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### **LHC Group Conference Call**

**November 16, 2017**

#### **Corporate Speakers:**

Eric Elliott; LHC Group, Inc.; VP of Finance

William Yarmuth; Almost Family, Inc.; Chairman and CEO

Keith Myers; LHC Group, Inc.; Chairman and CEO

Joshua Proffitt; LHC Group, Inc.; Executive VP of Corporate Development, CFO, Treasurer

C. Steven Guenther; Almost Family, Inc.; President, Principal Financial Officer, Treasurer & Secretary

Donald Stelly; LHC Group, Inc.; President and COO

#### **Participants:**

Brian Tanquilut; Jefferies, LLC; Analyst

David MacDonald; SunTrust Robinson Humphrey, Inc.; Analyst

Kevin Ellich; Craig-Hallum Capital Group, LLC; Analyst

Joanna Gajuk; Bank of America; Analyst

Benjamin Whitman Mayo; Robert W. Baird & Co. Incorporated; Analyst

### **PRESENTATION**

Operator: Good day, ladies and gentlemen, and thank you for standing by. Welcome to LHC Group and Almost Family Merger Conference Call. (Operator Instructions) As a reminder, today's conference call is being recorded for replay purposes. It is now my pleasure to turn the conference over to Mr. Eric Elliott. Sir, you may begin.

Eric Elliott: Thank you, Bryan. I'd like to welcome everyone to LHC Group, Almost Family merger transaction call. If you had not obtained a copy of the release, along with a detailed presentation summarizing the terms and strategic rationale of this transaction, you can find it on our websites, at [lhcgroupp.com](http://lhcgroupp.com) and [almostfamily.com](http://almostfamily.com).

In a moment, we'll hear from William Yarmuth, Chairman and Chief Executive Officer of Almost Family; Keith Myers, Chairman and Chief Executive Officer of LHC Group. Also on the call today and available for Q&A Steve Guenther, Don Stelly and Josh Proffitt. We'd like to remind everyone that certain statements and information on this call may be deemed to be forward-looking statements within the meaning of the federal Private Securities Litigation Reform Act of 1995.

Forward-looking statements may include, but are not limited to, statements relating to the transaction, including the timing of the transaction and anticipated benefits of the transaction; LHC Group's and Almost Family's objectives, claims and strategies; and all statements other than statements of historical facts and address activities, events or developments that LHC Group and Almost Family intend, accept, project, believe or anticipate, will or may occur in the future.

Any forward-looking statements in this call are made as of the date here and LHC Group and Almost Family undertake no duty to update or revise any such statements whether as a result of new information, future events or otherwise. Forward-looking statements are not guarantees of future performance, whether actual results will conform to the expectations and predictions, subject to known and unknown risks and uncertainties.

Actual results could differ materially from those projected in forward-looking statements before the number of risk factors and uncertainties, which are discussed in our annual and quarterly SEC filings. Almost Family and LHC Group show no obligation to update information provided on this call to reflect subsequent events.

In addition, today's press release and investor presentation includes important disclosures that applied to this call. It is also note that this call is for informational purpose only and does not constitute an offer to sale or the solicitation of an offer to buy any securities or solicitations of any board for approval or respect to the proposed transactions between LHC Group and Almost Family, or otherwise.

Nor shall there be any sale of securities in any jurisdictions in which such solicitation or sale would be unlawful prior to registration or qualification on the securities laws of any jurisdiction. No offer security shall be made, except by means of perspectives meeting the requirements of Section 10 of the Securities Act of 1933 as amended.

Now, I am pleased to introduce the Chairman and CEO of Almost Family, William Yarmuth.

William Yarmuth:

I am extremely proud to be able to discuss the combination of two great healthcare providers.

Having helped found what is now Almost Family and having led it for the past 36 years I can't tell you how proud I am of what we have accomplished and where we are in our journey.

With our over 350 offices, thriving home health, hospice and personal care operations with a unique and exciting health care innovations area- created to capitalize on opportunities related to our core business- we have grown to employ nearly 17,000 employees who make people's lives better every day taking care of them in their homes. I am also extremely proud of the relationship we have created in our hospital joint venture with Community Health Systems and through it I have grown to better understand the value and opportunity of creating strong partnerships with acute care institutions. We have done this with great people and a great management team.

When you put it that way, one might say why are we announcing this merger today?

Although I take great pride in what we have done and where we are positioned, I believe the world of home health, personal care and hospice is evolving rapidly and its increasing acceptance as a key component to managing care is clear. It is becoming much more complex and sophisticated and continues to be one of the more competitive segments in health care.

I have also watched and competed with Keith and LHC Group as they ventured down a very similar path achieving great things pursuing their development strategies. I have always compared Almost Family's success against LHC's over the years and have admired what Keith and his management team have built.

Earlier this year when Keith and I began discussing where the world was going, as we have done so many times over our long histories, it became evident to both of us that although our companies were each in a great place with strong balance sheets and both with a full plate of opportunities there was another option. Combining the two in a merger like what we have announced today would create the largest independent provider of home health, personal care and hospice services in the country, with a combined management team having more experience and, in my opinion, skill than any other. Together we could capitalize more efficiently and effectively on the opportunities each of us were pursuing individually.

And not only that but the combination would be accretive to our combined shareholders and allow us to achieve synergies without compromising our opportunities. It was the right thing to do at the right time.

Together our two companies will operate 781 branches in 36 states with over 31,000 employees.

Combining companies of our size requires not only a very strong cultural fit, but it also requires a level of shared vision and mission that forms the very core of our reason for being.

Almost Family and LHC Group both exist to meet the needs of elderly patients and their families who require in-home medical services such as home health, hospice, and personal care with a passion for quality, outcomes, and patient satisfaction. Collaboration is at the core of what we do every day. I honestly can't envision two other

companies with more in common coming together in what they do, who they serve, how they deliver those services, and the passion they have for leading change in our healthcare system.

Pride is the theme of my comments today. I am proud of the accomplishments that Almost Family has achieved. I am very proud of where our organization sits today. But I'm extremely proud of what the future holds for Almost Family's organization with the merger we have announced. I want to extend my sincere appreciation to all of the employees of both Almost Family and LHC for what you do every day in making people's lives better.

I will now turn the microphone over to Keith, a leader who I have the utmost respect for and confidence in as our two organizations become one and we move forward with the goal of adding value to the people we serve, our partners, our employees, their families and as always our investors.

Keith?

Keith Myers:

Thank you, William, and good morning everyone. This is an exciting day for all of us.

William and I held a town hall call with our respective employees earlier this morning. We shared with them our plans and vision for this merger and all that we expect to accomplish together. I can tell you that there was a lot of excitement on that call. Our teams understand what we can achieve together and how we will be able to fill in the gaps to create a national platform that can lead our industry's transition to value-based reimbursement through the highest quality and patient satisfaction. We've also received a number of calls from existing and potential joint venture partners who share our enthusiasm and look forward to seeing what challenges we can collectively solve for them.

While this is without question the largest transaction LHC Group has ever done, the preparation, integration and onboarding is very similar to the joint ventures with LifePoint Health, CHRISTUS Health and others—it all starts with the special type of corporate culture of service we've developed at LHC Group since the early days of our founding. Our goal is to leverage the wide-ranging depth of experience and resources available at LHC Group and Almost Family while maintaining a local feel to the kind of service provided by caregivers at each location. Health care is, after all, local—and both companies believe local healthcare brands are vital to the way we do business. This attitude has kept LHC Group firmly grounded in our heritage of providing a customized level of care for the communities in which we operate. Similar to Almost Family, we have developed and honed a system of integrating new employees and locations into our family of caregivers as we've grown and expanded across the country. We will rely on that finely tuned system in the coming weeks and months as we come together as one, and well into the future as we welcome future partners into our collective family.

You heard earlier why William and his team thought this merger was a good idea. So what are LHC Group's reasons for doing so? I think I would point back to a statement I made on our most recent earnings call that there has never been a stronger commitment to home health whether it's from government healthcare programs, managed care payers, or hospitals and integrated health systems. With that level of commitment and the need for the industry to transition to value-based reimbursement and coordinated care, there's never been a better time to accelerate the execution of our business model.

We've driven organic growth through a relentless focus on quality and patient satisfaction, and on meeting the growing demand from our healthcare partners to coordinate post-acute care in home health, hospice, and community-based settings with a provider who shares their mission and vision for delivering patient-centered care with a collaborative culture. So has Almost Family. We have a proven track record of acquisitions and joint ventures, having completed 75 such partnerships in the past 20 years. Almost Family has recently integrated its largest acquisition in the history of the company with Community Health Systems and has been noted among its partners for succeeding exactly where we have as well. This merger presents a unique opportunity to bring two like-minded and proven providers together to create the leading national post-acute provider and joint venture partner of choice.

We've outlined many compelling strategic reasons for this merger in our joint press release and the accompanying presentation, but I'd like to focus on a few for a moment here.

We firmly believe that the landscape for in-home healthcare providers is rapidly evolving with hospital and health systems needing to transition to a value-based, patient-centered care model. In combining LHC Group and Almost Family, we will be the only national home health, hospice and personal care services provider that has a long, proven track record of successfully partnering with hospitals and health systems. We can now better support existing partners and serve many more potential partners.

The value proposition we can bring to bear for these joint venture partners is greatly increased as well with a customized solution and the ability to collectively maintain established local brands. The range of services across the continuum of post-acute care is now unmatched on a national basis. In our minds, and in the minds of our partners, we have become the provider and joint venture partner of choice for leading hospitals and health systems.

This merger will have a very real impact on our ability to drive additional organic growth. With the addition of Almost Family's personal care services business, which is larger and more extensive than our own community-based services, we can leverage their deep expertise in this business across a larger base of home health locations. Almost Family has the best practices—having begun with this business 40 years ago—and there is a tremendous opportunity to drive higher volumes nationwide. And with only 16 current hospice locations for Almost Family, we have a complementary opportunity to grow our hospice business through greater collaboration in existing markets and de novo projects in new markets as we replicate our successful co-location strategy.

At LHC Group, we were already on a strong growth pace for organic growth and the addition of new joint venture partners from acquired revenue. This merger is immediately accretive and we expect it to provide meaningful opportunities to generate growth in the future. As you can see from our release, the benefit is quite substantial post-merger with combined expected trailing 12 month revenue of approximately \$1.8 billion and Adjusted EBITDA of \$145 million.

Our strong balance sheet both before and after this merger will allow us to continue pursuing additional acquisitions to fill in locations and markets, complete joint ventures, and grow complementary service lines. Post transaction, we are projecting our combined gross leverage to be approximately 1.5x on a combined trailing 12-month 2017 Adjusted EBITDA and over \$100 million of free cash flow.

In terms of the next steps in the transaction, we remain committed to closing the transaction in an expeditious manner and expect to close the transaction in the first half of 2018, subject of course to approval of the transaction by both companies' shareholders, required regulatory approval and other customary closing conditions.

Our collective teams will continue the hard work they've already started to initiate the integration efforts and prepare to hit the ground running following the closing of the merger.

To our LHC Group and Almost Family teams, thank you to all of you—our clinical professionals for the high quality patient care and exceptional service you provide to the patients, families, and communities we are so blessed to care for, and to all LHC Group family members who provide support and service to them every day. Because of all of you, LHC Group continues to be successful in fulfilling our mission to care for the elderly and at-risk populations in our service area.

This concludes our prepared remarks and we're now ready to open the call for questions. Thank you.

## QUESTIONS AND ANSWERS

Operator: (Operator Instructions) And our first question will come from the line of Brian Tanquilut with Jefferies.

Brian Tanquilut: So I guess, Keith, my first question is, this is a very—this is a big transaction. And as we've seen in the health care landscape, a lot of big deals stumble and face challenges. So as we sit here, I mean, where do you get the comfort and the confidence that this will be different from a lot of challenge?

This would be a fairly smooth and seamless integration. And also how do you view the risk profile of the company now that it's combined with Almost Family?

Keith Myers: Certainly appropriate question to ask me. But you know that I'm not a high-risk guy and LHC Group is a pretty conservative company. So we don't approach this likely. The only answer to the question, it starts for me with the relationship I have with William for a very long time and how well these two companies have known each other for a very long time. We've been competitors, but friendly competitors.

And I've always noticed how similar the cultures were. I can't count the number of times that people have come to us, asking us why these two companies hadn't come together before. And I've Williams probably the same questions asked to him time-to-time. So the I've to start with the cultural fit, because in our business, this is a people business. And having buy-in and loyalty cultural alignment is paramount in my mind. And we can check that box very easily.

The next thing that causes in my mind is large transactions do not turn the way the expected as leveraged. We're not doing this with leverage. This is a stock transaction, where we are merging two companies together and we have very low leverage. And then the third part is the geographic footprint that we create.

There is almost no overlap in these two companies and it's just amazing. It's almost as what we've done leverage on. So all of those things just combined to bring the risk profile way down for me and get us across this line. Again, I can't think of another large transaction that would work for us.

Brian Tanquilut: Got it. And then I guess, for Keith, again, or maybe Steve, as we think about synergies, you laid out a synergy plan \$25 million. How real and easily attainable are those synergies? And how are you thinking about potential revenue synergies down the road, especially, as we think about your innovation business and personal care?

Steve Guenther: Let me take advantage of your questions or sort of answer that whole differently around who we are as a team here together because I'm going to kick this question to Josh, because he and Jeff, our Chief Accounting Officer, they did that work and they are in a better place to explain to you the confidence level that we have in that work. I will say that any upside synergies, revenue synergies, cross-selling opportunities, strategic development opportunities, those are all sort of in the future.

So there is nothing in this \$25 million around that. And I'm going to defer to my new best friend, Josh, over here to take that \$25 million.

Joshua Proffitt: Yes, great. Thanks, Steve, and thanks for the question, Brian. I want to echo what Steve was alluding to, which is just the amount of collaboration and report that has not only gone into the transaction, but that has really been developed through the synergy exercise. Myself, Steve, Eric, Jeff, working together and coming together as a team, well before this day was announced.



And I couldn't be more excited about that. I want to also just echo the confidence that we have in the \$25 million being cost synergy only. I would maybe go so far even to say that, that would be a conservative number, but you all know as well enough to now that we are going to be conservative. We do have a detailed plan around how to execute that and to continue to kind of work on that together.

But there are no level synergies in that number. It's an overhead, I would say, public company calls things that you would expect and the upside synergies that Steve alluded to, I think that everybody in this room is pretty excited.

Brian Tanquilut: Got it. And then the last question from me. As I think about the growth, so Keith, obviously, you have done a really good job driving very healthy organic growth and a William and Steve has done the same thing and with that M&A and JV. So how does this change given that you're going through integration?

I know you have an unlevered balance sheet and you alluded to that in your prepared remarks. But how should we be thinking about the growth profile of the combined company, 6 months, 12 months and longer than that out?

Keith Myers: Well, I'll go first and ask Steve to join with me here. So I don't see this having certainly no negative effect, or perhaps even accelerating the growth profile. Our balance sheet is clean. The volume of inbound calls and interest that we're getting from hospital and health system partners, in particular, continues to increase. So I don't see anything that would curtail that. We're really excited about the new growth opportunities. And Stephen is going to take that.

C. Steven Guenther: Sure. So here is how we think about it or I think about it, that this, we talked for a long time in our investor conferences and discussions around trajectory and continuing that trajectory, both companies have been on pretty amazing trajectories. And so this is continuing the trajectory. So if you just think about or kindly be the bigger factor stronger. So we are delivering the balance sheet.

This is going to be a straightforward integration. I don't want to get too far ahead of ourselves, but we've already integrated the home health agencies of Almost Family into home care home base, which is the same platform as we used in LHC. So we are just that much further ahead. We are going to ultimately integrate personal care operations into the platform that Almost Family uses. So that's going to go pretty well.

We've got great deal of experience doing that. So I think we're going to grow better and faster. I'd rather ask to do this together, because I think we can grow better, faster, lower risk, higher return profile doing this together than possibly doing separately.

Operator: And our next question will come from David MacDonald with SunTrust.

David MacDonald: William and Keith, can you just talk about, I mean, Keith, we've heard you talk about hospitals increasingly wanting to have you guys take over candidly post acute for them? How much better is the combined company going to be positioned in terms of, not only a broader geographic footprint, but also a broader service offering? And if you can just talk about that briefly? And also how much better the combined company is positioned for value-based care?

Keith Myers: Yes. Dave, I don't know if you didn't answer the question in the question. No, I mean, but seriously let's start with from I went back, in terms of managed care, we are to get the attention of the larger managed care payers. You have to have footprint and be able to deliver enough value to have a real seat at the table, and you have to have you have to cover their population density areas.

So far us, filling in a lot of those holes here is very important for the 2 companies combined. For LHC, we didn't have the state in Florida. We can't really have a meaningful conversation if we can't cover the State of Florida. So that's a tick up for us. In terms of the one thing that you didn't mention and I want to bring out is the depth and experience of the management team. So as if the company grows and began to scale, we on more of these hospitals and health systems, it's pretty easy to put on the street at the ground level.

What gets harder is, these hospitals and health systems don't have any real experience in the post acute side and they bring us in because we are good managers. You have to have enough management team that experienced to do that exceptionally well. You can't go in and get the relationship and then provide a substandard level service and survive there and all. We have an LHC Group.

We've always been very proud of the fact that we're able to say that every hospital or health system that's ever done business with us is on our reference list. And I want to make sure that we can always do that. And today, with the team that obviously around the table, I have no doubt in my mind that we can do that for many years to come. We just guarantee that. So did I leave anything out?

David MacDonald: No. Just one other quick follow-up question I would have is, look, Keith, you guys specifically have seen a pretty nice uptick in not only the frequency, but the size of the joint venture activity since announcing LifePoint. How big handle affect you think the combined company get of the fact that you not have two of the major public hospital systems kind of under one banner here?

Keith Myers: In our experience our experience has been flooded. When we had larger systems, we just in accelerate in down into the pipeline robustness you're getting that, but the way...

William Yarmuth: This is William. Since we did our transaction community last year, our phones have been ringing and there's been a lot more inbound interest in our organization from hospitals. I know you've done with the community. We're thinking about it. We are interested in that area. And so we've seen a significant increase in the amount of interest. And I'm sure that has of LHC Group.

So that's becoming a more that's becoming a pretty good model that people are looking at from acute care institutional side from my perspective. Relative to some of the other things, in terms of internal growth, we've got huge opportunities now from the Almost Family perspective to begin to implement things that we and new markets, whether it's personal care, so there's a lot of internal growth.

And then coming back to the other way, because we are relatively small hospice providers. Now we can leverage the expertise that LHC has in the hospice market and bringing into markets that we have historically not done hospice in. So I think, just putting the two companies together is going to be sort of create a real valuable internal growth engine that we should be able to do and do pretty efficiently, because one of the nice things about that integration I have two more points and I will share that.

But one of the nice things that integration and listen into Bryan's question, we don't we are locally branded, we are locally branded organization, so as LHC. So in the marketplaces where your providing care, they don't really care about Almost Family, they might care, but I'm not sure they don't do that. They don't care about Almost Family's name, they care about the people that are out there, providing the care in the community and the relationship they have there. That doesn't get disrupted through the integration of this operation.

There is no disruption that we should see there and we're obviously emphasizing that with our employees in the field. No change go out, keep doing the business. You operate in the name which your are proud of. Your individual brand. We are proud of that name too. Go have had it, go build the business, and when there is overlap, we already have that in each of our business. We have markets in which we have multiple brands operating in the same market.

So I think the disruption that you might experience in a different kind of integration is not a that you might think two companies coming together is very minimal, minimized in this process and one that I think we are both highly confident we can get through it in a least disrupted, I wanted to make sure that I got it right, the least disruptive way possible. Another thing that I just wanted to mention, because it with the hospital stuff is, in our health care innovation area, we have HCL enable in the company.

One of the things we've seen over the years is whole lot more interest with the hospitals, wanting to get and create and establish their own in their marketplaces. When we have 75-plus hospitals that are out there, that are probably thinking about this. There is probably going to be a whole lot of pipeline and opportunity to build relationships in those markets, with their positions, with all that activity. And I think that's is going to be another growth engine.

Although, we have not proved it yet, I'm still highly confident that when you build that network with a partner hospital, you'll get the home health benefit is going to a newer benefit of the provider that you have the relationship with. And so, we now have this whole bucket of opportunities for our ACO enabled in the company to work with that process.

So I think there is a whole lot of puzzle piecing that we're putting together or putting these together that keeps company and what we have done and how we've operated together and I think culturally, we are extremely in line. We are organized in a very similar way. And each kind of with our development, we have done a little bit in a different path.

So we've created opportunities that would come together, it's kind of build and cross fertilize those markets. So that's why I'm excited about. That's why I want to get to sense and enthusiasm in a wise. But that's why they will feel so strongly, this is a really, really a good thing.

Operator: And our next question will come from line of Kevin Ellich with Craig-Hallum.

Kevin Ellich: Lots been talked about already, but just one of the other background, Keith and William. I guess, how long does it take to get to put the deal together? And then maybe to Steve, have you guys already the integration plans? Or is that still kind of a work in progress?

Keith Myers: So but it's not like it's not as though we didn't know each other, we have to get to know each other. William, I guess, starting. We just we're talking just normal course, several times a year, especially when there are any significant events going on in the industry. We've been doing that for many years. And I guess, what left with this transaction was a conversation we had in the summary.

William Yarmuth: Yes, in the summary.

Keith Myers: Yes. We were really talking about the proposed rules from CMS and how we thought about that and how we might work to get achieve a good outcome during the common period. And then through those conversations, we just started acting some of it and one thing led to another. But really it wasn't that we have to learn anything about Almost Family or get to know, William, it is a very natural conversation. William?

William Yarmuth: Yes. From my perspective, I think that the history is exactly as Keith described it. But certainly, the preliminary rule that came out kind of was creating a pretty disruptive like cloud over the industry because that's begin to talk about that. But as we talked about it and how the world, the government can do some pretty disruptive stuff to us, and we have all lived to it. So Keith and I have lived through a whole lot of changes in reimbursement that we head to adapt to, as in dealing with it.

This was a pretty significant one that we're facing. In those conversations, we kind of talk over the years in different times, this is the right time. We should put our companies together. Who's going to do this, who's doing that, all the rest of that. We kind of got down the road in our conversation, which is like, it's now our time that makes sense. And as I thought about it for our company I said, all the things we talked about on our call, stronger combined management is really important you should kind of had to deal with the system, the industry we're in.

The opportunities that both of us had are very important. The leverage that we would get, this cross-selling opportunity and it just sort of came together and I think we probably on sort of and my mind is like, okay, well let's figure out what the right answer is. If it makes sense, let's do that. Let's bring our teams together. And you know what, you got to get rid of the weakest link. So I'll stand off on the sideline for a little bit.

Keith Myers: Yes.

William Yarmuth: It's truly not a leadership issue. I have tremendous confidence in Keith is a leader and he's built a great company. And I am happy to be part of it in the role that I play. But what's best for the company and what's best for the people that are it's all about our employees, all about the people we care for, all about the best management team to be obtained to leave this organization. And I think we made all the right decisions in what we've done in the combination.

So it probably took in my head, maybe a week, I don't think about it for few days and then take long to, let's see if we can make it work. Then, that took a little longer. But the decision from me to do it were sort to make all the sense in the world the right thing to do and a great play, let's go do it, because the longer it takes to do it, than the opportunity we've lost. So that's why I was being side of that.

Keith Myers: Kevin, do you want me to comment on integration?

Kevin Ellich: No. I did want to comment on integrations team and I also wanted to give you kudos for making the first time in the call for the timely lesson.

Keith Myers: Somebody give him the microphone. I will promise I won't try to steal the mic. I want to comment, I am not going to get away with that part. What works for us, is he is part of this thing. Part of what lowers the risk in this, is he's part of this thing.

William Yarmuth: Absolutely.

Keith Myers: So and I don't really want to point out all the shareholders and analysts, nobody's walking away from here with a check, everybody is staying in. All our equity is staying in. We're on this team to make this thing happen. It goes way past the people that are on this call. There is a lot of people down below this call, other areas in the company that people are excited, they're committed. We've been making the rounds today here in this home office and everybody reads the headline says, Hey, the headquarters going to be in Lafayette.

Well, we are making our rounds today. So a lot of people in this building are excited about what we're going to do here. So part of the integration, I'm going to ask one of my best friends, Josh to talk about need to hear this voice as well. But a part of this integration is, we're also going to grow the business rapidly. It's going to be a lot of opportunities and people's important update for everybody here home health and...

C. Steven Guenther: We do have a little bit of background noise and I apologize for that. It's on somebody else's but just to touch on that, we're about to combine management team together we've done many, many transactions and integrations. And even so we're humble and smart enough to go outside and look at the third party things and take things differently. So we are engaging that.

But Steve made a really good point that I want to reiterate. Although a company, when we have to go out and integrate, it starts with the platform. With Almost Family being our home care home base now, that is such heavy lifting out of the way and we can concentrate on some of that clinical programs and some of the operational new launches that we think combined is going to enhance both products and the throughput between service lines.

So, yes, we've got work to do, of course, between now and the closing. But we think our plan is methodical and we think we have oversight from the third party that is going to make this unprecedented integration and we look back just couple of months and we're going to give you a little more information on that.

Operator: And our next question will come from the line of Joanna Gajuk with Bank of America.

Joanna Gajuk: So on the synergies, I don't know whether I understand, but did you talk about the timing of when you expect the \$25 million cost synergies to be achieved? Should I assume that it's almost immediately achieved?

Joshua Proffitt: Yes, Joanna. This is Josh. I can start off by taking that one. So I mean, based on just the time line of the transaction in general, we are anticipating it to happen in the first half of next year. And as you would imagine, the lions share, the balance of the synergies will be able to achieve fairly early on post closing.

But there will be some staging to do that. There will be, as you would expect, probably in the first 6 to 12 months, some cost to achieve some of those synergies. So I wouldn't bake the full \$25 million in two days one by any stretch. But I would tell you that we've got of confidence that we've got a plan to execute that, and that it will be immediately accretive day 1 and that by 2019, you're going to really start seeing most of those synergies realized.

Joanna Gajuk: All right. So we should think about exiting 2018 at this level do you think?

Keith Myers: I would say that, maybe second quarter mid '19, we'll be at this level, and hopefully exiting 2018, but, again, as we don't want to overpromise.

Joanna Gajuk: Right.

Keith Myers: And it all depends on the time line when the transaction closes, and how we phase-in some of the plans.

Joanna Gajuk: And then I guess, you've highlighted a couple of terms on the cost synergy. And there you would expect additional synergies in terms of revenues. So should we think about that? Would you give yourself time to first integrate in terms of the cost synergies? Or you would try to create this revenue synergies to also in the first year of the merger?

Keith Myers: I would definitely say, we're going to be planning for some of those synergies even before the transaction closes. And we're already working on combined plans and ideas, and initiatives. You've heard some of those even spoken about here on this call, this morning.

So I wouldn't say, we're going to try and knock down the cost synergies and then shift focus to the revenue synergies. All we've done is score the cost synergies. Steve, do you want to add anything to that?

C. Steven Guenther: Yes. I think the path that Josh is talking about is exactly the right path relative to conservatism and financial expectations. Plug those numbers into your model. We will show you the revenue synergies when we bring them to you, to promise and putting them in here up front.

But let me just start at the start, which is when you bring this quality management team together, that allows people to focus on make a little bit more narrowly on what they do best, our ability to improve underperforming assets is going to go up pretty dramatically here. And most of the improving and underperforming assets is around revenue and it's around focus.

And so as we bring this focus and increase intensity to our business, I think we're going to have all kinds of revenue synergies, I just put them in model until we update.

Joanna Gajuk: Right. I agree with that. But then did I hear right, but I guess before in terms of the strong organic growth that LHC Group experienced a little less long time? Then you've said something along the line that you would expect this growth to continue at this level if not accelerated.

That's what you're referring to in terms of the improvement you expect and kind of the revenue synergies are flowing into those numbers. And then how be or driving the growth organic growth rate?

Keith Myers: This is Keith. So when I was talking about the growth, I thought we were talking about the pipeline, the hospital joint venture acquisition growth and that growth. But, Don, maybe you want to speak organically?

Donald Stelly: This is Don. On both companies, we've had tremendous success with internal organic growth. And a lot of questions have been coming around is we have transformative deal and in history, those kind of deals not do very well and our view is, because many people count on that inner steel of volume runs and scored that, we need to say this going to come, but we are not less and you got to put that in box.

But I can assure with the footprint that they have and we have, when we get to go out and into Lenovo and collocate service domains, that upside is going to be unprecedented in both company's history, and yet, another reason that we decide that was a very compelling pact forward. So, Steve is right. I would put that into models and certainly, when we issue our individual and collective guidance later on, you'll incorporate that as the plan comes to fruition.

Joanna Gajuk: Right. That's make sense. And also in terms of the timing of this announcement, obviously, you guys discussed this for a while and it seems like may be the model proposal for some sort of, call it for the discussion to about the route. But how do you feel about where we spent currently? I mean, obviously now CMS seems to have decided to postpone the implementation of what they propose and I guess, execution, there is going to be another version that might come out.

So is that how do you kind of think about it in terms of what CMS might or Congress might decide to do with the reimbursement that having a largest more diversified position to do better under this model? Or also on the other hand, are you worried that what conference CMS is much different somewhat the original proposal?

That's the reason why you doing the merger still any kind of color in terms of how you decided to go there in terms of the merger given the reimbursement and the groupings that's being proposed?

Keith Myers: Yes. So let me apologize. This is maybe the way that I described how we got together, lead you to assume that the proposed rule, I think the reimbursement related to do anything with this conversation. It was just a matter of William and I, both being on the phone talking about this, and calls us to revisit a conversation we had many times before whether or not now might be the time to talk about these companies together, but they were mutually exclusive.



But with regard to reimbursement, I believe what happened with CMS is not a postponement of what was proposed, but a withdrawal and recognition, because of a lot of the work that we did in the process of educating them and providing them with real data that gave them reason to believe that maybe this model is not what we thought out. I will ask Steve to jump in in a minute because he did a lot of work with me as well.

But I think they withdrew it and said we have an industry that is more sophisticated than it was a decade ago. And it is willing to come to the table with us and work on reforms that would not lead to unintended consequences, most significantly, the movement of patients back into higher cost settings such as and to anyway discourage the momentum we have in moving patients downstream to home health.

And I think that is was resonated within, not only with CMS, but with many supporters on, 49 senators and I think 176 members of Congress that signed on to the letters in our support. That is what I think it was. And before I turn it over to Steve, I'd also say that, a joint presentation that our teams were doing for this industry work, several of us Steve had presented data for one group that was asking a lot of questions about the shift of patients back into a movement of patients back from home health and into CMS.

And Steve showed them how just a 5% shift with patients moving from home health to back to CMS, what is resulted in additional spending that will strive what they thought they would be saving in the room. Steve?

C. Steven Guenther: So, Joanna, I think just to reiterate, there is so much about all of this, that is connected to why this merger makes sense. There is so many ways that this all comes together, and it makes sense. But this is not cause and effect that says, oh there was an HHGM proposal, we better go merge two companies.

And in this discussion, in this territory, what home health is all about and how we can help to shape and influence policy, reinforces two really critical points and that is we have to be larger to be more afforded to be able to be more sophisticated, to have exercise to be more credible, and it was exceptionally proven that our two companies, in particular, spoke at the same wise while we were there.

We were saying the same things at the same time and show our ability to more effectively collaborate and influence. Policy became clear and the mirror image of that become clear, which is these are two companies that thinks so much alike that we can be a lot better at this if we do it together. So just take it kind of right there and see what other quotients you have.

Joanna Gajuk: Sure. I just want to clarify and hear it from you in terms of your look forward and the context of your merger. The last question I had on the personal care business, right. So I guess, that is more for the LHC group, I guess, they were from a speaker in personal care, but at the same time this business has had a lot of issues with state reimbursement, labor cost, and whatnot.

And I guess, obviously, in the prepared remarks, you kind of talked about cross-selling and growing all these registered home health care and personal care. So I just wanted to hear on that business, given kind of the issues that isn't highlighting on that front?

William Yarmuth: Sure. This is William. I think that our view of personal care is, personal care is an essential part of the delivery model. And it's becoming more and more attractive to different people that manage care and payers, all players. And then Keith mentioned that, he thought that, for an example, given the managed care providers that the combination allowed the combined companies to have to offer services across Florida, which are very important.

And we see managed care organizations thinking about personal care as a way for them to manage their—the insurer that they are covering, as a very strong upside. And obviously, as you become a provider, that can offer more services to a managed care organization across either uniquely specific geography or across a bigger platform, you're going to be able to work with them, relative to the issues that you're talking about, obviously, some of its management.

We've talked about that in our personal care business. And we've changed the management of it. We are seeing some positive response to that. That's important. It is a little bit different in personal care, because you might have three states to go up or three states to go down. That is quite I use the word simple, but it is as clear as the federal government decides we are going to give you a rate increase or give you a rate cut or change the regulation.

So one of the complexities of personal care is to be able to deal with the different changes across different states and have an operational model that can support that. And we are very confident. We've been doing that for a long time. We can. We think personal care is going to continue to grow as a big part of the delivery, reimbursement system and the delivery model.

And once again, from our standpoint to be able to do it in an additional state where we are not operating that we probably would not have gone and operated or look for acquisition without our visiting business. Now we've got fresh territory beginning to development opportunities.

Operator: (Operator Instructions) And our next question will come from the line of Whit Mayo with Robert W Baird.

Whit Mayo: I guess, wanted to play maybe devil's advocate a little bit and just think of the risk of the transaction. And then there has to be some vulnerabilities created from this merger where you need to be wrong. I'm just trying to kind of take the other side and there has to be something to worry about.

I hear all the optimism and the excitement. And I share all of that, that as well. What are some of the risk that we need to be considering as we become auditor of the integration?

William Yarmuth: I will take a start on that and I'll ask everyone to join in. There is, as Keith was saying earlier, there is three problems that really happen with large merger, this integration risk. And we hopefully we've beat that one up pretty good. There is social issues. I'm here to tell you, we don't have any. In this group, in this room, we are good to go. We had minimal overlap at the branch level, so we do not have much social issues there.

There's just not many places that you could have that sort of thing and I can promise you that these management teams are like-minded and leverage. And they're just flat in the, this is a de-lever for both companies. So I guess, when we you start thinking about risk, the risk relative to put in this business into together as opposed there could be some adverse reactions from joint venture partners and most of those are local operations.

And we just don't see that coming at all. So I guess, you'd almost have to pivot back to sort of general risks around that reimbursement sort of things. And then maybe you would have to pivot to what we said earlier, which is gives this gives us the ability to move faster. This gives us the ability to grow faster at what we would perceive to be a lower risk. It gives us better access to capital, lower cost capital.

So I guess, you could try to really just kind of clutching can I come up with anything here? I guess you could say, well, maybe this is going to enable these guys to go out and do something stupid and look, hey, we're growing faster. Now, if had to pick up two management teams in America, we all have to by now, but we're not going to and do something stupid, by growing faster, it would have be these two management teams. I'm sorry. I know we are, I am trying to answer your question, but I can't come up with a thing.

Donald Stelly: This is Don. I would tell you, we are not looking through rose-colored glasses. We do the heavy lifting and a lot of work to do to continue on this path of success. But you know what, that was individual as management teams so the merger changes, nothing there. Then we have execution just going to blocking and tackling. I'm not trying to be boastful, I just wouldn't bet against us. We got too good of a track record. Collectively, we feel pretty good about it.

Whit Mayo: I would echo that. I feel like Almost Family historically has been more decentralized in terms of the structure or the organization compared to LHC? And one, I guess, maybe Steve and, do you think that the characterization? And how will the divisional structure, the accountability, how does it work? Because if I'm expanded control, and just what changes in terms of like reporting structure of the organization?

William Yarmuth: I might challenge the pedicure, I might challenge the beginning that says we were, because I think about that and now I'd like to see better and have talked to Keith a little bit more, less about government relations, more about operational stuff and how they think about the business. I think we are way more like than we're different. We think about management's scale in a very similar way around revenue.

So we kind of talk about the same amount of business at a regional manager or division President might be able to handle. And I was actually pretty I wouldn't go to shop and I was surprised that the way we think about building our operational structure was very similar. So we are always I think if you think about us being decentralized, I've always used this term of local market autonomy. And I think that gives you the decentralized concept.

It's really not, it's really about you've got a local brands and local markets and they need to penetrate the market based on their brand and expertise. But structurally and we both and I think we've been learnt more in the home care home-based, there is processes that are very similar. There is staffing models that are exactly the same, and then we start rolling out the management structure, you start seeing the expanded controls that are very similar.

So I think it's basically plugging in very similar kinds of line management spend that are way more different, I just think. And I had to be honest with you, I had that problem internally with local market autonomy, because people think that's way more decentralized than I really wanted to be.

Keith Myers: You wanted...

William Yarmuth: As they get a little confused about that. Sometimes you have to reel them back in and say wait a second. Let me re-explain what I meant by that, because maybe my words are being misconstrued. So I'd really think we are very similar in terms of the organizational structure and line management spend.

Keith Myers: This is Keith. If I can, let me jump in on that and have few words. I want to echo something Steve said earlier. William is not going away. I want to add to risk profiles. If William weren't staying here and connected with this deal, we wouldn't done it. So that's another very important component and it's true. I told you that from day one.

But when we talk about centralized versus decentralized, I don't I think were both companies are decentralized in terms of local branding and giving of our local leaders a certain amount an adequate amount of autonomy to run their business as they need to in their local markets. What we do from a centralized view is to monitor through data, how those offices are performing and to provide them analytics that help them make better decisions and to see a level.

And that's what that's been the magic for us. When I think of a business, we use a word centralized. It's it implies to some people of permission giving that goes on between the field office and the home office. That doesn't happen really, that doesn't happen at all with Almost Family.

So I think it's structured as William said, when you're on a home care home-based and you're running that platform, you're structured and their processes that everybody has to follow up. And another great thing here that everybody is now on that same platform.

Whit Mayo: And maybe Steve one last one on the topic of home-based. Where you are on the conversion? And maybe what your cost per visit when it looks like the day where you think you need to go? I guess, I am just trying to think through what the efficiency opportunities are that you have in front of you?

And I know that Don has clearly nailed the playbook in time and time again and having his knowledge and experience to go forward and utilize the tool, is it helpful? I guess, I am just just trying to maybe think through what the opportunity is going forward?

Keith Myers: Yes, Whit. I think in our case through our consolidation efforts, we've reached a point where we brought community on. We sought of tipped that half way mark already, with that being on the home care home-based. So for us, bringing the legacy operations over has been most of that work has been.

And this product is in use in so many companies, in so many places, producing the same kind of results just about everywhere that it's that we are highly confident as those agencies complete their work, that those synergies will be realized, they are being realized. And now, I'm going to defer to the expert in the room, Mr. Stelly, to tell you going to continue to play through, because he does have more expertise with this than we do.

Donald Stelly: Thanks, Stephen. And then I will keep it short and simple where we are today and where they are in the conversion, there is no way, but up, and that's based on the experience that we have. What I'm not prepared to say is, I don't know their individual provider baselines. So what we're going to do is, we are going to huddle up.

We are going to look at where they are. We're looking to our modeling. We are going to overlay it and we're going to see it line-by-line, upside down we will let you know what that's going to be once we score it. But honestly we are not prepared to do that. So I think I will give you false information other than we know this collectively. Steve, everybody in the room, we believe there is tremendous upside for this.

William Yarmuth: So with relative to pro forma, business pro forma used the LTM September to \$25 million synergy, none of the upside in that. So you have it.

Operator: And our next question will come from the line of Brian Tanquilut with Jefferies. And I'm showing no further questions in the queue. It's my pleasure to turn the conference back over to Mr. William Yarmuth and Keith Myers for closing comments and remarks. Gentlemen?

Keith Myers: I'll go first and then so, thanks everyone for dialing in today. Thanks for your questions. And as always, if you have any follow-up questions, we will make ourselves available in.

William Yarmuth: I appreciate the opportunity to have a moment with all of the investors that are on the call and the analysts, and we've always been sort of either on the back or criticized for having gone. But it was great, and I can only say that enthusiastic I am about all of the things that we're announcing today and the opportunities we have, and thanks for the opportunity to speak with you.

Keith Myers: But you're not leaving.

William Yarmuth: No. Thank you.

Keith Myers: Thank you.

Operator: Ladies and gentlemen, thank you for your participation on today's conference. This does conclude program. You may all disconnect. Everybody have a wonderful day.

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