

Title: _____

Exhibit 10.14

SECOND AMENDMENT TO CREDIT AGREEMENT

THIS SECOND AMENDMENT TO CREDIT AGREEMENT (the " Amendment") is made and entered into effective as of December 6, 2013, by and among [i] **ALMOST FAMILY, INC.** , a Delaware corporation (" AFI"), [ii] **JPMORGAN CHASE BANK, N.A.,** a national banking association for itself as a Lender and as Administrative Agent for the Lenders (" Agent") pursuant to that certain Credit Agreement dated as of December 2, 2010, as modified by a letter agreement dated as of December 10, 2012, entered into in each case among AFI, Agent and the Lenders party thereto (collectively, the " Credit Agreement "; certain capitalized terms used in this Amendment have the meaning set forth for them in the Credit Agreement unless expressly otherwise defined herein), and [iii] **EACH OF THE OTHER LENDERS PARTY TO THE CREDIT AGREEMENT** .

W I T N E S S E T H:

WHEREAS , AFI requested that the Lenders consent to the acquisition (the " OMNI Acquisition ") by National Health Industries, Inc., a Kentucky corporation (" NHI "), of one hundred percent (100%) of the issued and outstanding shares of capital stock of OMNI Home Health Holdings, Inc., a Delaware corporation (" OMNI "); and

WHEREAS , pursuant to a letter dated October 28, 2013 (" OMNI Consent Letter "), Lenders did consent to the OMNI Acquisition, provided the same is completed on or before December 31, 2013; and

WHEREAS , AFI, Lenders and Agent are entering into this Amendment, as well as the other "Additional Loan Documents" as hereinafter defined, in accordance with the agreement of AFI contained in the OMNI Consent Letter, and as required pursuant to the Credit Agreement, in order that the OMNI Acquisition will be a Permitted Acquisition pursuant to the Credit Agreement;

NOW, THEREFORE, in consideration of the premises, and for other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound, it is hereby agreed as follows:

ARTICLE 1.

Amendments to Credit Agreement

AFI, Agent, and Lenders agree that, subject to satisfaction of the conditions stipulated in Article 2 of this Amendment, the Credit Agreement is hereby modified as follows:

1.1 The last sentence of SECTION 3.01 of the Credit Agreement is amended and restated in its entirety as follows:

Each Subsidiary of Borrower, its state of formation, tax identification number, organizational identification number and the identity of the owner(s) of all of the Equity Interests of each, are set forth in, collectively, **Schedule 3.01** and **Schedule 3.01 (a)** .

1.2 **Schedule 3.01 (a)** in the form attached to and made a part of this Amendment is added as one of the Schedules to the Credit Agreement.

1.3 Subsection (e) of ARTICLE VII of the Credit Agreement, which Article is titled " Events of Default ", is amended and restated in its entirety to read as follows:

(e) if either [i] the Borrower shall fail to observe or perform any covenant, condition or agreement contained in this Agreement (other than those specified in clause (a), (b) or (d) of this Article) or any other Loan Document to which it is a party, or [ii] any other Obligor shall fail to perform any covenant, condition, or agreement contained in any Loan Document to which it is a party and, in the case of the circumstances described in the foregoing clauses [i] and [ii], such failure shall continue unremedied for a period of 30 days after notice thereof from the Administrative Agent to the Borrower (which notice will be given at the request of any Lender);

1.4 Borrower has informed Lenders that, while the organizational documents of SunCrest Home Health of Central FL, LLC, a Florida limited liability company (" Central FL ") that is an indirect 65% owned Subsidiary of Borrower, permit Central FL to grant a security interest in its assets to secure the Obligations, the organizational documents preclude Central FL from guaranteeing payment of the Obligations. Lenders agree to waive the requirement for Central FL to guarantee payment of the Obligations as part of the Conditions to the Effectiveness set forth in Article 2 of this Amendment; provided , however , that Borrower agrees to cause Central FL to execute a guarantee of payment of the Obligations, in like manner as the Subsidiary Guarantors, on or before sixty (60) days written notice given by the Required Lenders to AFI to do so.

ARTICLE 2.

Conditions to Effectiveness

2.1 The provisions of Article 1 of this Amendment shall become effective when, and only when, Agent shall have received this Amendment and each of the documents or instruments set forth below (collectively, for purposes of this Amendment, the " Additional Loan Documents" , all of which upon the satisfaction of all the conditions set forth in this Article 2 shall be deemed part of the "Loan Documents" referred to in the Loan Agreement), executed by the each of the parties hereto and the parties thereto where provided, respectively, and in form and substance satisfactory in all respects to Agent in its sole discretion, and when each of the other conditions set forth below has been fulfilled to the satisfaction of Agent:

A. Evidence satisfactory to Agent that the closing of the OMNI Acquisition has occurred and, in conjunction therewith, that any Lien encumbering the assets of OMNI or any OMNI Subsidiary that is not a Permitted Encumbrance has been terminated;

B. A Guaranty Agreement (the " OMNI Guaranty Agreement ") entered into by OMNI and each subsidiary of OMNI (collectively, the " OMNI Subsidaries "), excepting Central FL, containing the absolute, joint and several guarantee of payment by each of them, respectively, of the Obligations, and which shall be supplemental to any and each Guaranty Agreement heretofore given by any other Subsidiary Guarantor;

C. A Pledge of Equity Interests containing the grant to Agent for the ratable benefit of the Lenders, as part of the Collateral for the Obligations in each case, by NHI of one hundred percent (100%) of the issued and outstanding shares of capital stock of OMNI, and by OMNI and the applicable subsidiaries of OMNI of all of the Equity Interests of each OMNI Subsidiary owned by them, respectively, including delivery, in conjunction with or promptly following such pledge, of all certificates evidencing any such ownership and related stock or membership unit powers, as applicable, endorsed by the entity pledging same;

D. A security agreement (" OMNI Security Agreement ") pursuant to which OMNI and each of the OMNI Subsidiaries shall grant to Agent for the ratable benefit of the Lenders a continuing first priority security interest in all of the personal property of each as part of the Collateral for the Obligations, which OMNI Security Agreement shall be supplemental to any other Security Agreement heretofore executed and delivered;

E. An Incumbency Certificate and Certified Copy of Resolutions for AFI, NHI, OMNI and each of the OMNI Subsidiaries, authorizing the execution and delivery of this Agreement and the other Additional Loan Documents to which each is a party, respectively, and including a copy of the organization documents for OMNI and each OMNI Subsidiary, and evidence of the valid existence of each and of AFI and NHI;

F. An opinion of counsel to AFI as to the due authorization, execution, delivery and enforceability of the Additional Loan Documents by and with respect to AFI, NHI, OMNI and each OMNI Subsidiary, and such other matters as Agent reasonably requests;

G. Agent shall receive such other documents, instruments and certificates, if any, as Agent may reasonably request to insure the binding effect in accordance with the terms thereof of the Credit Agreement as modified by this Amendment, and the Additional Loan Documents.

ARTICLE 3.

Other Provisions

3.1 AFI hereby restates and confirms each of the representations, warranties and covenants contained in the Credit Agreement and the other Loan Documents, as modified by this Amendment, and confirms and agrees that it has no defenses, offsets or counterclaims with respect thereto. Without limitation of the preceding sentence, AFI represents and warrants that this Amendment and the Additional Loan Documents have been executed and delivered by a representative of AFI and each Subsidiary Guarantor that is a party thereto who is duly authorized to do so and that the same are valid and binding on each.

3.2 AFI agrees to reimburse Agent for all expenses incurred by Agent and Lenders in connection with the preparation, execution, delivery and performance of this Amendment, including, without limitation, for reasonable fees of legal counsel to Agent.

3.3 Except as expressly modified by this Amendment, all terms and conditions of the Notes, the Credit Agreement, and the other Loan Documents shall remain in full force and effect as they were immediately prior to the execution and delivery of this Amendment, and those terms and conditions as modified are incorporated herein by this reference and shall govern this Amendment in all respects. Upon the effectiveness of this Amendment, each reference in the Credit Agreement and the other Loan Documents to the "Credit Agreement" shall mean and be deemed a reference to the Credit Agreement as modified by this Amendment.

3.4 This Amendment may not be modified in any respect except in writing signed by the party charged with such modification. This Amendment constitutes the final, complete and exclusive agreement among Agent, Lenders and AFI concerning its subject matter and neither the Agent, Lenders nor AFI are relying on any oral agreements or understandings of any nature whatsoever with respect thereto.

3.5 This Amendment shall be effective notwithstanding that it is executed in counterparts, and a facsimile or other reproduction of a signature of any party to it shall be effective to the same extent as the manual signature of such party, but such party shall furnish its manually signed signature pages to each other party promptly upon request of such other party.

3.6 This Amendment shall be governed by and construed in accordance with the laws of the Commonwealth of Kentucky.

< signature pages follow >

(signature page to Second Amendment to Credit Agreement)

IN TESTIMONY WHEREOF, witness the signatures on behalf of AFI, Agent and Lenders effective as of the date first above written.

"AFI"

ALMOST FAMILY, INC., a Delaware corporation

By: /s/ C. Steven Guenthner
C. Steven Guenthner, President, Principal Financial Officer, Secretary and Treasurer

"Agent" and "Lenders"

JPMORGAN CHASE BANK, N.A., as Agent and for itself as a Lender

By: /s/ Karen Watson
(signature)

Name: Karen Watson
(print)

Title: Authorized Signer

(signature page to Second Amendment to Credit Agreement)

BANK OF AMERICA, N.A. , as a Lender

By: /s/ E. Mark Hardison
(signature)

Name: E. Mark Hardison
(print)

Title: Vice President

FIFTH THIRD BANK , as a Lender

By: /s/ Vera B. McEvoy
(signature)

Name: Vera B. McEvoy
(print)

Title: Healthcare Officer

CITIBANK, N.A. , as a Lender

By: _____
(signature)

Name: _____
(print)

Title: _____

Attachments

— Schedule 3.01 (a)

Schedule 3.01 (a)

NAME OF ISSUER	JURISDICTION	BENEFICIAL OWNER	TYPE OF INTEREST	CERT. #	NO. SHARES /UNITS OUTSTANDING	% INTEREST OUTSTANDING
1. OMNI Home Health Holdings, Inc. Tax ID: Org ID: 4508006	Delaware	National Health Industries, Inc.	10 Shares	2	10 shares	100%
2.a SunCrest Healthcare, Inc. Tax ID: Org ID: 400237	Georgia	OMNI Home Health Holdings, Inc.	Common Stock	55	265,148 shares	100%
2.b SunCrest Healthcare, Inc. Tax ID: Org ID: 400237	Georgia	OMNI Home Health Holdings, Inc.	B-1 Preferred	B-1-005	90,667 shares	100%
2.c SunCrest Healthcare, Inc. Tax ID: Org ID: 400237	Georgia	OMNI Home Health Holdings, Inc.	B-2 Preferred	B-2-020	19,708 shares	100%
2.d SunCrest Healthcare, Inc. Tax ID: Org ID: 400237	Georgia	OMNI Home Health Holdings, Inc.	C Preferred	C-004	40,3856 shares	100%
3. BGR Acquisition, LLC Tax ID: L06000098860 Org ID: 510606314	Florida	SunCrest Healthcare, Inc.	LLC Interest	1	100	100%
4. SunCrest Healthcare of Middle TN, LLC Tax ID: Org ID: 000534537	Tennessee	SunCrest Healthcare, Inc.	LLC Interest	1	100	100%
5. SunCrest Healthcare of East Tennessee, LLC Tax ID: Org ID: 00588238	Tennessee	SunCrest Healthcare, Inc.	LLC Interest	1	100	100%

6. SunCrest Healthcare of West Tennessee, LLC Tax ID: Org ID: 000559681	Tennessee	SunCrest Healthcare, Inc.	LLC Interest	1	100	100%
7. SunCrest Companion Services, LLC Tax ID: Org ID: 000588237	Tennessee	SunCrest Healthcare, Inc.	LLC Interest	1	100	100%
8. SunCrest Home Health of South GA, Inc. Tax ID: Org ID: 3037586	Georgia	SunCrest Healthcare, Inc.	Common Stock	1	1,000 shares	100%
9. SunCrest Outpatient Rehab Services of TN, LLC Tax ID: Org ID: 000603548	Tennessee	SunCrest Healthcare, Inc.	LLC Interest	1	100	100%
10. SunCrest Outpatient Rehab Services, LLC Tax ID: Org ID: 000563554	Tennessee	SunCrest Healthcare, Inc.	LLC Interest	1	100	100%
11. SunCrest Home Health of AL, Inc. Tax ID: Org ID: 261-690	Alabama	SunCrest Healthcare, Inc.	Common Stock	1	1,000 shares	100%
12. SunCrest Home Health of Georgia, Inc. Tax ID: Org ID: 2511213	Georgia	SunCrest Healthcare, Inc.	Common Stock	1	100 shares	100%
13. SunCrest Home Health of Central FL, LLC Tax ID: 272020510 Org ID: L10000022063	Florida	SunCrest Healthcare, Inc.	LLC Interest	1	65	65%
14. SunCrest Home Health of Nashville, Inc. Tax ID: Org ID: 000627890	Tennessee	SunCrest Healthcare, Inc.	Common Stock	2	1,000 shares	100%

15. SunCrest Home Health of Manchester, Inc. Tax ID: Org ID: 000642295	Tennessee	SunCrest Healthcare, Inc.	Common Stock	1	1,000 shares	100%
16. SunCrest TeleHealth Services, Inc. Tax ID: Org ID: 000645556	Tennessee	SunCrest Healthcare, Inc.	Common Stock	1	1,000 shares	100%
17. SunCrest Home Health-Southside, LLC Tax ID: Org ID: 4014293	Georgia	SunCrest Home Health of Georgia, Inc.	LLC Interest	1	100	100%
18. SunCrest LBL Holdings, Inc. Tax ID: Org ID: 000642297	Tennessee	SunCrest Healthcare, Inc.	Common Stock	1	1,000 shares	100%
19. SunCrest Home Health of Claiborne County, Inc. Tax ID: Org ID: 000655066:	Tennessee	SunCrest Healthcare, Inc.	Common Stock	1	1,000 shares	100%
20. SunCrest Home Health of Tampa, LLC Tax ID: 273742788 Org ID: L10000107528	Florida	SunCrest Healthcare, Inc.	LLC Interest	1	100	100%
21. Trigg County Home Health, Inc. Tax ID: Org ID: 0715426	Kentucky	SunCrest LBL Holdings, Inc.	Common Stock	1	970 shares	97%
22. Tennessee Nursing Services of Morristown, Inc. Tax ID: Org ID: 000060015	Tennessee	SunCrest Home Health of Claiborne County, Inc.	Common Stock	4	1,000 shares	100%
23. OMNI Home Health Services, LLC Tax ID: Org ID: 4508002	Delaware	OMNI Home Health Holdings, Inc.	LLC Interest	1	100%	100%

24. Home Health Agency-Brevard, LLC Tax ID: 200375966 Org ID: L08000043050	Florida	OMNI Home Health Services, LLC	LLC Interest	2	100%	100%
25. Home Health Agency — Broward, Inc. Tax ID: 010713878 Org ID: P01000111371	Florida	OMNI Home Health Services, LLC	Common Stock	13	1,000 shares	100%
26. Home Health Agency — Central Pennsylvania, LLC Tax ID: 201497787 Org ID: L08000043051	Florida	OMNI Home Health Services, LLC	LLC Interest	2	100%	100%
27. Home Health Agency — Collier, LLC Tax ID: 200832146 Org ID: L08000043052	Florida **(INACTIVE)**	OMNI Home Health Services, LLC	LLC Interest	2	100%	100%
28. Home Health Agency — Hillsborough, LLC Tax ID: 593757325 Org ID: L08000043054	Florida	OMNI Home Health Services, LLC	LLC Interest	2	100%	100%
29. Home Health Agency — Illinois, LLC Tax ID: 593757324 Org ID: L08000043056	Florida	OMNI Home Health Services, LLC	LLC Interest	2	100%	100%
30. Home Health Agency — Indiana, LLC Tax ID: 201408322 Org ID: L08000043055	Florida	OMNI Home Health Services, LLC	LLC Interest	2	100%	100%
31. Home Health Agency — Palm Beaches, LLC Tax ID: 010713588 Org ID: L08000043057	Florida	OMNI Home Health Services, LLC	LLC Interest	2	100%	100%
32. Home Health Agency — Pennsylvania, LLC Tax ID: 593757322 Org ID: L08000043058	Florida	OMNI Home Health Services, LLC	LLC Interest	2	100%	100%
33. Home Health Agency — Philadelphia, LLC Tax ID: 201408427 Org ID: L08000043059	Florida	OMNI Home Health Services, LLC	LLC Interest	2	100%	100%

34. Home Health Agency — Pinellas, LLC Tax ID: 593757320 Org ID: L08000043060	Florida	OMNI Home Health Services, LLC	LLC Interest	2	100%	100%
35. OMNI Home Health — District 1, LLC Tax ID: 200527436 Org ID: L08000043061	Florida	OMNI Home Health Services, LLC	LLC Interest	2	100%	100%
36. OMNI Home Health — District 2, LLC Tax ID: 200527566 Org ID: L08000043062	Florida	OMNI Home Health Services, LLC	LLC Interest	2	100%	100%
37. OMNI Home Health — District 4, LLC Tax ID: 201657488 Org ID: L08000043063	Florida	OMNI Home Health Services, LLC	Class B LLC Interest	3	700	70%
38. OMNI Home Health — Hernando, LLC Tax ID: 593741300 Org ID: L08000043064	Florida	OMNI Home Health Services, LLC	LLC Interest	2	100%	100%
39. Omni Home Health — Jacksonville, LLC Tax ID: 593754764 Org ID: L08000043066	Florida	OMNI Home Health Services, LLC	LLC Interest	2	100%	100%
40. OMNI Health Management, LLC Tax ID: 043630085 Org ID: L08000043081	Florida	OMNI Home Health Services, LLC	LLC Interest	2	100%	100%

Exhibit 10.15

JPMORGAN CHASE BANK, N.A.
416 West Jefferson Street
Louisville, Kentucky 40202

December 10, 2012

Almost Family, Inc.
9510 Ormsby Station Road, Suite 300
Louisville, Kentucky 40223
Attn: Mr. C. Steven Guenthner

Re: Credit Agreement dated as of December 2, 2010 among Almost Family, Inc. (" AFAM "), JPMorgan Chase Bank, N.A. as a Lender and as Administrative Agent thereunder, and the other Lenders parties thereto (the " Credit Agreement ")

Dear Steve:

Section 6.06[b] of the Credit Agreement limits the sum of cash dividends declared and paid by AFAM plus amounts expended by AFAM to repurchase shares of its capital stock to not greater than $20,000,000 in the aggregate during any fiscal year of AFAM. AFAM has informed the Lenders that are parties to the Credit Agreement that AFAM intends to declare and pay a cash dividend on or before December 31, 2012 (the " Subject Dividend "), after giving effect to which the sum of all cash dividends plus amounts used by AFAM to repurchase shares of its capital stock during the fiscal year ending December 31, 2012 will be greater than $20,000,000 but will not exceed $21,000,000.

By their signatures below, the undersigned Lenders, constituting either the "Required Lenders" as defined in the Credit Agreement, or all of the Lenders under the Credit Agreement, hereby agree to substitute the amount of $21,000,000 for the amount of $20,000,000 in Section 6.06[b] of the Credit Agreement [i] solely with respect to the fiscal year of AFAM ending December 31, 2012, it being understood and agreed that the amount of $20,000,000 will remain effective as to all fiscal years of AFAM thereafter, and [ii] conditioned and in reliance upon the affirmation by AFAM, as evidenced by its signature below, that, in accordance with Section 6.06, immediately after giving effect to the Subject Dividend no Default or Event of Default shall have occurred and be existing.

The consent set forth in the immediately preceding paragraph of this letter shall be effective when, and only when, this letter has been executed by representatives of Lenders constituting the Required Lenders as defined in the Credit Agreement, as well as by AFAM. The joinder of AFAM and Lenders to this letter shall be effective notwithstanding that the letter is executed in counterparts, and a facsimile or other reproduction of a signature of AFAM or a Lender shall be effective to the same extent as the manual signature of AFAM or such Lender. The consent of the Lenders set forth in this letter applies only to the specific circumstances addressed by it, and shall not imply any obligation on the part of Lenders to consent to any other circumstance for which the consent of Lenders is required pursuant to the Credit Agreement.

Very truly yours,

JPMORGAN CHASE BANK, N.A. , as a Lender and
as Administrative Agent

By: /s/James D. Baker, Jr.
(signature)
Name: James D. Baker, Jr.
(print)
Title: Division Manager

AGREED :

BANK OF AMERICA, N.A., as a Lender

By: /s/ E. Mark Hardison
(signature)
Name: E. Mark Hardison
(print)
Title: Vice President

CITIBANK, N.A., as a Lender

By: /s/ Blake Gronich
(signature)
Name: Blake Gronich
(print)
Title: Vice President

FIFTH THIRD BANK, as a Lender

By: /s/ Jeffrey A. Thieman
(signature)
Name: Jeffret A. Thieman
(print)
Title: Senior Vice President

AFFIRMED :

ALMOST FAMILY, INC.

By: /s/ C. Steven Guenthner
(signature)
Name: C. Steven Guenthner
(print)
Title: President

Exhibit 21

ALMOST FAMILY, INC. AND SUBSIDIARIES
LIST OF SUBSIDIARIES AS OF DECEMBER 31, 2013

NAME OF ENTITY	STATE OF INCORPORATION OR ORGANIZATION
I. Almost Family, Inc . directly owned subsidiaries	
Adult Day Care of America, Inc.	Delaware
AFAM Merger, Inc.	Delaware
AFAM Acquisition, LLC	Kentucky
National Health Industries, Inc.	Kentucky
Imperium Health Management, LLC	Kentucky
II. National Health Industries, Inc. directly and indirectly owned subsidiaries	
AFAM Acquisition Ohio, LLC	Kentucky
Almost Family PC of Ft. Lauderdale, LLC	Florida
Almost Family PC of Kentucky, LLC	Kentucky
Almost Family PC of SW Florida, LLC	Florida
Almost Family PC of West Palm, LLC	Florida
Cambridge Home Health Care Holdings, Inc.	Delaware
Cambridge Home Health Care, Inc.	Ohio
Cambridge Home Health Care, Inc./Private	Ohio
Caretenders Mobile Medical Services, LLC	Ohio
Caretenders of Cleveland, Inc.	Kentucky
Caretenders of Columbus, Inc.	Kentucky
Caretenders of Jacksonville, LLC	Florida
Caretenders Visiting Services of Columbus, LLC	Ohio
Caretenders Visiting Services of District 6, LLC	Kentucky
Caretenders Visiting Services of District 7, LLC	Kentucky
Caretenders Visiting Services Employment Company, Inc.	Kentucky
Caretenders Visiting Services of Gainesville, LLC	Florida
Caretenders Visiting Services of Hernando County, LLC	Florida
Caretenders Visiting Services of Kentuckiana, LLC	Kentucky
Caretenders Visiting Services of Ocala, LLC	Florida
Caretenders Visiting Services of Orlando, LLC	Kentucky
Caretenders Visiting Services of Pinellas County, LLC	Florida
Caretenders Visiting Services of Southern Illinois, LLC	Illinois
Caretenders Visiting Services of St. Augustine, LLC	Florida
Caretenders Visiting Services of St. Louis, LLC	Missouri
Caretenders VNA of Ohio, LLC	Ohio
Caretenders VS of Boston, LLC	Massachusetts
Caretenders VS of Central KY, LLC	Kentucky
Caretenders VS of Lincoln Trail, LLC	Kentucky
Caretenders VS of Louisville, LLC	Kentucky
Caretenders VS of Northern KY, LLC	Kentucky
Caretenders VS of Ohio, LLC	Ohio
Caretenders VS of SE Ohio, LLC	Ohio
Caretenders VS of Western KY, LLC	Kentucky
IN Homecare Network Central LLC	Indiana

IN Homecare Network North LLC	Indiana
Mederi Caretenders VS of Broward, LLC	Florida
Mederi Caretenders VS of SE FL, LLC	Florida
Mederi Caretenders VS of SW FL, LLC	Florida
Mederi Caretenders VS of Tampa, LLC	Florida
Princeton Home Health, LLC	Alabama
OMNI Home Health Holdings, Inc.	Delaware
Omni Home Health Services, LLC	Delaware
Home Health Agency-Broward, Inc.	Florida
Home Health Agency — Brevard, LLC	Florida
Home Health Agency — Central Pennsylvania, LLC	Florida
Home Health Agency — Collier, LLC	Florida
Home Health Agency — Hillsborough, LLC	Florida
Home Health Agency — Illinois, LLC	Florida
Home Health Agency — Indiana, LLC	Florida
Home Health Agency — Palm Beaches, LLC	Florida
Home Health Agency — Pennsylvania, LLC	Florida
Home Health Agency — Philadelphia, LLC	Florida
Home Health Agency — Pinellas, LLC	Florida
OMNI Health Management, LLC	Florida
OMNI Home Health — District 1, LLC	Florida
OMNI Home Health — District 2, LLC	Florida
OMNI Home Health — District 4, LLC	Florida
OMNI Home Health — Hernando, LLC	Florida
OMNI Home Health — Jacksonville, LLC	Florida
SunCrest Healthcare, Inc.	Georgia
Almost Family ACO Services of Tennessee, LLC	Tennessee
BGR Acquisition, LLC	Florida
SunCrest Companion Services, LLC	Tennessee
SunCrest Healthcare of East Tennessee, LLC	Tennessee
SunCrest Healthcare of Middle TN, LLC	Tennessee
SunCrest Healthcare of West Tennessee, LLC	Tennessee
SunCrest Home Health of AL, LLC	Alabama
SunCrest Home Health of Central FL, LLC	Florida
SunCrest Home Health of Georgia, LLC	Georgia
SunCrest Home Health — Southside, LLC	Georgia
SunCrest Home Health of Manchester, Inc.	Tennessee
SunCrest Home Health of MO, Inc.	Missouri
SunCrest Home Health of Nashville, Inc.	Tennessee
SunCrest Home Health of North Carolina, Inc.	North Carolina
SunCrest Home Health of South GA, Inc.	Georgia
SunCrest Home Health of Tampa, LLC	Florida
SunCrest LBL Holdings, Inc.	Tennessee
Trigg County Home Health, Inc.	Kentucky
SunCrest Home Health of Claiborne County, Inc.	Tennessee
Tennessee Nursing Services of Morristown, Inc.	Tennessee
SunCrest Outpatient Rehab Services of TN, LLC	Tennessee
SunCrest Outpatient Rehab Services, LLC	Tennessee
SunCrest TeleHealth Services, Inc.	Tennessee

III. AFAM Acquisition, LLC directly and indirectly owned subsidiaries	
Patient Care, Inc.	Delaware
Patient Care Medical Services, Inc.	New Jersey
Patient Care New Jersey, Inc.	Delaware
Patient Care Pennsylvania, Inc.	Delaware
Priority Care, Inc.	Connecticut
Patient Care Connecticut, LLC	Connecticut

Exhibit 23.1

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the following Registration Statements:

- Registration Statement (Form S-8 No. 333-88744) pertaining to the Almost Family, Inc. 2000 Stock Option Plan,
- Registration Statement (Form S-8 No. 333-43631) pertaining to the Non-Employee Directors Deferred Compensation Plan,
- Registration Statement (Form S-8 No. 333-149674) pertaining to the Almost Family, Inc. 2007 Stock and Incentive Compensation Plan,
- Registration Statement (Form S-8 No. 333-161484) pertaining to the Almost Family, Inc. 2009 Employee Stock Purchase Plan, and
- Registration Statement (Form S-8 No. 333-188398) pertaining to the Almost Family, Inc. 2013 Stock and Incentive Compensation Plan;

of our reports dated February 27, 2015, with respect to the consolidated financial statements and schedule of Almost Family, Inc. and Subsidiaries and the effectiveness of internal control over financial reporting of Almost Family, Inc. and Subsidiaries included in this Annual Report (Form 10-K) of Almost Family, Inc. for the year ended December 31, 2014.

/s/ Ernst & Young LLP

Louisville, Kentucky
February 27, 2015

Exhibit 31.1

CERTIFICATIONS OF CHIEF EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF SARBANES-OXLEY ACT

I, William B. Yarmuth, certify that:

1. I have reviewed this annual report on Form 10-K of Almost Family, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 27, 2015

By /s/ William B. Yarmuth
William B. Yarmuth
Chairman of the Board, Chief Executive Officer

Exhibit 31.2

CERTIFICATIONS OF PRINCIPAL FINANCIAL OFFICER
PURSUANT TO SECTION 302 OF SARBANES-OXLEY ACT

I, C. Steven Guenthner, certify that:

1. I have reviewed this annual report on Form 10-K of Almost Family, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 27, 2015

By /s/ C. Steven Guenthner
C. Steven Guenthner
President and Principal Financial Officer

Exhibit 32.1

CERTIFICATIONS OF CHIEF EXECUTIVE OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350
(AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002)

I, William B. Yarmuth, Chief Executive Officer of Almost Family, Inc. (the "Company"), certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that:

(1) The Annual Report on Form 10-K of the Company for the annual period ended December 31, 2014 (the "Report") fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934 (15 U.S.C. 78m); and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: February 27, 2015

By /s/ William B. Yarmuth
William B. Yarmuth
Chairman of the Board, Chief Executive Officer

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

Exhibit 32.2

CERTIFICATIONS OF PRINCIPAL FINANCIAL OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350
(AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002)

I, C. Steven Guenthner, Principal Financial Officer of Almost Family, Inc. (the "Company"), certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that:

(1) The Annual Report on Form 10-K of the Company for the annual period ended December 31, 2014 (the "Report") fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934 (15 U.S.C. 78m); and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: February 27, 2015

By /s/ C. Steven Guenthner
C. Steven Guenthner
President & Principal Financial Officer

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.