



Contact: Joseph F. Furlong or Stephen L. Clanton
President and CEO Executive VP & CFO
(615) 221-8884 (615) 221-8884
Primary Contact

For Immediate Release

**AMERICAN HOMEPATIENT REPORTS FINANCIAL RESULTS FOR
THE SECOND QUARTER AND SIX MONTHS ENDED JUNE 30, 2009**

BRENTWOOD, Tenn. (August 10, 2009) – American HomePatient, Inc. (OTCBB: AHOM), one of the nation's largest home health care providers, today announced its financial results for the second quarter and six months ended June 30, 2009.

Revenues for the second quarter of 2009 were \$57.7 million compared to \$64.2 million for the second quarter of 2008, representing a decrease of \$6.5 million, or 10.1%. Revenues for the six months ended June 30, 2009 were \$116.0 million compared to \$133.4 million for the same period in 2008, representing a decrease of \$17.4 million, or 13.0%. The revenue decreases for the second quarter and six months ended June 30, 2009 were primarily attributable to Medicare reimbursement reductions affecting oxygen and other product lines effective January 1, 2009 which reduced revenue by approximately \$6.9 million in the second quarter of 2009 and \$14.1 million for the six months ended June 30, 2009. Also contributing to the revenue decrease for the second quarter and six months was the Company's reduced emphasis on less profitable product lines such as non-respiratory durable medical equipment and infusion therapy. A change in inhalation drug product mix resulting from Medicare reimbursement reductions which began April 1, 2008 reduced revenue by an additional \$3.0 million for the six months ended June 30, 2009. These revenue decreases were partially offset by growth in oxygen patients and sleep therapy revenues, the Company's core product lines.

Operating expenses declined in the second quarter of 2009 compared to the second quarter of 2008 by approximately \$2.2 million, or 6.6%. Operating expenses for the six months ended June

30, 2009 compared to the same period in 2008 declined by \$4.8 million, or 7.2%. The decreases in operating expenses for the second quarter and six months ended June 30, 2009 were primarily the result of improved operating efficiencies. Areas of focus have included centralization of branch functions, consolidation of branches, improved routing and delivery systems, and more effective utilization of leased space.

Earnings before interest, taxes, depreciation, and amortization (EBITDA) is a non-GAAP financial measurement that is calculated as net income excluding interest, taxes, depreciation and amortization. EBITDA was \$7.5 million, or 12.9% of net revenue, for the second quarter of 2009 compared to \$10.5 million, or 16.4% of net revenue, for the same period of 2008. EBITDA was \$14.0 million, or 12.1% of net revenue, for the six months ended June 30, 2009 compared to \$24.6 million, or 18.4% of net revenue, for the same period of 2008.

Net loss for the second quarter of 2009 was \$(4.0) million, or \$(0.23) per diluted share, compared to net loss of \$(2.1) million, or \$(0.12) per diluted share, for the second quarter of 2008. Net loss for the six months ended June 30, 2009 was \$(9.2) million, or \$(0.52) per diluted share, compared to \$(1.6) million, or \$(0.09) per diluted share for the same period in 2009.

Medicare reimbursement cuts effective January 1, 2009 reduced EBITDA and net income by approximately \$6.9 million in the second quarter of 2009 and \$14.1 million for the six months ended June 30, 2009. A change in inhalation drug product mix reduced EBITDA and net income by approximately \$3.0 million in the six months ended June 30, 2009 compared to the same period in 2008. These items were partially offset by improved operating efficiencies and growth in the Company's core product lines.

Secured Debt Maturity

The Company has secured debt of \$226.4 million that was due to be repaid on August 1, 2009. As previously announced, a forbearance agreement was entered into by and among the Company, NexBank, SSB (the "Agent"), and a majority of the secured debt holders (the "Forbearance Holders"). The parties to the forbearance agreement have agreed to not exercise prior to September 1, 2009 any of the rights or remedies available to them as a result of the Company's failure to repay the secured debt on the maturity date. The Company, the Agent, and

the Forbearance Holders are currently in discussions to resolve the debt maturity issue. There can be no assurance that these discussions will result in a resolution with favorable terms to the Company and its stockholders or at all.

American HomePatient, Inc. is one of the nation's largest home health care providers with operations in 33 states. Its product and service offerings include respiratory services, infusion therapy, parenteral and enteral nutrition, and medical equipment for patients in their home. American HomePatient, Inc.'s common stock is currently traded in the over-the-counter market or, on application by broker-dealers, in the NASD's Electronic Bulletin Board under the symbol AHOM or AHOM.OB.

American HomePatient, Inc. prepares its financial statements in accordance with U.S. generally accepted accounting principles (GAAP). American HomePatient, Inc. also provides information related to non-GAAP financial measurements such as EBITDA, and from time to time, other non-GAAP financial measurements that adjust for certain items outside of the ordinary course of its business. To enable interested parties to reconcile non-GAAP measures to the Company's GAAP financial statements, the Company clearly defines EBITDA and quantifies all other adjustments to GAAP measurements (see Schedule B). The Company provides EBITDA information, a widely used non-GAAP financial measurement, as a performance measure to assist in analyzing the Company's operations and in comparing the Company to its competitors. The Company provides other non-GAAP financial measurements that adjust for certain items outside of the ordinary course of business in order to assist in comparing the Company's current operating performance to its historical performance. These adjustments typically reflect non-recurring items but sometimes reflect items, such as dispositions of assets and restructuring charges that are not technically non-recurring but are outside of the ordinary course of operations. Investors should note that such measures may not be comparable to similarly titled measures used by other companies, and investors are encouraged to use this information only in connection with the information contained in the Company's GAAP financial statements.

Certain statements made in this press release may constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements are based on management's current expectations and include known and unknown risks, uncertainties and other factors, many of which the Company is unable to predict or control, that may cause the Company's actual results or performance to materially differ from any future results or performance expressed or implied by such forward-looking statements. These

statements involve risks and uncertainties, including, without limitation, risks and uncertainties regarding the maturity of the Company's secured debt, current and future reimbursement rates, and reimbursement reductions and the Company's ability to mitigate the impact of the reductions. These risks and uncertainties are in addition to risks, uncertainties, and other factors detailed from time to time in the Company's filings with the Securities and Exchange Commission. The Company cautions investors that any forward-looking statements made by the Company are not necessarily indicative of future performance. The Company is not responsible for updating the information contained in this press release beyond the published date, or for changes made to this document by wire services or Internet services.

American HomePatient, Inc.
Summary Financial Data

Schedule A

(In thousands, except per share data)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2009	2008	2009	2008
	(unaudited)		(unaudited)	
Revenues, net	\$ 57,686	\$ 64,194	\$ 115,997	\$ 133,408
Cost of sales and related services	12,514	13,433	25,475	27,751
Cost of rentals and other revenues, including rental equipment depreciation	7,362	8,616	14,960	18,068
Operating expenses	31,119	33,335	62,701	67,540
Bad debt expense	850	1,388	2,078	2,737
General and administrative expenses	5,177	4,813	10,303	9,595
Depreciation, excluding rental equipment, and amortization	984	1,005	1,977	2,084
Interest expense, net	3,822	3,909	7,688	7,814
Other income, net	(99)	(273)	(85)	(659)
Change of control income	(3)	(3)	(6)	(71)
Earnings from unconsolidated joint ventures	(1,386)	(1,426)	(2,510)	(2,767)
(Loss) income from operations before income taxes	(2,654)	(603)	(6,584)	1,316
Provision for income taxes	1,266	1,410	2,430	2,680
Net loss	(3,920)	(2,013)	(9,014)	(1,364)
Less: Net income attributable to the noncontrolling interest	(69)	(119)	(143)	(214)
Net loss attributable to American HomePatient, Inc.	\$ (3,989)	\$ (2,132)	\$ (9,157)	\$ (1,578)
<i>Basic loss per common share attributable to American HomePatient, Inc common shareholders</i>	\$ (0.23)	\$ (0.12)	\$ (0.52)	\$ (0.09)
<i>Diluted loss per common share attributable to American HomePatient, Inc common shareholders</i>	\$ (0.23)	\$ (0.12)	\$ (0.52)	\$ (0.09)

	June 30,	December 31,
	2009	2008
	(unaudited)	
Cash and cash equivalents	\$ 18,140	\$ 13,488
Restricted cash	250	250
Net patient receivables	29,968	38,284
Other receivables	304	777
Total receivables	30,272	39,061
Net inventories	12,374	10,789
Prepaid expenses and other current assets	6,227	9,863
Total current assets	67,263	73,451
Property and equipment, net	30,485	32,042
Goodwill	122,093	122,093
Other assets	21,148	26,940
Total Assets	\$ 240,989	\$ 254,526
Current portion of long-term debt and capital leases	\$ 228,775	\$ 234,259
Accounts payable	12,235	11,989
Other current liabilities	23,248	24,535
Total current liabilities	264,258	270,783
Long-term debt and capital leases, less current portion	25	51
Deferred tax liability	9,966	7,841
Other noncurrent liabilities	5	8
Total liabilities	274,254	278,683
American HomePatient, Inc. shareholders' deficit	(33,683)	(24,619)
Noncontrolling interest	418	462
Total shareholders' deficit	(33,265)	(24,157)
Total Liabilities and Shareholders' Deficit	\$ 240,989	\$ 254,526

American HomePatient, Inc.

Schedule B

Reconciliation of Non-GAAP Financial Measurements to GAAP Financial Statements

(In thousands)

	<u>Three Months Ended June 30,</u>		<u>Six Months Ended June 30,</u>	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
	<u>(unaudited)</u>		<u>(unaudited)</u>	
Net loss	\$ (3,989)	\$ (2,132)	\$ (9,157)	\$ (1,578)
Add:				
Provision for income taxes	1,266	1,410	2,430	2,680
Interest expense, net	3,822	3,909	7,688	7,814
Rental equipment depreciation	5,381	6,351	11,075	13,586
Other depreciation and amortization	984	1,005	1,977	2,084
Earnings before interest, taxes, depreciation, and amortization (EBITDA)	<u>\$ 7,464</u>	<u>\$ 10,543</u>	<u>\$ 14,013</u>	<u>\$ 24,586</u>