

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549**

FORM 10-Q

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

For the quarterly period ended June 30, 2017

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 001-34504

ADDUS HOMECARE CORPORATION

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

20-5340172
(I.R.S. Employer
Identification No.)

6801 Gaylord Parkway, Suite 110
Frisco, TX
(Address of principal executive offices)

75034
(Zip code)

469-535-8200
(Registrant's telephone number, including area code)

Not Applicable
(Former name, former address and former fiscal year, if changed since last report)

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 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 whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

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

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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

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

**Common Stock \$0.001 par value
Shares outstanding at July 31, 2017: 11,624,536**

[Table of Contents](#)

ADDUS HOMECARE CORPORATION

FORM 10-Q

INDEX

PART I. FINANCIAL INFORMATION	3
Item 1. Financial Statements	3
Condensed Consolidated Balance Sheets as of June 30, 2017 (Unaudited) and December 31, 2016	3
Condensed Consolidated Statements of Income (Unaudited) For the Three and Six Months Ended June 30, 2017 and 2016	4
Condensed Consolidated Statement of Stockholders' Equity (Unaudited) For the Six Months Ended June 30, 2017	5
Condensed Consolidated Statements of Cash Flows (Unaudited) For the Six Months Ended June 30, 2017 and 2016	6
Notes to Condensed Consolidated Financial Statements (Unaudited)	7
Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations	16
Item 3. Quantitative and Qualitative Disclosures About Market Risk	25
Item 4. Controls and Procedures	25
PART II. OTHER INFORMATION	27
Item 1. Legal Proceedings	27
Item 1A. Risk Factors	27
Item 2. Unregistered Sales of Equity Securities and Use of Proceeds	27
Item 3. Defaults Upon Senior Securities	27
Item 4. Mine Safety Disclosures	27
Item 5. Other Information	27
Item 6. Exhibits	28

PART I – FINANCIAL INFORMATION**Item 1. Financial Statements**

**ADDUS HOMECARE CORPORATION
AND SUBSIDIARIES**
CONDENSED CONSOLIDATED BALANCE SHEETS
As of June 30, 2017 and December 31, 2016
(Amounts and Shares in Thousands, Except Per Share Data)

	<u>(Unaudited)</u> June 30, 2017	<u>(Audited)</u> December 31, 2016
Assets		
Current assets		
Cash	\$ 15,873	\$ 8,013
Accounts receivable, net of allowances of \$9,085 and \$7,363 at June 30, 2017 and December 31, 2016, respectively	137,967	116,999
Prepaid expenses and other current assets	3,884	5,998
Total current assets	<u>157,724</u>	<u>131,010</u>
Property and equipment, net of accumulated depreciation and amortization	7,191	6,648
Other assets		
Goodwill	73,906	73,906
Intangibles, net of accumulated amortization	13,320	15,413
Non-current deferred tax assets, net	3,153	3,153
Investment in joint venture	900	900
Total other assets	<u>91,279</u>	<u>93,372</u>
Total assets	<u>\$256,194</u>	<u>\$ 231,030</u>
Liabilities and stockholders' equity		
Current liabilities		
Accounts payable	\$ 3,430	\$ 4,486
Current portion of long-term debt, net of debt issuance costs	3,052	2,531
Accrued expenses	40,590	42,603
Total current liabilities	<u>47,072</u>	<u>49,620</u>
Long-term liabilities		
Long-term debt, less current portion, net of debt issuance costs	40,986	22,482
Total liabilities	<u>\$ 88,058</u>	<u>\$ 72,102</u>
Stockholders' equity		
Common stock—\$.001 par value; 40,000 authorized and 11,625 and 11,527 shares issued and outstanding as of June 30, 2017 and December 31, 2016, respectively	\$ 12	\$ 12
Additional paid-in capital	94,502	92,253
Retained earnings	73,622	66,663
Total stockholders' equity	<u>168,136</u>	<u>158,928</u>
Total liabilities and stockholders' equity	<u>\$256,194</u>	<u>\$ 231,030</u>

See accompanying Notes to Condensed Consolidated Financial Statements (Unaudited)

**ADDUS HOMECARE CORPORATION
AND SUBSIDIARIES**

**CONDENSED CONSOLIDATED STATEMENTS OF INCOME
For the Three and Six Months Ended June 30, 2017 and 2016
(Amounts and Shares in Thousands, Except Per Share Data)
(Unaudited)**

	For the Three Months Ended		For the Six Months Ended	
	June 30,		June 30,	
	2017	2016	2017	2016
Net service revenues	\$ 103,559	\$ 100,927	\$205,165	\$ 193,529
Cost of service revenues	75,048	75,232	149,337	143,515
Gross margin	28,511	25,695	55,828	50,014
General and administrative expenses	19,006	17,744	37,879	38,565
Gain on sale of adult day services centers	—	—	(2,065)	—
Depreciation and amortization	1,514	1,744	3,030	3,222
Provision for doubtful accounts	2,070	1,813	4,102	3,181
Total operating expenses	22,590	21,301	42,946	44,968
Operating income	5,921	4,394	12,882	5,046
Interest income	(13)	(23)	(20)	(30)
Interest expense	2,108	686	2,759	1,112
Total interest expense, net	2,095	663	2,739	1,082
Other income	44	—	101	—
Income before income taxes	3,870	3,731	10,244	3,964
Income tax expense	1,170	1,131	3,285	1,207
Net income	<u>\$ 2,700</u>	<u>\$ 2,600</u>	<u>\$ 6,959</u>	<u>\$ 2,757</u>
Net income per common share				
Basic income per share	\$ 0.24	\$ 0.23	\$ 0.61	\$ 0.25
Diluted income per share	\$ 0.23	\$ 0.23	\$ 0.60	\$ 0.25
Weighted average number of common shares and potential common shares outstanding:				
Basic	11,470	11,361	11,452	11,192
Diluted	11,622	11,385	11,604	11,217

See accompanying Notes to Condensed Consolidated Financial Statements (Unaudited)

**ADDUS HOMECARE CORPORATION
AND SUBSIDIARIES**

**CONDENSED CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY
For the Six Months Ended June 30, 2017
(Amounts and Shares in Thousands)
(Unaudited)**

	Common Stock		Additional Paid-in Capital	Retained Earnings	Total Stockholders' Equity
	Shares	Amount			
Balance at December 31, 2016	<u>11,527</u>	<u>\$ 12</u>	<u>\$ 92,253</u>	<u>\$ 66,663</u>	<u>\$ 158,928</u>
Issuance of shares of common stock under restricted stock award agreements	80	—	—	—	—
Forfeiture of shares of common stock under restricted stock award agreements	(10)	—	—	—	—
Stock-based compensation	—	—	1,091	—	1,091
Shares issued	28	—	1,158	—	1,158
Net income	—	—	—	6,959	6,959
Balance at June 30, 2017	<u>11,625</u>	<u>\$ 12</u>	<u>\$ 94,502</u>	<u>\$ 73,622</u>	<u>\$ 168,136</u>

See accompanying Notes to Condensed Consolidated Financial Statements (Unaudited)

**ADDUS HOMECARE CORPORATION
AND SUBSIDIARIES**

**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Six Months Ended June 30, 2017 and 2016
(Amounts in Thousands)
(Unaudited)**

	<u>For the Six Months Ended June 30,</u>	
	<u>2017</u>	<u>2016</u>
Cash flows from operating activities:		
Net income	\$ 6,959	\$ 2,757
Adjustments to reconcile net income to net cash used in operating activities:		
Depreciation and amortization	3,030	3,223
Non-cash restructuring	—	894
Stock-based compensation	1,091	819
Amortization and write-off of debt issuance costs under the terminated credit facility	1,484	165
Amortization of debt issuance costs under the new credit facility	93	—
Provision for doubtful accounts	4,102	3,181
Gain on sale of adult day services centers	(2,065)	—
Changes in operating assets and liabilities, net of acquisitions:		
Accounts receivable	(25,070)	(33,222)
Prepaid expenses and other current assets	2,080	1,101
Accounts payable	(1,056)	(255)
Accrued expenses	(2,023)	3,072
Net cash used in operating activities	<u>(11,375)</u>	<u>(18,265)</u>
Cash flows from investing activities:		
Proceeds from the sale of adult day services centers	2,400	—
Acquisitions of businesses	—	(20,449)
Purchases of property and equipment	(1,771)	(711)
Net cash provided by (used in) investing activities	<u>629</u>	<u>(21,160)</u>
Cash flows from financing activities:		
Cash received from exercise of stock options	1,158	3,016
Borrowings on term loan - new credit facility	45,000	—
Borrowings on revolver - terminated credit facility	20,000	17,000
Borrowings on term loan - terminated credit facility	—	25,000
Payments on revolver - terminated credit facility	(20,000)	—
Payments on term loan - terminated credit facility	(24,063)	(313)
Payments for debt issuance costs under the new credit facility	(2,781)	—
Payments for debt issuance costs under the terminated credit facility	—	(492)
Payments on capital lease obligations	(708)	(550)
Payments on contingent earn-out obligation	—	(100)
Net cash provided by financing activities	<u>18,606</u>	<u>43,561</u>
Net change in cash	7,860	4,136
Cash, at beginning of period	8,013	4,104
Cash, at end of period	<u>\$ 15,873</u>	<u>\$ 8,240</u>
Supplemental disclosures of cash flow information:		
Cash paid for interest	\$ 938	\$ 1,015
Cash paid for income taxes	2,977	1,748
Supplemental disclosures of non-cash investing and financing activities:		
Tax benefit related to the amortization of tax goodwill in excess of book basis	—	80

See accompanying Notes to Condensed Consolidated Financial Statements (Unaudited)

**ADDUS HOMECARE CORPORATION
AND SUBSIDIARIES**

**Notes to Condensed Consolidated Financial Statements
(Unaudited)**

1. Summary of Significant Accounting Policies

Basis of Presentation and Description of Business

The condensed consolidated financial statements include the accounts of Addus HomeCare Corporation (“Holdings”) and its subsidiaries (together with Holdings, the “Company,” “we,” “us,” or “our”). The Company operates as one reportable business segment and is a provider of comprehensive personal care services, which are provided principally in the home. The Company’s personal care services provide assistance with activities of daily living. The Company’s consumers are primarily persons who are at risk of hospitalization or institutionalization, such as the elderly, chronically ill and disabled. The Company’s payor clients include federal, state and local governmental agencies, managed care organizations, commercial insurers and private individuals. As of June 30, 2017, the Company provided personal care services to approximately 34,000 consumers through 110 locations across 24 states.

Principles of Consolidation

All intercompany balances and transactions have been eliminated in consolidation. The Company’s investment in entities with less than 20% ownership or in which the Company does not have the ability to influence the operations of the investee are accounted for using the cost method and are included in investments in joint ventures.

Revenue Recognition

The Company generates net service revenues by providing services directly to consumers. The Company receives payments for providing services from federal, state and local governmental agencies, managed care organizations, commercial insurers and private consumers. The Company’s operations are principally provided based on authorized hours, determined by the relevant agency, at an hourly rate specified in agreements or fixed by legislation and recognized as revenues at the time services are rendered. Personal care service revenues are reimbursed by state, local and other governmental programs which are partially funded by Medicaid or Medicaid waiver programs, with the remainder reimbursed through insurance programs and private pay.

Allowance for Doubtful Accounts

The Company establishes its allowance for doubtful accounts to the extent it is probable that a portion or all of a particular account will not be collected. The Company establishes its provision for doubtful accounts primarily by analyzing historical trends and the aging of receivables. In its evaluation, the Company considers other factors including: delays in payment trends in individual states due to budget or funding issues; billing conversions related to acquisitions or internal systems; resubmission of bills with required documentation and disputes with specific payors. An allowance for doubtful accounts is maintained at a level that the Company’s management believes is sufficient to cover potential losses. However, actual collections could differ from the Company’s estimates.

Property and Equipment

Property and equipment are recorded at cost and depreciated over the estimated useful lives of the related assets by use of the straight-line method. Maintenance and repairs are charged to expense as incurred. The estimated useful lives of the property and equipment are as follows:

Computer equipment	3 – 5 years
Furniture and equipment	5 – 7 years
Transportation equipment	5 years
Computer software	5 – 10 years
Leasehold improvements	Lesser of useful life or lease term, unless probability of lease renewal is likely

Goodwill

The Company's carrying value of goodwill is the excess of the purchase price over the fair value of the net assets acquired from various acquisitions including the acquisition of Addus HealthCare, Inc. ("Addus HealthCare"). In accordance with Accounting Standards Codification ("ASC") Topic 350, "Goodwill and Other Intangible Assets," goodwill and intangible assets with indefinite useful lives are not amortized. The Company tests goodwill for impairment at the reporting unit level on an annual basis, as of October 1, or whenever potential impairment triggers occur, such as a significant change in business climate or regulatory changes that would indicate that an impairment may have occurred. The Company may use a qualitative test, known as "Step 0," or a two-step quantitative method to determine whether impairment has occurred. In Step 0, the Company can elect to perform an optional qualitative analysis and based on the results skip the two-step analysis. In 2016 and 2015, the Company elected to implement Step 0 and was not required to conduct the remaining two-step analysis. The results of the Company's Step 0 assessments indicated that it was more likely than not that the fair value of its reporting unit exceeded its carrying value and therefore the Company concluded that there were no impairments for the year ended December 31, 2016. No impairment charges were recorded for the three and six months ended June 30, 2017 or 2016.

Intangible Assets

The Company's identifiable intangible assets consist of customer and referral relationships, trade names, trademarks, state licenses and non-compete agreements. Amortization is computed using straight-line and accelerated methods based upon the estimated useful lives of the respective assets, which range from two to twenty-five years.

Intangible assets with finite lives are amortized using the estimated economic benefit method over the useful life and assessed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The Company would recognize an impairment loss when the estimated future non-discounted cash flows associated with the intangible asset is less than the carrying value. An impairment charge would then be recorded for the excess of the carrying value over the fair value. The Company estimates the fair value of these intangible assets using the income approach. No impairment charge was recorded for the three and six months ended June 30, 2017 or 2016.

The income approach, which the Company uses to estimate the fair value of its intangible assets (other than goodwill), is dependent on a number of factors including estimates of future market growth and trends, forecasted revenue and costs, expected periods the assets will be utilized, appropriate discount rates and other variables. The Company bases its fair value estimates on assumptions the Company believes to be reasonable but which are unpredictable and inherently uncertain. Actual future results may differ from those estimates.

[Table of Contents](#)

The Company also has indefinite-lived intangible assets that are not subject to amortization expense such as certificates of need and licenses to conduct specific operations within geographic markets. The Company's management has concluded that certificates of need and licenses have indefinite lives, as management has determined that there are no legal, regulatory, contractual, economic or other factors that would limit the useful life of these intangible assets, and the Company intends to renew and operate the certificates of need and licenses indefinitely. The certificates of need and licenses are tested annually for impairment, or whenever potential impairment triggers occur. No impairment was recorded for the three and six months ended June 30, 2017 or 2016.

Debt Issuance Costs

The Company amortizes debt issuance costs on a straight-line method over the term of the related debt. This method approximates the effective interest method. The Company has classified the debt issuance costs as current portion of long-term debt or long-term debt, less current portion as of June 30, 2017 and December 31, 2016.

Workers' Compensation Program

The Company's workers' compensation insurance program has a \$0.4 million deductible component. The Company recognizes its obligations associated with this program in the period the claim is incurred. The cost of both the claims reported and claims incurred but not reported, up to the deductible, have been accrued based on historical claims experience, industry statistics and an actuarial analysis performed by an independent third party. The Company monitors its claims quarterly and adjusts its reserves accordingly. These costs are recorded primarily as the cost of services in the Unaudited Condensed Consolidated Statements of Income. Under the agreement pursuant to which the Company acquired Addus HealthCare, claims under its workers' compensation insurance program that related to December 31, 2005 or earlier were the responsibility of the selling shareholders in the acquisition, subject to certain limitations. The responsibility of the selling shareholders for these claims was terminated on December 29, 2014. In August 2010, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update No 2010-24, Health Care Entities (Topic 954), "*Presentation of Insurance Claims and Related Insurance Recoveries*" ("ASU 2010-24"), which clarifies that companies should not net insurance recoveries against a related claim liability. Additionally, under ASU 2010-24, the amount of the claim liability should be determined without consideration of insurance recoveries. As of June 30, 2017 and December 31, 2016, the Company recorded \$0.5 million and \$0.7 million, respectively, in workers' compensation insurance recovery receivables and a corresponding increase in workers' compensation liability. The workers' compensation insurance recovery receivable is included in the Company's prepaid expenses and other current assets on the Unaudited Condensed Consolidated Balance Sheets.

Interest Income

Illinois law entitles designated service program providers to receive a prompt payment interest penalty based on qualifying services approved for payment that remain unpaid after a designated period of time. As the amount and timing of the receipt of these payments are not certain, the interest income is recognized when received and reported in the statement of income as interest income. For the three and six months ended June 30, 2017 and 2016, the Company did not receive any prompt payment interest. While the Company may be owed additional prompt payment interest, the amount and timing of receipt of such payments remain uncertain, and the Company has determined that it will continue to recognize prompt payment interest income when received.

Interest Expense

The Company's interest expense consists of interest and unused credit line fees on its credit facilities, interest on its capital lease obligations, and amortization and write-off of debt issuance costs, which is reported in the statement of income when incurred.

Other Income

Other income consists of income distributions received from the investment in joint venture. The Company accounts for this income in accordance with ASC Topic 325, "*Investments—Other*." The Company recognizes the net accumulated earnings only to the extent distributed by the joint venture on the date received.

Income Tax Expense

The Company accounts for income taxes under the provisions of ASC Topic 740, "*Income Taxes*." The objective of accounting for income taxes is to recognize the amount of taxes payable or refundable for the current year and deferred tax liabilities and assets for the future tax consequences of events that have been recognized in its financial statements or tax returns. Deferred taxes, resulting from differences between the financial and tax basis of the Company's assets and liabilities, are also adjusted for changes in tax rates and tax laws when changes are enacted. ASC Topic 740 also requires that deferred tax assets be reduced by a valuation allowance if it is more likely than not that some portion or all of the deferred tax asset will not be realized. ASC Topic 740 also prescribes a recognition threshold and measurement process for recording in the financial statements uncertain tax positions taken or expected to be taken in a tax return. In addition, ASC Topic 740 provides guidance on derecognition, classification, accounting in interim periods and disclosure requirements for uncertain tax positions.

In March 2016, the FASB issued Accounting Standards Update ("ASU") 2016-09, "*Compensation-Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting*." ASU 2016-09 allows for simplification of several aspects of the accounting for share-based payment transactions including the income tax consequences, classification of awards as either equity or liabilities, and classification on the statement of cash flows. Under ASU 2016-09, all excess tax benefits and tax deficiencies (including tax benefits of dividends on share-based payment awards) should be recognized as income tax expense or benefit in the income statement. ASU 2016-09 also requires recognition of excess tax benefits regardless of whether the benefit reduces taxes payable in the current period. ASU 2016-09 further permits the withholding of an amount up to employees' maximum individual tax rate in the relevant jurisdiction without resulting in a liability classification. ASU 2016-09 also requires any excess tax benefits be classified along with other income tax cash flows as an operating activity and cash paid by an employer when directly withholding shares for tax-withholding purposes to be classified as a financing activity. The Company adopted this standard on January 1, 2017 on a prospective basis. As a result, for the three and six months ended June 30, 2017, the Company recorded an excess tax benefit of \$92.0 thousand and \$118.0 thousand within income tax expense on its Unaudited Condensed Consolidated Statements of Income.

Stock-based Compensation

The Company currently has two active stock incentive plans, the 2009 Stock Incentive Plan, as amended and restated (the "2009 Plan") and the 2017

Omnibus Incentive Plan (the “2017 Plan”, and together with the 2009 Plan, the “Plans”), that provide for stock-based employee compensation. The Company accounts for stock-based compensation in accordance with ASC Topic 718, “*Stock Compensation*.” Compensation expense is recognized on a straight-line basis under the Plans over the vesting period of the equity awards based on the grant date fair value of the options and restricted stock awards. From October 28, 2009 to December 31, 2016, the Company utilized the Enhanced Hull-White Trinomial Model to value the Company’s options. Beginning January 1, 2017, the Company began utilizing the Black-Scholes Option Pricing Model to value the Company’s options, as the Company believes it is a more widely accepted and understood valuation model. The determination of the fair value of stock-based payments utilizing the Black-Scholes Model and the Enhanced Hull-White Trinomial Model is affected by the Company’s stock price and a number of assumptions, including expected volatility, risk-free interest rate, expected term, expected dividends yield, expected forfeiture rate, expected turn-over rate and the expected exercise multiple.

Diluted Net Income Per Common Share

Diluted net income per common share, calculated on the treasury stock method, is based on the weighted average number of shares outstanding during the period. The Company’s outstanding securities that may potentially dilute the common stock are stock options and restricted stock awards.

Included in the Company’s calculation of diluted earnings per share for the three and six months ended June 30, 2017 were approximately 461,000 stock options outstanding, of which approximately 105,000 and 101,000, respectively, were dilutive. In addition, there were approximately 139,000 restricted stock awards outstanding, 47,000 and 51,000 of which were dilutive for the three and six months ended June 30, 2017, respectively.

Included in the Company’s calculation of diluted earnings per share for the three and six months ended June 30, 2016 were approximately 469,000 stock options outstanding, of which approximately 24,000 and 25,000, respectively, were dilutive. In addition, there were approximately 98,000 restricted stock awards outstanding, none of which were dilutive for the three and six months ended June 30, 2016, respectively.

Estimates

The financial statements are prepared by management in conformity with U.S. Generally Accepted Accounting Principles (“GAAP”) and include estimated amounts and certain disclosures based on assumptions about future events. The Company’s critical accounting estimates include the following areas: the allowance for doubtful accounts, reserve for self-insurance claims, accounting for stock-based compensation, accounting for income taxes and when required, the quantitative assessment of goodwill. Accordingly, actual results could differ from those estimates.

Fair Value Measurements

The Company’s financial instruments consist primarily of cash, accounts receivable, payables and debt. The carrying amounts reported on the Company’s Unaudited Condensed Consolidated Balance Sheets for cash, accounts receivable, accounts payable and accrued expenses approximate fair value because of the short-term nature of these instruments. The carrying value of the Company’s long-term debt with variable interest rates approximates fair value based on instruments with similar terms.

The Company applies fair value techniques on a non-recurring basis associated with valuing potential impairment losses related to goodwill, if required, and indefinite-lived intangible assets and also when determining the fair value of contingent considerations. To determine the fair value in these situations, the Company uses Level 3 inputs, defined as unobservable inputs in which little or no market data exists; therefore requiring an entity to develop its own assumptions, such as discounted cash flows, or if available, what a market participant would pay on the measurement date.

[Table of Contents](#)

The Company utilizes the income approach to estimate the fair value of its intangible assets derived from acquisitions. In addition, in performing the impairment assessment of its investment in joint ventures, the Company uses discounted cash flows to estimate the fair value of its investment.

Going Concern

In connection with the preparation of the financial statements for the three and six months ended June 30, 2017, the Company conducted an evaluation as to whether there were conditions and events, considered in the aggregate, which raised substantial doubt as to the entity's ability to continue as a going concern within one year after the date of the issuance, or the date of availability, of the financial statements to be issued. The evaluation concluded that there did not appear to be evidence of substantial doubt of the entity's ability to continue as a going concern.

New Accounting Pronouncements

In May 2014, the FASB issued ASU 2014-09, "*Revenue from Contracts with Customers (Topic 606)*," which requires an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. ASU 2014-09 will replace most existing revenue recognition guidance in GAAP and will be effective for the Company as of January 1, 2018. The standard permits the use of either the retrospective or modified retrospective (cumulative effect) transition method and the Company has selected the modified retrospective approach. The Company's evaluation of ASU 2014-09 is not complete. The FASB has issued and may issue in the future, interpretative guidance, which may cause the Company's evaluation to change. The Company has completed the initial review to determine the impact ASU 2014-09 and its subsequent updates will have on its Consolidated Financial Statements or financial statement disclosures upon adoption. Based on the Company's continued review, it believes that the timing and measurement of revenue for its customers will be similar to its current revenue recognition model due to the structure of payor contracts which consists of a fixed reimbursement rate that is deemed earned upon completion of a defined service. In addition, the Company has made ongoing progress around process changes and system enhancements to ensure adherence to the new standard. The Company will complete its assessment of the impact and finalize implementation of system enhancements during the remainder of 2017.

In February 2016, the FASB issued ASU No. 2016-02, "*Leases*," which replaces existing leasing rules with a comprehensive lease measurement and recognition standard and expanded disclosure requirements. ASU 2016-02 will require lessees to recognize most leases on their balance sheets as liabilities, with corresponding "right-of-use" assets and is effective for annual reporting periods beginning after December 15, 2018, subject to early adoption. For income statement recognition purposes, leases will be classified as either a finance or an operating lease. The Company will be required to recognize and measure leases at the beginning of the earliest period presented using a modified retrospective approach. Upon initial evaluation, the Company believes that the new standard will have a material impact on its Consolidated Balance Sheets but it will not affect its liquidity. It has been determined that the Company will need to secure new software to account for the change in accounting for leases and is currently reviewing the software options available.

In June 2016, the FASB issued ASU No. 2016-13, "*Financial Instruments (Topic 326) Credit Losses*." ASU 2016-13 changes the impairment model for most financial assets and certain other instruments. Under the new standard, entities holding financial assets and net investment in leases that are not accounted for at fair value through net income are to be presented at the net amount expected to be collected. An allowance for credit losses will be a valuation account that will be deducted from the amortized cost basis of the financial asset to present the net carrying value at the amount expected to be collected on the financial asset. ASU 2016-13 is effective as of January 1, 2020. Early adoption is permitted. The Company is currently evaluating the impact of ASU 2016-13.

In August 2016, the FASB issued ASU 2016-15, "*Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments*." This standard amends and adjusts how cash receipts and cash payments are presented and classified in the statement of cash flows. ASU 2016-15 is effective for fiscal years beginning after December 15, 2017, and interim periods within those fiscal years, and will require adoption on a retrospective basis unless impracticable. If impracticable the Company would be required to apply the amendments prospectively as of the earliest date possible. The Company is currently evaluating the impact that ASU 2016-15 will have on its statement of cash flows.

In January 2017, the FASB issued ASU 2017-04, "*Simplifying the Test for Goodwill Impairment*." The new guidance eliminates the requirement to calculate the implied fair value of goodwill (i.e., Step 2 of the current goodwill impairment test) to measure a goodwill impairment charge. Instead, entities will record an impairment charge based on the excess of a reporting unit's carrying amount over its fair value (i.e., measure the charge based on the current Step 1). ASU 2017-04 is effective for annual and any interim impairment tests for periods beginning after December 15, 2019. The Company is currently evaluating the provisions of ASU 2017-04 to determine how its goodwill impairment testing will be impacted and whether it may elect to adopt ASU 2017-04 prior to the stated effective date.

In May 2017, the FASB issued ASU 2017-09, "*Compensation—Stock Compensation: Scope of Modification Accounting*." ASU 2017-19 clarifies when to account for a change to the terms or conditions of a share-based payment award as a modification. Under the new guidance, modification accounting is required only if the fair value, the vesting conditions, or the classification of the award (as equity or liability) changes as a result of the change in terms or conditions. This pronouncement is effective for annual periods, and for interim periods within those annual periods, beginning after December 15, 2017, with early adoption permitted, and is applied prospectively to changes in terms or conditions of awards occurring on or after the adoption date. The Company is evaluating the impact of the adoption of this guidance on its financial statements but does not expect it to have a material impact.

Reclassification of Prior Period Balances

Certain reclassifications have been made to prior period amounts to conform to the current-year presentation including the reporting of provision for doubtful accounts as a separate line item on the Unaudited Condensed Consolidated Statements of Income, as well as the reclassification of non-cash restructuring costs from the depreciation and amortization expenses on the Unaudited Condensed Consolidated Statements of Cash Flows in 2016. These reclassifications have no effect on the reported net income for three and six months ended June 30, 2017 and 2016.

2. Sale of Adult Day Services Centers

In order to focus on providing services to consumers in their homes, effective March 1, 2017, the Company ceased the adult day services business and completed its sale of substantially all of the assets used in three adult day services centers in Illinois. The Company received proceeds of approximately \$2.4 million and recorded a pre-tax gain of \$2.1 million on the sale of the three adult day services centers.

[Table of Contents](#)

3. Goodwill and Intangible Assets

A summary of the goodwill activity for the six months ended June 30, 2017 is provided below:

	Goodwill (Amounts in Thousands)
Goodwill, at December 31, 2016	\$ 73,906
Additions for acquisitions	—
Adjustments to previously recorded goodwill	—
Goodwill, at June 30, 2017	<u>\$ 73,906</u>

[Table of Contents](#)

The carrying amount and accumulated amortization of each identifiable intangible asset category consisted of the following as of June 30, 2017 and December 31, 2016:

	Customer and referral relationships	Trade names and trademarks	State licenses	Non-competition agreements	Total
(Amounts in Thousands)					
Gross balance at December 31, 2016	\$ 34,672	\$ 13,261	\$ 150	\$ 2,155	\$ 50,238
Accumulated amortization	(26,766)	(6,296)	—	(1,763)	(34,825)
Net Balance at December 31, 2016	7,906	6,965	150	392	15,413
Gross balance at June 30, 2017	34,672	13,261	150	2,155	50,238
Accumulated amortization	(27,918)	(7,182)	—	(1,818)	(36,918)
Net Balance at June 30, 2017	<u>\$ 6,754</u>	<u>\$ 6,079</u>	<u>\$ 150</u>	<u>\$ 337</u>	<u>\$ 13,320</u>

Amortization expense related to the identifiable intangible assets amounted to \$1.0 million and \$2.1 million for the three and six months ended June 30, 2017, respectively, and \$1.3 million and \$2.4 million for the three and six months ended June 30, 2016, respectively. Goodwill, certificates of need, and state licenses are not amortized pursuant to ASC Topic 350.

4. Details of Certain Balance Sheet Accounts

Prepaid expenses and other current assets consisted of the following:

	June 30, 2017	December 31, 2016
(Amounts in Thousands)		
Prepaid health insurance (1)	\$ 1,363	\$ 2,238
Prepaid workers' compensation and liability insurance	311	1,190
Prepaid rent	474	568
Workers' compensation insurance receivable	520	747
Other	1,216	1,255
	<u>\$ 3,884</u>	<u>\$ 5,998</u>

Accrued expenses consisted of the following:

	June 30, 2017	December 31, 2016
(Amounts in Thousands)		
Accrued payroll	\$ 15,283	\$ 17,509
Accrued workers' compensation insurance	12,517	12,823
Accrued health insurance (1)	4,288	4,092
Indemnification reserve (2)	419	419
Accrued payroll taxes	1,293	1,747
Accrued professional fees	2,398	1,485
Accrued severance (3)	1,104	1,326
Accrued restructuring (4)	1,470	1,786
Other	1,818	1,416
	<u>\$ 40,590</u>	<u>\$ 42,603</u>

- (1) The Company provides health insurance coverage to qualified union employees providing personal care services in Illinois through a Taft-Hartley multi-employer health and welfare plan under Section 302(c)(5) of the Labor Management Relations Act of 1947. The Company's insurance contributions equal the amount reimbursed by the State of Illinois. Contributions are due within five business days from the date the funds are received from the State of Illinois. Amounts due of \$0.9 million and \$2.2 million for health insurance reimbursements and contributions were reflected in prepaid insurance and accrued insurance as of June 30, 2017 and December 31, 2016, respectively.

Table of Contents

- (2) As a condition of the sale of substantially all of the assets used in the Company's home health business to subsidiaries of LHC Group, Inc. ("LHCG") in February 2013, the Company is responsible for any adjustments to Medicare and Medicaid billings prior to the closing. In connection with an internal evaluation of the Company's billing processes, the Company discovered documentation errors in a number of claims that it had submitted to Medicare. Consistent with applicable law, the Company voluntarily remitted \$1.8 million to the U.S. government in March 2014. As of June 30, 2017, the Company, using its best judgment, has estimated a total of \$0.4 million for billing adjustments for 2013, 2012 and 2011 services which may be subject to Medicare audits.
- (3) Accrued severance represents amounts payable to terminated employees with employment and/or separation agreements with the Company.
- (4) Accrued restructuring includes reserves for lease commitments related to the closure of three adult day services centers in Illinois during the third quarter of 2016, unused contact center office space and fees related to termination of professional services relationships.

5. Long-Term Debt

Long-term debt consisted of the following:

	June 30, 2017	December 31, 2016
	(Amounts in Thousands)	
Term loan under the new credit facility	\$ 45,000	—
Term loan under the terminated credit facility	—	24,063
Capital leases	1,726	2,433
Less unamortized issuance costs	(2,688)	(1,483)
Total	\$ 44,038	\$ 25,013
Less current maturities	(3,052)	(2,531)
Long-term debt	\$ 40,986	\$ 22,482

In accordance with ASU 2015-03, "Simplifying the Presentation of Debt Issuance Costs," the Company has classified the debt issuance costs as current portion of long-term debt or long-term debt, less current portion as of June 30, 2017 and December 31, 2016.

Capital Leases

On July 12, 2014, September 11, 2014 and April 13, 2015, the Company executed three 48-month capital lease agreements for \$2.7 million, \$1.4 million and \$0.4 million, respectively, with First American Commercial Bancorp, Inc. The capital leases were entered into to finance property and equipment at the Company's support center. The underlying assets are included in "Property and equipment, net of accumulated depreciation and amortization" in the accompanying Unaudited Condensed Consolidated Balance Sheets. These capital lease obligations require monthly payments through September 2019 and have implicit interest rates that range from 3.0% to 3.6%. At the end of the term of each lease agreement, the Company has the option to purchase the assets covered by such lease agreement for \$1.

Effective October 1, 2016, the Company entered into a 25-month capital lease agreement for \$0.6 million with Meridian Leasing Corporation. The capital lease was entered into to finance property and equipment for the Company's telephone systems. The underlying assets are included in "Property and equipment, net of accumulated depreciation and amortization" in the accompanying Unaudited Condensed Consolidated Balance Sheets. These capital lease obligations require monthly payments through October 2018 and have an implicit interest rate of 11.1%. At the end of the term, the Company has the option to purchase the assets for \$1 per the lease agreement.

The following is an analysis of the leased property under capital leases by major classes.

<u>Classes of Property</u>	<u>Asset Balances at</u> <u>June 30, 2017</u>
	(Amounts in Thousands)
Leasehold Improvements	\$ 1,485
Furniture & Equipment	868
Computer Equipment	635
Computer Software	303
Total	3,291
Less: Accumulated Depreciation and Amortization	(1,074)
Net Leased Property Under Capital Leases	\$ 2,217

Table of Contents

The future minimum payments for capital leases as of June 30, 2017 are as follows:

	Capital Lease (Amounts In Thousands)
2017	\$ 780
2018	1,026
2019	30
Total minimum lease payments	1,836
Less: amount representing estimated executory costs (such as taxes, maintenance and insurance), including profit thereon, included in total minimum lease payments	(50)
Net minimum lease payments	1,786
Less: amount representing interest (1)	(60)
Present value of net minimum lease payments (2)	\$ 1,726

- (1) Amount necessary to reduce net minimum lease payments to present value calculated at the Company's incremental borrowing rate at lease inception.
- (2) Included in the balance sheet as \$1.5 million of the current portion of long-term debt, net of debt issuance costs and \$0.2 million of the long-term debt, less current portion, net of debt issuance costs.

Senior Secured Credit Facility

On May 8, 2017, the Company entered into a credit agreement (the "Credit Agreement") to obtain a new credit facility with certain lenders and Capital One, N.A., as a lender and swing lender and as agent for all lenders. This credit facility totals \$250.0 million, replaces the Company's previous senior secured credit facility totaling \$125.0 million with certain lenders and Fifth Third Bank as agent ("Terminated Senior Secured Credit Facility", see description below for more details), and terminates the Company's Second Amended and Restated Credit and Guaranty Agreement, dated as of November 10, 2015. The new credit facility includes a \$125.0 million revolving loan, a \$45.0 million term loan and an \$80.0 million delayed draw term loan. The maturity of the new credit facility is five years, although the delayed draw term loan is only available until November 8, 2018. Under the terms of an accordion feature of the Credit Agreement, \$100.0 million is also available for incremental term loans. Fundings under the delayed draw term loans and the incremental term loans are limited to financing or refinancing Permitted Acquisitions (as defined in the Credit Agreement). The availability of additional draws under the revolving credit portion of the Company's new credit facility is conditioned, among other things, upon (after giving effect to such draws) the ratio of Consolidated Total Indebtedness (as defined in the Credit Agreement), less subordinated indebtedness, to Consolidated Adjusted EBITDA (as defined in the Credit Agreement) not exceeding 4.25:1.00. In connection with the new credit facility, the Company incurred \$2.8 million of debt issuance costs.

Addus HealthCare is the borrower, with the Company and substantially all of the subsidiaries of the Company as guarantors under the new credit facility. The new credit facility is secured by a first priority security interest in all of the Company's and the other credit parties' current and future tangible and intangible assets, including the shares of stock of the borrower and subsidiaries.

Interest on the Company's new credit facility may be payable at (x) the sum of (i) an applicable margin ranging from 1.50% to 2.25% based on the applicable senior leverage ratio (provided that the applicable margin will be 1.50% through approximately October 31, 2017) plus (ii) a base rate equal to the greatest of (a) the rate of interest last quoted by The Wall Street Journal as the "prime rate," (b) the sum of the federal funds rate plus a margin of 0.50% and (c) the sum of the adjusted LIBOR that would be applicable to a loan with an interest period of one month advanced on the applicable day (not to be less than 0.00%) plus a margin of 1.00% or (y) the sum of (i) an applicable margin ranging from 2.50% to 3.25% based on the applicable leverage ratio (provided that the applicable margin will be 2.50% through approximately October 31, 2017) plus (ii) the offered rate per annum for the applicable interest period that appears on Reuters Screen LIBOR01 Page. Swing loans may not be LIBOR loans.

The Company pays a fee ranging from 0.25% to 0.50% based on the applicable leverage ratio times the unused portion of the revolving portion of the new credit facility (provided that the fee will be 0.25% through approximately October 31, 2017).

For the period May 8, 2017 through June 30, 2017, the Company did not make any draws on the revolving credit line under the new credit facility. As of June 30, 2017, the Company had a total of \$45.0 million outstanding on the new credit facility and the total availability under the revolving credit loan facility was \$86.5 million.

The Credit Agreement contains customary affirmative covenants regarding, among other things, the maintenance of records, compliance with laws, maintenance of permits, maintenance of insurance and property and payment of taxes. The Credit Agreement also contains certain customary financial covenants and negative covenants that, among other things, include a requirement to maintain a minimum fixed charge coverage ratio, a requirement to stay below a maximum senior leverage ratio and a requirement to stay below a maximum permitted amount of capital expenditures, as well as restrictions on guarantees, indebtedness, liens, investments and loans, subject to customary carve outs, a restriction on dividends (provided that Addus HealthCare may make distributions to the Company in an amount that does not exceed \$5.0 million in any year absent of an event of default, plus limited exceptions for tax and administrative distributions), a restriction on the ability to consummate acquisitions in amounts exceeding \$60.0 million individually and \$80.0 million in the aggregate each year (in each case, without the consent of the lenders), restrictions on mergers, dispositions of assets, and affiliate transactions, and restrictions on fundamental changes and lines of business. As of June 30, 2017, the Company was in compliance with all of its new credit facility covenants.

Terminated Senior Secured Credit Facility

Prior to May 8, 2017, the Company was a party to the Terminated Senior Secured Credit Facility with certain lenders and Fifth Third Bank, as agent and letters of credit issuer. The Terminated Senior Secured Credit Facility provided a \$100.0 million revolving line of credit, a delayed draw term loan facility of up to \$25.0 million and an uncommitted incremental term loan facility of up to \$50.0 million, which was to expire on November 10, 2020 and included a \$35.0 million sublimit for the issuance of letters of credit. The Terminated Senior Secured Credit Facility increased the specified advance multiple from 3.25 to 3.75 to 1.00 and the maximum permitted senior leverage ratio from 3.50 to 4.00 to 1.00. Except as modified by the May 24, 2016 amendment, the Terminated Senior Secured Credit Facility contained the same material terms as the previous agreement dated November 10, 2015. Substantially all of the subsidiaries of Holdings were co-borrowers, and Holdings had guaranteed the borrowers' obligations under the Terminated Senior Secured Credit Facility. The Terminated Senior Secured Credit Facility was secured by a first priority security interest in all of Holdings' and the borrowers' current and future tangible and intangible assets, including the shares of stock of the borrowers.

The availability of funds under the revolving credit portion of the Company's Terminated Senior Secured Credit Facility was based on the lesser of (i) the product of adjusted EBITDA, as defined in the terminated credit agreement, for the most recent 12-month period for which financial statements had been delivered under the credit agreement multiplied by the specified advance multiple, up to 3.75, less the outstanding senior indebtedness and letters of credit, and (ii) \$100.0 million less the outstanding revolving loans and letters of credit. Interest on the Terminated Senior Secured Credit Facility might have been payable at (x) the sum of (i) an applicable margin ranging from 2.00% to 2.50% based on the applicable leverage ratio plus (ii) a base rate equal to the greatest of (a) the rate of interest last quoted by The Wall Street Journal as the "prime rate," (b) the sum of the federal funds rate plus a margin of 0.50% and (c) the sum of the adjusted LIBOR that would have been applicable to a loan with an interest period of one month advanced on the applicable day plus a margin of 3.00% or (y) the sum of (i) an applicable margin ranging from 3.00% to 3.50% based on the applicable leverage ratio plus (ii) the adjusted LIBOR that would have been applicable to a loan with an interest period of one, two or three months advanced on the applicable day or (z) the sum of (i) an applicable margin ranging from 3.00% to 3.50% based on the applicable leverage ratio plus (ii) the daily floating LIBOR that would have been applicable to a loan with an interest period of one month advanced on the applicable day. The Company paid a fee ranging from 0.25% to 0.50% per annum based on the applicable leverage ratio times the unused portion of the revolving portion of the credit facility. Issued stand-by letters of credit were charged at a rate equal to the applicable margin for LIBOR loans payable quarterly.

On May 8, 2017, the Company repaid the outstanding debt balance of \$23.8 million together with accrued interest of \$0.1 million and terminated the Terminated Senior Secured Credit Facility. In connection with the termination, the Company wrote off the unamortized debt issuance costs under the Terminated Senior Secured Credit Facility in the amount of \$1.3 million, which was included in interest expense on the Company's Unaudited Condensed Consolidated Statements of Income.

For the period January 1, 2017 through May 7, 2017, the Company drew and subsequently repaid \$20.0 million of its revolving credit line to fund operations. As of December 31, 2016, the Company had a total of \$24.1 million outstanding on the Terminated Senior Secured Credit Facility and the total availability under the revolving credit loan facility was \$79.7 million.

The Terminated Senior Secured Credit Facility contained customary affirmative covenants regarding, among other things, the maintenance of records, compliance with laws, maintenance of permits, maintenance of insurance and property and payment of taxes. The Terminated Senior Secured Credit Facility also contained certain customary financial covenants and negative covenants that, among other things, included a requirement to maintain a minimum fixed charge coverage ratio, a requirement to stay below a maximum senior leverage ratio and a requirement to stay below a maximum permitted amount of capital expenditures, as well as restrictions on guarantees, indebtedness, liens, distributions, investments and loans, subject to customary carve outs, a restriction on dividends (unless no default then exists or would occur as a result thereof, the Company was in pro forma compliance with the financial covenants contained in the Terminated Senior Secured Credit Facility after giving effect thereto, the Company had an excess availability of at least 40% of the revolving credit commitment under the Terminated Senior Secured Credit Facility and the aggregate amount of dividends and distributions paid in any fiscal year did not exceed \$5.0 million), restrictions on the Company's ability to enter into transactions other than in the ordinary course of business, a restriction on the ability to consummate more than three acquisitions in any calendar year, consummate any individual acquisition with a purchase price in excess of \$25.0 million and consummate acquisitions with total purchase price in excess of \$40.0 million in the aggregate over the term of the Terminated Senior Secured Credit Facility, in each case without the consent of the lenders, restrictions on mergers, transfers of assets, acquisitions, equipment, subsidiaries and affiliate transactions, subject to customary carve outs, and restrictions on fundamental changes and lines of business. As of December 31, 2016, the Company was in compliance with all of its Terminated Senior Secured Credit Facility covenants.

[Table of Contents](#)

6. Income Taxes

A reconciliation of the statutory federal tax rate of 35.0% for the three and six months ended June 30, 2017 and 34.9% for the three and six months ended June 30, 2016 is summarized as follows:

	Three Months Ended June 30,	
	2017	2016
Federal income tax at statutory rate	35.0%	34.9%
State and local taxes, net of federal benefit	5.2	5.2
Jobs tax credits, net	(8.1)	(10.8)
Nondeductible permanent items	0.5	1.0
Other	(2.4)	0.0
Effective income tax rate	<u>30.2%</u>	<u>30.3%</u>

	Six Months Ended June 30,	
	2017	2016
Federal income tax at statutory rate	35.0%	34.9%
State and local taxes, net of federal benefit	5.2	5.2
Jobs tax credits, net	(7.4)	(11.8)
Nondeductible permanent items	0.5	2.1
Other	(1.2)	0.0
Effective income tax rate	<u>32.1%</u>	<u>30.4%</u>

7. Commitments and Contingencies

Legal Proceedings

From time to time, the Company is subject to legal and/or administrative proceedings incidental to its business. It is the opinion of management that the outcome of pending legal and/or administrative proceedings will not have a material effect on the Company's financial position and results of operations.

On January 20, 2016, the Company was served with a lawsuit filed in the United States District Court for the Northern District of Illinois against the Company and Cigna Corporation by Stop Illinois Marketing Fraud, LLC, a qui tam relator formed for the purpose of bringing this action. In the action, the plaintiff alleges, inter alia, violations of the federal False Claims Act relating primarily to allegations of violations of the federal Anti-Kickback Statute and allegedly improper referrals of patients from the Company's home care division to the Company's home health business, substantially all of which was sold in 2013. The plaintiff seeks to recover damages, fees and costs under the federal False Claims Act including treble damages, civil penalties and its attorneys' fees. The U.S. government has declined to intervene at this time. Plaintiff amended its complaint on April 4, 2016 to include additional allegations in support of its False Claims Act claims, including alleged violations of the federal Anti-Kickback Statute. The Company and Cigna Corporation filed a motion to dismiss the amended complaint on June 6, 2016. On February 3, 2017, the Court granted Cigna Corporation's motion to dismiss in full, and granted the Company's motion to dismiss in part allowing Plaintiff another chance to amend its complaint. Plaintiff timely filed a second amended complaint on March 10, 2017, withdrawing its conspiracy claim under the Federal False Claims Act and adding an explicit claim under the Illinois False Claims Act for the same underlying kickback allegations. On April 7, 2017, the Company filed a partial motion to dismiss the Second Amended Complaint, which has not yet been ruled on by the court. On May 24, 2017, the State of Illinois filed notice that it was declining to intervene in the plaintiff's claim under the Illinois False Claims Act. The Company intends to defend the litigation vigorously and believes the case will not have a material adverse effect on its business, financial condition or results of operations.

On May 4, 2016, the Company, together with 59 other social service and healthcare providers in the State of Illinois, filed an action in the Circuit Court of Cook County, Illinois against certain individuals in their official capacities as agents of the Illinois Department of Human Services, the Illinois Department on Aging, the Illinois Department of Public Health, the Illinois Department of HealthCare and Family Services, the Illinois Criminal Justice Information Authority, the Illinois Department of Corrections and the Illinois Department of Central Management Services, including the Governor of Illinois. On July 20, 2016, a third amended complaint was filed by the plaintiffs, who now comprise 97 similarly situated providers and provider organizations. In the action, the plaintiffs, including the Company, allege to have entered into contracts with the various defendants based in part on the Governor's proposed budget, which provided for funding for the services to be provided by plaintiffs thereunder. The Governor subsequently vetoed all of the relevant appropriations bills on June 25, 2015 and again vetoed an appropriations bill that included funding for the contracts on June 10, 2016. While the defendant officer and agency heads have continued to enforce such contracts, since August 1, 2016, the Company received an aggregate of approximately \$65.4 million in payments from the State of Illinois from the stopgap budget enacted on June 30, 2016. In those actions, plaintiffs alleged the defendant officers and agency heads acted beyond the scope of their legal authority in entering into and enforcing contracts with no intent to perform under such contracts by failing to pay amounts due thereunder when due. The action also alleged that the Governor of Illinois' vetoes of appropriations for such contracts violated the Illinois Constitution. Plaintiffs sought injunctive relief to payment of overdue bills to prevent irreparable harm, including imperiling the State of Illinois's infrastructure for delivery of human services. On August 31, 2016, the Court denied plaintiffs' petitions for declaratory and injunctive relief and dismissed the actions with prejudice. Plaintiffs timely filed a notice of appeal on September 30, 2016 and have requested permission to extend the deadline for the petition until September 30, 2017, while monitoring the receipt of delayed payments pursuant to the recently adopted Illinois budget.

Employment Agreements

The Company has entered into employment agreements with certain members of senior management. The terms of these agreements are up to four years with auto-renewal provisions thereafter, and include non-compete and nondisclosure provisions, as well as provide for defined severance payments in the event of termination.

A substantial percentage of the Company's workforce is represented by the Service Employees International Union ("SEIU"). The Company has a national agreement with the SEIU which is currently under negotiation, as well as numerous agreements with local SEIU affiliates which are renegotiated from time to time. These negotiations are often initiated when the Company receives increases in hourly rates from various state agencies. Upon expiration of these collective bargaining agreements, the Company may not be able to negotiate labor agreements on satisfactory terms with these labor unions.

8. Severance and Restructuring

In 2016, the Company initiated steps to streamline its operations. The Company incurred total expenses related to these initiatives of approximately \$50 thousand and \$0.9 million for the three and six months ended June 30, 2017, respectively, and approximately \$0.8 million and \$4.3 million for the three and six months ended June 30, 2016, respectively. These costs are included in general and administrative expenses on the Unaudited Condensed Consolidated Statements of Income. The Company expects some additional restructuring and other costs to occur, however, the amount and timing cannot be determined at this time. The expenses recorded for the three and six months ended June 30, 2017 included costs related to terminated employees and fees related to termination of professional services relationships. The expenses recorded for the three and six months ended June 30, 2016 included costs related to terminated employees and other direct costs associated with implementing these initiatives. Other direct costs included contract termination costs, accelerated depreciation and asset write-offs.

[Table of Contents](#)

The following provides the components of and changes in our severance and restructuring accruals:

	Employee Termination Costs	Restructuring and Other
	(Amounts in Thousands)	
Balance at December 31, 2016	\$ 1,326	\$ 1,786
Provision	894	44
Utilization	(1,116)	(360)
Balance at June 30, 2017	<u>\$ 1,104</u>	<u>\$ 1,470</u>

Employee termination costs represent accrued severance payable to terminated employees with employment and/or separation agreements with the Company. The terminations resulted mainly from changes made to the executive leadership team made during the six months ended June 30, 2017 and 2016.

Restructuring and other costs comprised of fees for the termination of professional services relationships for the six months ended June 30, 2017 and fees for the termination of an employee incentive program and various contracts with outside vendors for the six months ended June 30, 2016.

The aforementioned accruals are included in Accrued Expenses on the Unaudited Condensed Consolidated Balance Sheets and the aforementioned expenses are included in General and Administrative Expenses on the Unaudited Condensed Consolidated Statements of Income.

9. Significant Payors

A substantial portion of the Company's net service revenues and accounts receivable are derived from services performed for federal, state and local governmental agencies. The Illinois Department on Aging accounted for 36.7% and 43.5% of the Company's net service revenues for the three months ended June 30, 2017 and 2016, respectively and 36.6% and 44.1% of the Company's net service revenues for the six months ended June 30, 2017 and 2016, respectively.

The related receivables due from the Illinois Department on Aging represented 56.4% and 55.4% of the Company's accounts receivable at June 30, 2017 and December 31, 2016, respectively.

The State of Illinois's payments have been delayed in the past and may continue to be delayed in the future due to a budget impasse that began in 2015. The State of Illinois did not adopt a comprehensive budget for fiscal year 2016, which ended on June 30, 2016, or a comprehensive budget for fiscal year 2017, which ended on June 30, 2017. On July 6, 2017, the State of Illinois passed a balanced state budget for fiscal year 2018, which began on July 1, 2017. With this budget, the State of Illinois is authorized to pay for the Non-Medicaid consumers the Company serves for prior fiscal years. Accounts receivable attributable to delayed payments from the Illinois Department on Aging totaled \$73.8 million as of June 30, 2017.

Subsequent to the State of Illinois's passing of the fiscal 2018 budget, in July 2017, the Company began receiving delayed payments from the Illinois Department on Aging. Through August 4, 2017, the Company has received an aggregate of 69.4 million in delayed payments.

10. Concentration of Cash

Financial instruments that potentially subject the Company to significant concentrations of credit risk consist principally of cash. The Company maintains cash with financial institutions which, at times, may exceed federally insured limits. The Company believes it is not exposed to any significant credit risk on cash.

11. Subsequent Events Not Disclosed Elsewhere

On April 24, 2017, the Company entered into a definitive securities purchase agreement with HB Management Group, Inc. to purchase Options Services, Inc. d/b/a Options Home Care ("Options Home Care"). On August 1, 2017, the Company completed its acquisition of all the outstanding securities of Options Homecare for a total purchase price of \$23.2 million. Options Home Care is a provider of personal care services in more than 20 counties in New Mexico and the acquisition expands the footprint of the Company's existing operations in the state.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion together with our unaudited condensed consolidated financial statements and the related notes included elsewhere in this quarterly report on Form 10-Q. This discussion contains forward-looking statements about our business and operations. Statements that are predictive in nature, that depend upon or refer to future events or conditions or that include words like "believes," "belief," "expects," "plans," "anticipates," "intends," "projects," "estimates," "may," "might," "would," "should" and similar expressions are intended to be forward-looking statements as defined by the Private Securities Litigation Reform Act of 1995. These forward-looking statements involve a variety of risks and uncertainties that could cause actual results to differ materially from those described therein. These risks and uncertainties include, but are not limited to, the risks set forth in our filings with the Securities and Exchange Commission from time to time, including the risk factors set forth in Part I, Item 1A of our Annual Report on Form 10-K for the period ended December 31, 2016, filed on March 15, 2017. Because forward-looking statements are inherently subject to risks and uncertainties, some of which cannot be predicted or quantified, you should not rely on any forward-looking statement as a prediction of future events. We expressly disclaim any obligation or undertaking and we do not intend to release publicly any updates or changes in our expectations concerning the forward-looking statements or any changes in events, conditions or circumstances upon which any forward-looking statement may be based, except as required by law.

Overview

We operate as one business segment and are a provider of comprehensive personal care services, which are provided principally in the home. Our personal care services provide assistance with activities of daily living. Our consumers are primarily persons who are at risk of hospitalization or institutionalization, such as the elderly, chronically ill and disabled. Our payor clients include federal, state and local governmental agencies, managed care organizations, commercial insurers and private individuals. As of June 30, 2017, we provided personal care services to approximately 34,000 consumers through 110 locations across 24 states. For the six months ended June 30, 2017 and 2016, we served approximately 42,000 and 40,000 discrete consumers, respectively.

A summary of our financial results for the three and six months ended June 30, 2017 and 2016 is provided in the table below:

	For the Three Months Ended June 30,	
	2017	2016
	(Amounts in Thousands)	
Net service revenues	\$ 103,559	\$ 100,927
Net income	2,700	2,600
Total assets	256,194	242,902

	For the Six Months Ended June 30,	
	2017	2016
	(Amounts in Thousands)	
Net service revenues	\$ 205,165	\$ 193,529
Net income	6,959	2,757
Total assets	256,194	242,902

Our services are predominantly provided in the home under agreements with state and local government agencies. Our consumers are predominately "dual eligible," meaning they are eligible to receive both Medicare and Medicaid benefits. The federal government permits states to initiate dual eligible demonstration programs and other managed Medicaid initiatives designed to coordinate the services provided through Medicare and Medicaid, with the overall objective of improving care quality and reducing costs. States are increasingly implementing managed care programs to deliver healthcare services to Medicaid enrollees. Managed care organizations have an economic incentive to better manage the healthcare expenditures of their membership, and therefore seek to provide care in a more cost-effective setting, such as a patient's home. Managed care revenues accounted for 31.3% and 24.3% of our revenue mix during the three months ended June 30, 2017 and 2016, respectively, and 31.8% and 23.7% of our revenue mix during the six months ended June 30, 2017 and 2016, respectively.

Our model is designed to improve consumer outcomes and satisfaction, as well as lower the cost of acute care treatment and reduce service duplication. We believe our model to be especially valuable to managed care organizations that have economic responsibility for both personal care services as well as acute care expenditures. We believe our model is a differentiator and as a result we expect to receive increased referrals from managed care organizations.

The personal care services we provide include assistance with bathing, grooming, oral care, assistance with feeding and dressing, medication reminders, meal planning and preparation, housekeeping and transportation services and other activities of daily living. We provide these non-medical services on a long-term, continuous basis, with an average duration of approximately 26 months per consumer.

We utilize home care aides to observe and report changes in the condition of our consumers for the purpose of early intervention in the disease process, with the goal of reducing the cost of medical services by preventing unnecessary emergency room visits and/or hospital admissions and re-admissions. We coordinate the services provided by our team with those of other healthcare agencies as appropriate. Changes in our consumer's conditions are evaluated by appropriately trained managers and may result in the condition being reported to the consumer's case manager at the managed care organization or other payor and in some cases to the consumer's primary care physicians for treatment or other follow-up. We believe this approach to the care of our consumers and the integration of our services into the broader healthcare continuum are attractive to managed care organizations and other payors who are ultimately responsible for the healthcare needs and costs of our consumers.

We utilize Interactive Voice Response ("IVR") systems and smart phone applications to communicate with the majority of our home care aides. Through these technologies our aides are able to report changes in health conditions with alerts forwarded to an appropriate manager for triage and evaluation. In addition, we use this technology to record basic transaction information about each visit, record start and end times for a scheduled shift, track mileage reimbursement, send text messages to the home care aide and communicate basic payroll information.

In addition to our focus on organic growth, we have been growing through selective acquisitions, which have expanded our presence in current markets or which have facilitated our entry into new markets where the personal care business has been moving to managed care organizations.

On April 24, 2017, we entered into a definitive securities purchase agreement with HB Management Group, Inc. to purchase Options Services, Inc. d/b/a Options Home Care ("Options Home Care"). On August 1, 2017, we completed our acquisition of all the outstanding securities of Options Homecare for

a total purchase price \$23.2 million. Options Home Care is a provider of personal care services in more than 20 counties in New Mexico and the acquisition expands the footprint of our existing operations in the state.

[Table of Contents](#)

Business

As of June 30, 2017, we provided our personal care services through 110 locations across 24 states.

Our payor clients are principally federal, state and local governmental agencies and, increasingly, managed care organizations. The federal, state and local programs under which the agencies operate are subject to legislative, budgetary and other risks that can influence reimbursement rates. We are experiencing a transition of business from government payors to managed care organizations with which we are seeking to grow our business given our emphasis on coordinated care and the reduction of the need for acute care.

For the three and six months ended June 30, 2017 and 2016 our payor revenue mix was:

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2017	2016	2017	2016
State, local and other governmental programs	66.0%	72.2%	65.4%	72.7%
Managed care organizations	31.3	24.3	31.8	23.7
Private pay	2.0	2.5	2.1	2.6
Commercial insurance	0.7	1.0	0.7	1.0
	100.0%	100.0%	100.0%	100.0%

We derive a significant amount of our net service revenues from our operations in Illinois, which represented 52.7% and 53.7% of our total net service revenues for the three months ended June 30, 2017 and 2016, respectively. Net service revenues from our operations in Illinois represented 52.9% and 54.2% of our total net service revenues for the six months ended June 30, 2017 and 2016, respectively.

A significant amount of our net service revenues are derived from one payor client, the Illinois Department on Aging, which accounted for 36.7% and 43.5% of our total net service revenues for the three months ended June 30, 2017 and 2016, respectively. The Illinois Department on Aging accounted for 36.6% and 44.1% of our total net service revenues for the six months ended June 30, 2017 and 2016, respectively.

The State of Illinois's payments have been delayed in the past and may continue to be delayed in the future due to a budget impasse that began in 2015. The State of Illinois did not adopt a comprehensive budget for fiscal year 2016, which ended on June 30, 2016, or a comprehensive budget for fiscal year 2017, which ended on June 30, 2017. On July 6, 2017, the State of Illinois passed a balanced budget for state fiscal year 2018, which began on July 1, 2017. With this budget, the State of Illinois is authorized to pay for the Non-Medicaid consumers we serve for prior years. Accounts receivable attributable to delayed payments from the Illinois Department on Aging totaled \$73.8 million as of June 30, 2017. Subsequent to the State of Illinois's passing of the fiscal 2018 budget, in July 2017, we began receiving delayed payments from the Illinois Department on Aging. Through August 4, 2017, we have received an aggregate of \$69.4 million in delayed payments.

We measure the performance of our business using a number of different metrics, including billable hours, billable hours per business day, revenues per billable hour and the number of consumers, or census.

Components of our Statements of Income

Net Service Revenues

We generate net service revenues by providing our services directly to consumers and primarily on an hourly basis. We receive payment for providing such services from our payor clients, including federal, state and local governmental agencies, managed care organizations, commercial insurers and private consumers. Net service revenues are principally provided based on authorized hours, determined by the relevant agency, at an hourly rate which is either contractual or fixed by legislation and are recognized at the time services are rendered.

Cost of Service Revenues

We incur direct care wages, payroll taxes and benefit-related costs in connection with providing our services. We also provide workers' compensation and general liability coverage for our employees.

Employees are also reimbursed for their travel time and related travel costs.

General and Administrative Expenses

Our general and administrative expenses include our costs for operating our network of local agencies and our administrative offices.

Our agency expenses consist of costs for supervisory personnel, our community care supervisors and office administrative costs. Personnel costs include wages, payroll taxes, and employee benefits. Facility costs including rents, utilities, postage, telephone and office expenses. Our support center and executive office includes costs for accounting, information systems, human resources, billing and collections, contracting, marketing and executive leadership. These expenses consist of compensation, including stock-based compensation, payroll taxes, employee benefits, legal, accounting and other professional fees, travel, general insurance, rents and related facility costs.

In 2016, we initiated steps to streamline our operations. We incurred total expenses related to these initiatives of approximately \$50 thousand and \$0.9 million for the three and six months ended June 30, 2017, and approximately \$0.8 million and \$4.3 million for the three and six months ended June 30, 2016, respectively. These costs are included in general and administrative expenses. We expect some additional restructuring and other costs to occur, however, the amount and timing cannot be determined at this time. The expenses recorded for the three and six months ended June 30, 2017 included costs related to terminated employees and fees related to termination of professional services relationships. The expenses recorded for the three and six months ended June 30, 2016 included costs related to terminated employees and other direct costs associated with implementing these initiatives. Other direct costs included contract termination costs, accelerated depreciation and asset write-offs.

Depreciation and Amortization Expenses

We amortize our intangible assets with finite lives, consisting of customer and referral relationships, trade names, trademarks and non-compete agreements, principally using accelerated methods based upon their estimated useful lives. Depreciable assets consist principally of furniture and equipment,

network administration and telephone equipment, and operating system software. Depreciable and leasehold assets are depreciated or amortized on a straight-line method over their useful lives or, if less and if applicable, their lease terms.

Provision for Doubtful Accounts

We establish our allowance for doubtful accounts to the extent it is probable that a portion or all of a particular account will not be collected. We establish our provision for doubtful accounts primarily by analyzing historical trends and the aging of receivables. In our evaluation, we consider other factors including: delays in payment trends in individual states due to budget or funding issues; billing conversions related to acquisitions or internal systems; resubmission of bills with required documentation and disputes with specific payors. An allowance for doubtful accounts is maintained at a level that our management believes is sufficient to cover potential losses. However, actual collections could differ from our estimates.

[Table of Contents](#)

Interest Income

Illinois law entitles designated service program providers to receive a prompt payment interest penalty based on qualifying services approved for payment that remain unpaid after a designated period of time. As the amount and timing of the receipt of these payments are not certain, the interest income is recognized when received. For the three and six months ended June 30, 2017 and 2016, we did not receive any prompt payment interest.

Interest Expense

Interest expense is reported in the Unaudited Condensed Consolidated Statements of Income when incurred and consists of (i) interest and unused credit line fees on our new credit facility and our Terminated Senior Credit Facility (as defined under Senior Secured Credit Facility below), (ii) interest on our capital lease obligations and (iii) amortization and write-off of debt issuance costs.

Other Income

For the three and six months ended June 30, 2017, other income of \$43.8 thousand and \$0.1 million, respectively, consisted of income distributions received from the cost method investment in joint venture. No distributions were received during the three and six months ended June 30, 2016. We account for this income in accordance with Accounting Standards Codification (“ASC”) Topic 325, “Investments—Other.” We recognize the net accumulated earnings only to the extent distributed by the joint venture on the date received.

Income Tax Expense

All of our income is from domestic sources. We incur state and local taxes in states in which we operate. Our federal statutory rate was 35.0% and 34.9% for the three months ended June 30, 2017 and 2016, respectively, and 35.0% and 34.9% for the six months ended June 30, 2017 and 2016, respectively. The effective income tax rate was 30.2% and 30.3% for the three months ended June 30, 2017 and 2016, respectively, and 32.1% and 30.4% for the six months ended June 30, 2017 and 2016, respectively. The difference between federal statutory and effective income tax rates is principally due to the inclusion of state taxes and the use of federal employment tax credits that lower our effective tax rate.

Results of Operations

Three Months Ended June 30, 2017 Compared to Three Months Ended June 30, 2016

The following table sets forth, for the periods indicated, our unaudited condensed consolidated results of operations.

	For the Three Months Ended June 30,				Change	
	2017		2016			
	Amount	% Of Net Service Revenue	Amount	% Of Net Service Revenue	Amount	%
(Amounts in Thousands, Except Percentages)						
Net service revenues	\$103,559	100.0%	\$100,927	100.0%	\$2,632	2.6%
Cost of service revenues	75,048	72.5	75,232	74.5	(184)	(0.2)
Gross margin	28,511	27.5	25,695	25.5	2,816	11.0
General and administrative expenses	19,006	18.4	17,744	17.6	1,262	7.1
Depreciation and amortization	1,514	1.5	1,744	1.7	(230)	(13.2)
Provision for doubtful accounts	2,070	2.0	1,813	1.8	257	14.2
Total operating expenses	22,590	21.8	21,301	21.1	1,289	6.1
Operating income	5,921	5.7	4,394	4.4	1,527	34.8
Interest income	(13)	—	(23)	—	10	(43.5)
Interest expense	2,108	2.0	686	0.7	1,422	207.3
Total interest expense, net	2,095	2.0	663	0.7	1,432	216.0
Other income	44	—	—	—	44	
Income before income taxes	3,870	3.7	3,731	3.7	139	3.7
Income tax expense	1,170	1.1	1,131	1.1	39	3.4
Net income	\$ 2,700	2.6	\$ 2,600	2.6	\$ 100	3.8
Business Metrics (Actual Numbers, Except Billable Hours in Thousands)						
Average billable census ⁽¹⁾	33,959		34,166		(207)	(0.6)%
Billable hours ⁽²⁾	5,837		5,829		8	0.1
Average billable hours per census per month	57.3		56.9		0.4	0.7
Billable hours per business day	89,798		89,670		128	0.1
Revenues per billable hour	\$ 17.74		\$ 17.32		\$ 0.42	2.4%

(1) Average billable census is the number of unique clients receiving a billable service during a period.

(2) Billable hours is the total number of hours provided to clients during a period.

Table of Contents

Net service revenues from federal, state, local and other governmental programs accounted for 66.0% and 72.2% of net service revenues for the three months ended June 30, 2017 and 2016, respectively. Managed care organizations accounted for 31.3% and 24.3% of net service revenues for the three months ended June 30, 2017 and 2016, respectively, with commercial insurance payors and private pay accounting for the remainder of net service revenues. A significant amount of our net service revenues for the three months ended June 30, 2017 and 2016 were derived from one payor client, the Illinois Department on Aging, which accounted for 36.7% and 43.5% respectively, of our total net service revenues.

Net service revenues increased by \$2.6 million, or 2.6%, to \$103.6 million for the three months ended June 30, 2017 compared to \$100.9 million for the same period in 2016. The increase was primarily due to a 2.4% increase in revenues per billable hour in the three months ended June 30, 2017 as compared to the three months ended June 30, 2016.

Gross margin increased to 27.5% for the three months ended June 30, 2017, compared to 25.5% for the same period in 2016. This increase was primarily due to a \$2.1 million reduction in direct service costs associated with salaries and benefits, travel mileage and unbillable errand miles for the three months ended June 30, 2017 as compared to the three months ended June 30, 2016.

General and administrative expenses, expressed as a percentage of net service revenues increased to 18.4% for the three months ended June 30, 2017, from 17.6% for the three months ended June 30, 2016. General and administrative expenses increased to \$19.0 million as compared to \$17.7 million for the three months ended June 30, 2017 and 2016, respectively. The increase in general and administrative expenses was primarily due to a \$1.5 million increase in administrative employee wages, taxes and benefit costs, a \$0.4 million increase in professional fees and a \$0.4 million increase in acquisition expenses, offset by a decrease in severance and restructuring costs in the total amount of \$0.8 million related to our initiatives to streamline operations which began in 2016.

Depreciation and amortization expense decreased to \$1.5 million for the second quarter of 2017 as compared to the second quarter of 2016 at \$1.7 million. The decrease was primarily due to a decrease of \$0.3 million in amortization expense of customer and referral relationships and non-competition intangibles totaling \$1.1 million and \$1.3 million for the three months ended June 30, 2017 and 2016, respectively.

Provision for doubtful accounts increased by \$0.3 million to \$2.1 million for the three months ended June 30, 2017 compared to \$1.8 million for the same period in 2016. The increase was primarily due to additional reserves needed for acquisition transitions.

Six Months Ended June 30, 2017 Compared to Six Months Ended June 30, 2016

The following table sets forth, for the periods indicated, our unaudited condensed consolidated results of operations.

	For the Six Months Ended June 30,				Change	
	2017		2016		Amount	%
	Amount	% Of Net Service Revenue	Amount	% Of Net Service Revenue		
(Amounts in Thousands, Except Percentages)						
Net service revenues	\$205,165	100.0%	\$193,529	100.0%	\$11,636	6.0%
Cost of service revenues	149,337	72.8	143,515	74.2	5,822	4.1
Gross margin	55,828	27.2	50,014	25.8	5,814	11.6
General and administrative expenses	37,879	18.4	38,565	19.9	(686)	(1.8)
Gain on sale of adult day services centers	(2,065)	(1.0)	—	—	(2,065)	
Depreciation and amortization	3,030	1.5	3,222	1.7	(192)	(6.0)
Provision for doubtful accounts	4,102	2.0	3,181	1.6	921	29.0
Total operating expenses	42,946	20.9	44,968	23.2	(2,022)	(4.5)
Operating income	12,882	6.3	5,046	2.6	7,836	155.3
Interest income	(20)	—	(30)	—	10	(30.0)
Interest expense	2,759	1.3	1,112	0.6	1,647	148.1
Total interest expense, net	2,739	1.3	1,082	0.6	1,657	153.1
Other income	101	—	—	—	101	
Income before income taxes	10,244	5.0	3,964	2.0	6,280	158.4
Income tax expense	3,285	1.6	1,207	0.6	2,078	172.2
Net income	\$ 6,959	3.4	\$ 2,757	1.4	\$ 4,202	152.4
Business Metrics (Actual Numbers, Except Billable Hours in Thousands)						
Average billable census ⁽¹⁾	33,953		33,693		260	(0.8)%
Billable hours ⁽²⁾	11,636		11,182		454	4.1
Average billable hours per census per month	57.1		55.3		1.8	3.3
Billable hours per business day	89,511		86,016		3,495	4.1
Revenues per billable hour	\$ 17.63		\$ 17.31		\$ 0.32	1.8%

(1) Average billable census is the number of unique clients receiving a billable service during a period.

(2) Billable hours is the total number of hours provided to clients during a period.

[Table of Contents](#)

Net service revenues from federal, state, local and other governmental programs accounted for 65.4% and 72.7% of net service revenues for the six months ended June 30, 2017 and 2016, respectively. Managed care organizations accounted for 31.8% and 23.7% of net service revenues for the six months ended June 30, 2017 and 2016, respectively, with commercial insurance payors and private pay accounting for the remainder of net service revenues. A significant amount of our net service revenues for the six months ended June 30, 2017 and 2016 were derived from one payor client, the Illinois Department on Aging, which accounted for 36.6% and 44.1% respectively, of our total net service revenues.

Net service revenues increased \$11.6 million, or 6.0%, to \$205.2 million for the six months ended June 30, 2017 compared to \$193.5 million for the same period in 2016. The increase was primarily due to a 4.1% increase in billable hours and a 1.8% increase in revenues per billable hour in the six months ended June 30, 2017 as compared to the six months ended June 30, 2016.

Gross margin increased to 27.2% for the six months ended June 30, 2017, compared to 25.8% for the six months ended June 30, 2016. This increase was primarily due to a \$2.8 million reduction in direct service costs associated with salaries and benefits, travel mileage and unbillable errand miles for the six months ended June 30, 2017 as compared to the six months ended June 30, 2016.

General and administrative expenses, expressed as a percentage of net service revenues decreased to 18.4% for the six months ended June 30, 2017, from 19.9% for the six months ended June 30, 2016. General and administrative expenses decreased to \$37.9 million as compared to \$38.6 million for the six months ended June 30, 2017 and 2016, respectively. The decrease in general and administrative expenses was primarily due to a decrease in severance and restructuring costs in the total amount of \$3.4 million and a decrease in telephone expenses of \$0.8 million resulting from streamlining our operations and costs saving initiatives. These decreases were offset by an increase in administrative employee wages, taxes and benefit costs of \$3.7 million.

Depreciation and amortization expense decreased to \$3.0 million for the six months ended June 30, 2017 as compared to \$3.2 million for the six months ended June 30, 2016. The decrease was primarily due to a decrease of \$0.3 million in amortization expense of customer and referral relationships and non-competition intangibles totaling \$2.1 million and \$2.4 million for the six months ended June 30, 2017 and 2016.

Provision for doubtful accounts increased by \$0.9 million to \$4.1 million for the six months ended June 30, 2017 compared to \$3.2 million for the same period in 2016. The increase was primarily due to additional reserves needed for certain managed care organizations and acquisition transitions.

Interest Income

Illinois law entitles designated service program providers to receive a prompt payment interest penalty based on qualifying services approved for payment that remain unpaid after a designated period of time. As the amount and timing of the receipt of these payments are not certain, the interest income is recognized when received. For the three and six months ended June 30, 2017 and 2016, we did not receive any prompt payment interest.

Interest Expense

Interest expense increased to \$2.1 million from \$0.7 million for the three months ended June 30, 2017 as compared to the same period in 2016, primarily due to the write-off of the unamortized debt issuance costs in the amount of \$1.3 million upon the termination of our Terminated Senior Secured Credit Facility on May 8, 2017. For the six months ended June 30, 2017 as compared to June 30, 2016, interest expense increased to \$2.8 million from \$1.1 million, primarily due to the write-off of the unamortized debt issuance costs in the amount of \$1.3 million upon the termination of our Terminated Senior Secured Credit Facility on May 8, 2017, as well as increased interest expense due to the higher outstanding term loan balance under our new senior secured credit facility. See Note 5 to the Notes to Condensed Consolidated Financial Statements (Unaudited) Long-Term Debt for additional information.

Other Income

For the three and six months ended June 30, 2017, other income of \$43.8 thousand and \$0.1 million, respectively, consisted of income distributions received from the cost method investment in joint venture. No distributions were received during the three and six months ended June 30, 2016. We account for this income in accordance with ASC Topic 325, "Investments—Other." We recognize the net accumulated earnings only to the extent distributed by the joint venture on the date received.

Income Tax Expense

All of our income is from domestic sources. We incur state and local taxes in states in which we operate. Our federal statutory rate was 35.0% and 34.9% for the three months ended June 30, 2017 and 2016, respectively, and 35.0% and 34.9% for the six months ended June 30, 2017 and 2016, respectively. The effective income tax rate was 30.2% and 30.3% for the three months ended June 30, 2017 and 2016, respectively, and 32.1% and 30.4% for the six months ended June 30, 2017 and 2016, respectively. The difference between our federal statutory and effective income tax rates are principally due to the inclusion of state taxes and the use of federal employment tax credits that lower our effective tax rate.

Liquidity and Capital Resources

Overview

Our primary sources of liquidity are cash from operations and borrowings under our new credit facility. As described below under "Senior Secured Credit Facility", we entered into a new credit facility on May 8, 2017 that replaced our Terminated Senior Secured Credit Facility (see "—Terminated Senior Secured Credit Facility" below). At June 30, 2017 and December 31, 2016, we had cash balances of \$15.9 million and \$8.0 million, respectively.

[Table of Contents](#)

As of June 30, 2017, we had a total of \$45.0 million outstanding on our new credit facility. After giving effect to the amount drawn on our new credit facility, approximately \$11.9 million of outstanding letters of credit as of June 30, 2017, and borrowing limits based on an advance multiple of adjusted EBITDA, we had \$86.5 million available for borrowing under our new credit facility as of June 30, 2017.

As of December 31, 2016, we had a total of \$24.1 million outstanding on our Terminated Senior Secured Credit Facility. After giving effect to the amount drawn on the Terminated Senior Secured Credit Facility, approximately \$16.7 million of outstanding letters of credit as of December 31, 2016, and borrowing limits based on an advance multiple of adjusted EBITDA, we had \$79.7 million available for borrowing under the Terminated Senior Secured Credit Facility as of December 31, 2016.

Cash flows from operating activities represent the inflow of cash from our payor clients and the outflow of cash for payroll and payroll taxes, operating expenses, interest and taxes. Due to its revenue deficiencies as well as budgeting and financing issues, from time to time the State of Illinois has reimbursed us on a delayed basis with respect to our various agreements including with our largest payor, the Illinois Department on Aging. The open receivable balance from the State of Illinois increased by \$17.7 million from \$69.3 million as of December 31, 2016 to \$87.0 million as of June 30, 2017.

The State of Illinois's payments have been delayed in the past and may continue to be delayed in the future due to a budget impasse that began in 2015. The State of Illinois did not adopt a comprehensive budget for fiscal year 2016, which ended on June 30, 2016, or a comprehensive budget for fiscal year 2017, which ended on June 30, 2017. On July 6, 2017, the State of Illinois passed a balanced budget for state fiscal year 2018, which began on July 1, 2017. With this budget, the State of Illinois is authorized to pay for the Non-Medicaid consumers we serve for prior fiscal years. Accounts receivable attributable to delayed payments from the Illinois Department on Aging totaled \$73.8 million as of June 30, 2017. Subsequent to the State of Illinois's passing of the fiscal 2018 budget, in July 2017, we began receiving delayed payments from the Illinois Department on Aging. Through August 4, 2017, we have received an aggregate of 69.4 million in delayed payments.

There remains uncertainty surrounding future year budgets. If future budgets are not enacted timely payments from the State of Illinois could be delayed in the future. The delays could adversely impact our liquidity and result in the need to increase borrowings under our new credit facility or cause us to pursue other liquidity options.

Senior Secured Credit Facility

On May 8, 2017, we entered into a new credit facility and credit agreement (the "Credit Agreement") with certain lenders and Capital One, N.A., as a lender and swing lender and as agent for all lenders. This new credit facility totals \$250.0 million, replaces our Terminated Senior Secured Credit Facility totaling \$125.0 million with certain lenders and Fifth Third Bank as agent ("Terminated Senior Secured Credit Facility", see description below for more details), and terminates our Second Amended and Restated Credit and Guaranty Agreement, dated as of November 10, 2015. The new credit facility includes a \$125.0 million revolving loan, a \$45.0 million term loan and an \$80.0 million delayed draw term loan. The maturity of the new credit facility is five years, although the delayed draw term loan is only available until November 8, 2018. Under the terms of an accordion feature of the Credit Agreement, \$100.0 million is also available for incremental term loans. Fundings under the delayed draw term loans and the incremental term loans are limited to financing or refinancing Permitted Acquisitions (as defined in the Credit Agreement). The availability of additional draws under the revolving credit portion of our new credit facility is conditioned, among other things, upon (after giving effect to such draws) the ratio of Consolidated Total Indebtedness (as defined in the Credit Agreement), less subordinated indebtedness, to Consolidated Adjusted EBITDA (as defined in the Credit Agreement) not exceeding 4.25:1.00. In connection with the new credit facility, we incurred \$2.8 million of debt issuance costs.

Addus HealthCare, Inc. ("Addus HealthCare") is the borrower, with its parent, Addus HomeCare Corporation ("Holdings"), and substantially all of Holdings' subsidiaries as guarantors under the new credit facility. The new credit facility is secured by a first priority security interest in all of our and the other credit parties' current and future tangible and intangible assets, including the shares of stock of the borrower and subsidiaries.

Interest on our new credit facility may be payable at (x) the sum of (i) an applicable margin ranging from 1.50% to 2.25% based on the applicable senior leverage ratio (provided that the applicable margin will be 1.50% through approximately October 31, 2017) plus (ii) a base rate equal to the greatest of (a) the rate of interest last quoted by The Wall Street Journal as the "prime rate," (b) the sum of the federal funds rate plus a margin of 0.50% and (c) the sum of the adjusted LIBOR that would be applicable to a loan with an interest period of one month advanced on the applicable day (not to be less than 0.00%) plus a margin of 1.00% or (y) the sum of (i) an applicable margin ranging from 2.50% to 3.25% based on the applicable leverage ratio (provided that the applicable margin will be 2.50% through approximately October 31, 2017) plus (ii) the offered rate per annum for the applicable interest period that appears on Reuters Screen LIBOR01 Page. Swing loans may not be LIBOR loans.

We pay a fee ranging from 0.25% to 0.50% based on the applicable leverage ratio times the unused portion of the revolving portion of the new credit facility (provided that the fee will be 0.25% through approximately October 31, 2017).

For the period May 8, 2017 through June 30, 2017, we did not make any draws on the revolving credit line under the new credit facility. As of June 30, 2017, we had a total of \$45.0 million outstanding on the new credit facility and the total availability under the revolving credit loan facility was \$86.5 million.

The Credit Agreement contains customary affirmative covenants regarding, among other things, the maintenance of records, compliance with laws, maintenance of permits, maintenance of insurance and property and payment of taxes. The Credit Agreement also contains certain customary financial covenants and negative covenants that, among other things, include a requirement to maintain a minimum fixed charge coverage ratio, a requirement to stay below a maximum senior leverage ratio and a requirement to stay below a maximum permitted amount of capital expenditures, as well as restrictions on guarantees, indebtedness, liens, investments and loans, subject to customary carve outs, a restriction on dividends (provided that Addus HealthCare may make distributions to us in an amount that does not exceed \$5.0 million in any year absent of an event of default, plus limited exceptions for tax and administrative distributions), a restriction on the ability to consummate acquisitions in amounts exceeding \$60.0 million individually and \$80.0 million in the aggregate each year (in each case, without the consent of the lenders), restrictions on mergers, dispositions of assets, and affiliate transactions, and restrictions on fundamental changes and lines of business. As of June 30, 2017, we were in compliance with all of our new credit facility covenants.

[Table of Contents](#)

Terminated Senior Secured Credit Facility

Prior to May 8, 2017, we were a party to the Terminated Senior Secured Credit Facility with certain lenders and Fifth Third Bank, as agent and letters of credit issuer. The Terminated Senior Secured Credit Facility provided a \$100.0 million revolving line of credit, a delayed draw term loan facility of up to \$25.0 million and an uncommitted incremental term loan facility of up to \$50.0 million, which was to expire on November 10, 2020 and included a \$35.0 million sublimit for the issuance of letters of credit. The Terminated Senior Secured Credit Facility increased the specified advance multiple from 3.25 to 3.75 to 1.00 and the maximum permitted senior leverage ratio from 3.50 to 4.00 to 1.00. Except as modified by the May 24, 2016, amendment, the Terminated Senior Secured Credit Facility contained the same material terms as the previous agreement dated November 10, 2015. Substantially all of the subsidiaries of Holdings were co-borrowers, and Holdings had guaranteed the borrowers' obligations under the Terminated Senior Secured Credit Facility. The Terminated Senior Secured Credit Facility was secured by a first priority security interest in all of Holdings' and the borrowers' then and future tangible and intangible assets, including the shares of stock of the borrowers.

The availability of funds under the revolving credit portion of our Terminated Senior Secured Credit Facility was based on the lesser of (i) the product of adjusted EBITDA, as defined in our terminated credit agreement, for the most recent 12-month period for which financial statements had been delivered under the credit agreement multiplied by the specified advance multiple, up to 3.75, less the outstanding senior indebtedness and letters of credit, and (ii) \$100.0 million less the outstanding revolving loans and letters of credit. Interest on our Terminated Senior Secured Credit Facility might have been payable at (x) the sum of (i) an applicable margin ranging from 2.00% to 2.50% based on the applicable leverage ratio plus (ii) a base rate equal to the greatest of (a) the rate of interest last quoted by The Wall Street Journal as the "prime rate," (b) the sum of the federal funds rate plus a margin of 0.50% and (c) the sum of the adjusted LIBOR that would have been applicable to a loan with an interest period of one month advanced on the applicable day plus a margin of 3.00% or (y) the sum of (i) an applicable margin ranging from 3.00% to 3.50% based on the applicable leverage ratio plus (ii) the adjusted LIBOR that would have been applicable to a loan with an interest period of one, two or three months advanced on the applicable day or (z) the sum of (i) an applicable margin ranging from 3.00% to 3.50% based on the applicable leverage ratio plus (ii) the daily floating LIBOR that would have been applicable to a loan with an interest period of one month advanced on the applicable day. We paid a fee ranging from 0.25% to 0.50% per annum based on the applicable leverage ratio times the unused portion of the revolving portion of the Terminated Senior Secured Credit Facility. Issued stand-by letters of credit were charged at a rate equal to the applicable margin for LIBOR loans payable quarterly.

On May 8, 2017, we repaid the outstanding debt balance of \$23.8 million together with accrued interest of \$0.1 million and terminated the Terminated Senior Secured Credit Facility. In connection with the termination, we wrote off the unamortized debt issuance costs under the Terminated Senior Secured Credit Facility in the amount of \$1.3 million, which was included in interest expense on our Unaudited Condensed Consolidated Statements of Income.

For the period January 1, 2017 through May 7, 2017, we drew and subsequently repaid \$20.0 million of our revolving credit line to fund operations. As of December 31, 2016, we had a total of \$24.1 million outstanding on the Terminated Senior Secured Credit Facility and the total availability under the revolving credit loan facility was \$79.7 million.

The Terminated Senior Secured Credit Facility contained customary affirmative covenants regarding, among other things, the maintenance of records, compliance with laws, maintenance of permits, maintenance of insurance and property and payment of taxes. The Terminated Senior Secured Credit Facility also contained certain customary financial covenants and negative covenants that, among other things, include a requirement to maintain a minimum fixed charge coverage ratio, a requirement to stay below a maximum senior leverage ratio and a requirement to stay below a maximum permitted amount of capital expenditures, as well as restrictions on guarantees, indebtedness, liens, distributions, investments and loans, subject to customary carve outs, a restriction on dividends (unless no default then exists or would occur as a result thereof, we were in pro forma compliance with the financial covenants contained in the Terminated Senior Secured Credit Facility after giving effect thereto, we had an excess availability of at least 40% of the revolving credit commitment under the Terminated Senior Secured Credit Facility and the aggregate amount of dividends and distributions paid in any fiscal year did not exceed \$5.0 million), restrictions on our ability to enter into transactions other than in the ordinary course of business, a restriction on the ability to consummate more than three acquisitions in any calendar year, consummate any individual acquisition with a purchase price in excess of \$25.0 million and consummate acquisitions with total purchase price in excess of \$40.0 million in the aggregate over the term of the Terminated Senior Secured Credit Facility, in each case without the consent of the lenders, restrictions on mergers, transfers of assets, acquisitions, equipment, subsidiaries and affiliate transactions, subject to customary carve outs, and restrictions on fundamental changes and lines of business. As of December 31, 2016, we were in compliance with all of our Terminated Senior Secured Credit Facility covenants.

If we do not have sufficient cash resources or availability under our Credit Agreement, or we are otherwise prohibited from making acquisitions under the terms of our Credit Agreement, our growth, including our ability to grow through acquisitions, could be limited unless we obtain additional equity or debt financing or the necessary consents from our lenders under our Credit Agreement. We believe the available borrowings under our Credit Agreement, combined with cash from operations, will be sufficient to cover our working capital needs for at least the next 12 months.

Cash Flows

The following table summarizes changes in our cash flows for the six months ended June 30, 2017 and 2016:

	For the Six Months Ended June 30,	
	2017	2016
	(Amounts in Thousands)	
Net cash used in operating activities	\$ (11,375)	\$ (18,265)
Net cash provided by (used in) investing activities	629	(21,160)
Net cash provided by financing activities	18,606	43,561

Six Months Ended June 30, 2017 Compared to Six Months Ended June 30, 2016

Net cash used in operating activities was \$11.4 million for the six months ended June 30, 2017, compared to cash used in operating activities of \$18.3 million for the same period in 2016. This decrease in cash used in operations was primarily due to a decrease in net accounts receivable resulting from improved collections efforts resulting in reduced accounts receivable for many payors.

Net cash provided by investing activities was \$0.6 million for the six months ended June 30, 2017 compared to cash used in investing activities of \$21.2 million for the six months ended June 30, 2016. Our investing activities for the six months ended June 30, 2017 were \$2.4 million in proceeds from the sale of three adult day services centers and \$1.8 million in purchases of property and equipment related to new office space and investments in our technology infrastructure. Our investing activities for the six months ended June 30, 2016 consisted primarily of \$20.4 million for the acquisition of South

Shore Home Health Services, Inc. (“South Shore”) and certain of its affiliated entities (collectively, the “South Shore Acquisition”) completed on February 5, 2016 and \$0.7 million in purchases of property and equipment related to new office space, investment in our technology infrastructure and vehicles for adult day centers.

Net cash provided by financing activities was \$18.6 million for the six months ended June 30, 2017 as compared to net cash provided by financing activities of \$43.6 million for the six months ended June 30, 2016. Our financing activities for the six months ended June 30, 2017 were borrowings of \$45.0 million on the term loan portion of our new senior secured credit facility, \$20.0 million in draws and subsequent repayments on the revolver portion of our Terminated Senior Secured Credit Facility, \$24.1 million of payments on the term loan portion of our Terminated Senior Secured Credit Facility, \$1.2 million in cash received from exercise of stock options, and \$0.7 million of payments on capital lease obligations. Our financing activities for the six months ended June 30, 2016 consisted primarily of a \$42.0 million draw on our Terminated Senior Secured Credit Facility to fund operations and the South Shore Acquisition, \$3.0 million of cash received for the exercise of employee stock options, a \$0.1 million payment for the contingent earn-out obligation related to our December 1, 2013 acquisition of Coordinated Home Health Care, LLC, \$0.9 million of payments on long-term debt, and \$0.5 million payment for debt issuance.

Table of Contents

Outstanding Accounts Receivable

Gross accounts receivable as of June 30, 2017 and December 31, 2016 were approximately \$147.1 million and \$124.4 million, respectively. Outstanding accounts receivable, net of the allowance for doubtful accounts, increased by \$21.0 million as of June 30, 2017 as compared to December 31, 2016. The increase in net accounts receivable was primarily due to the delay in the State of Illinois's 2017 budget resulting in an increase of \$17.6 million net accounts receivable from the Illinois Department on Aging.

We establish our allowance for doubtful accounts to the extent it is probable that a portion or all of a particular account will not be collected. We establish our provision for doubtful accounts primarily by analyzing historical trends and the aging of receivables. In our evaluation, we consider other factors including: delays in payment trends in individual states due to budget or funding issues; billing conversions related to acquisitions or internal systems; resubmission of bills with required documentation and disputes with specific payors. An allowance for doubtful accounts is maintained at a level that our management believes is sufficient to cover potential losses. However, actual collections could differ from our estimates.

Our collection procedures include review of account aging and direct contact with our payors. We have historically not used collection agencies. An uncollectible amount is written off to the allowance account after reasonable collection efforts have been exhausted.

The following tables detail our accounts receivable before reserves by payor category, showing Illinois governmental payors separately, and the related allowance amount at June 30, 2017 and December 31, 2016:

	June 30, 2017				Total
	0-90 Days	91-180 Days	181-365 Days	Over 365 Days	
	(Amounts in Thousands, Except Percentages)				
Illinois governmental based programs	\$32,755	\$ 17,413	\$ 34,645	\$ 2,204	\$ 87,017
Other state, local and other governmental programs	14,111	2,312	2,707	3,138	22,268
Managed care organizations	21,532	5,332	3,687	4,219	34,770
Private pay and commercial insurance	2,174	582	243	(2)	2,997
Total	<u>\$70,572</u>	<u>\$ 25,639</u>	<u>\$ 41,282</u>	<u>\$ 9,559</u>	<u>\$147,052</u>
Aging % of total	48.0%	17.4%	28.1%	6.5%	
Allowance for doubtful accounts					\$ 9,085
Reserve as % of gross accounts receivable					6.2%

	December 31, 2016				Total
	0-90 Days	91-180 Days	181-365 Days	Over 365 Days	
	(Amounts in Thousands, Except Percentages)				
Illinois governmental based programs	\$40,727	\$ 25,619	\$ 1,418	\$ 1,585	\$ 69,349
Other state, local and other governmental programs	14,039	3,341	2,848	2,679	22,907
Managed care organizations	20,786	3,090	2,117	3,002	28,995
Private pay and commercial insurance	2,439	399	265	8	3,111
Total	<u>\$77,991</u>	<u>\$ 32,449</u>	<u>\$ 6,648</u>	<u>\$ 7,274</u>	<u>\$124,362</u>
Aging % of total	62.8%	26.1%	5.3%	5.8%	
Allowance for doubtful accounts					\$ 7,363
Reserve as % of gross accounts receivable					5.9%

We calculate our days sales outstanding ("DSO") by taking the accounts receivable outstanding net of the allowance for doubtful accounts divided by the total net service revenues for the last quarter, multiplied by the number of days in that quarter. Our DSOs were 121 days and 104 days at June 30, 2017 and December 31, 2016, respectively. The DSOs for our largest payor, the Illinois Department on Aging, at June 30, 2017 and December 31, 2016 were 197 days and 152 days, respectively. We may not receive payments on a consistent basis in the near term and our DSOs and the DSO for the Illinois Department on Aging may increase despite the State of Illinois's enactment of a fiscal year 2018 budget on July 6, 2017. The increase in the reserve as a percentage of gross accounts receivable to 6.2% as of June 30, 2017 from 5.9% as of December 31, 2016 was attributable to additional reserves needed for managed care organizations and acquisition transitions.

Off-Balance Sheet Arrangements

As of June 30, 2017, we did not have any off-balance sheet guarantees or arrangements with unconsolidated entities.

[Table of Contents](#)

Critical Accounting Policies and Estimates

The discussion and analysis of our financial condition and results of operations are based on our Condensed Consolidated Financial Statements (Unaudited) prepared in accordance with accounting principles generally accepted in the United States (“GAAP”). The preparation of the financial statements requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities, revenues and expense and related disclosures. We base our estimates and judgments on historical experience and other sources and factors that we believe to be reasonable under the circumstances; however, actual results may differ from these estimates. We consider the items discussed below to be critical because of their impact on operations and their application requires our judgment and estimates.

Revenue Recognition

The majority of our revenues for the three and six months ended June 30, 2017 and 2016 were derived from Medicaid and Medicaid waiver programs under agreements with various state and local authorities. These agreements provide for a service term from one year to an indefinite term. Services are provided based on authorized hours, determined by the relevant state or local agency, at an hourly rate specified in the agreement or fixed by legislation and recognized in net service revenues as services are provided. Services to other payors, such as managed care organizations and commercial insurance or private clients, are provided at negotiated hourly rates and recognized in net service revenues as services are provided. We provide for appropriate allowances for uncollectible amounts at the time the services are rendered.

Accounts Receivable and Allowance for Doubtful Accounts

We are paid for our services primarily by state and local agencies under Medicaid or Medicaid waiver programs, managed care organizations, commercial insurance companies and private consumers. While our accounts receivable are uncollateralized, our credit risk is somewhat limited due to the significance of governmental payors to our results of operations. Laws and regulations governing the governmental programs in which we participate are complex and subject to interpretation. Amounts collected may be different than amounts billed due to client eligibility issues, insufficient or incomplete documentation, services at levels other than authorized and other reasons unrelated to credit risk.

Illinois law entitles designated service program providers to receive a prompt payment interest penalty based on qualifying services approved for payment that remain unpaid after a designated period of time. As the amount and timing of the receipt of these payments are not certain, the interest income is recognized when received and reported in the income statement caption, interest income. We did not receive any prompt payment interest for the three and six months ended June 30, 2017 and 2016.

We establish our allowance for doubtful accounts to the extent it is probable that a portion or all of a particular account will not be collected. We establish our provision for doubtful accounts primarily by analyzing historical trends and the aging of receivables. In our evaluation, we consider other factors including: delays in payment trends in individual states due to budget or funding issues; billing conversions related to acquisitions or internal systems; resubmission of bills with required documentation and disputes with specific payors. An allowance for doubtful accounts is maintained at a level that our management believes is sufficient to cover potential losses. However, actual collections could differ from our estimates.

Goodwill

Our carrying value of goodwill is the residual of the purchase price over the fair value of the net assets acquired from various acquisitions including the acquisition of Addus HealthCare. In accordance with ASC Topic 350, “*Goodwill and Other Intangible Assets*,” goodwill and intangible assets with indefinite useful lives are not amortized. We test goodwill for impairment at the reporting unit level on an annual basis, as of October 1, or whenever potential impairment triggers occur, such as a significant change in business climate or regulatory changes that would indicate that an impairment may have occurred. We may use a qualitative test, known as “Step 0,” or a two-step quantitative method to determine whether impairment has occurred. We can elect to perform Step 0, an optional qualitative analysis, and based on the results skip the remaining two steps. In 2016, we elected to implement Step 0, and we were not required to conduct the remaining two steps. The results of our Step 0 assessment indicated that it was more likely than not that the fair value of our reporting unit exceeded its carrying value and therefore we concluded that there were no impairments for the year ended December 31, 2016. No impairment charges were recorded for the three and six months ended June 30, 2017 or 2016.

Intangible Assets

We review our finite lived intangibles for impairment whenever changes in circumstances indicate that the carrying amount of an asset may not be recoverable. To determine if impairment exists, we compare the estimated future undiscounted cash flows from the related long-lived assets to the net carrying amount of such assets. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized for the amount by which the carrying amount of the asset exceeds the estimated fair value of the asset, generally determined by discounting the estimated future cash flows. No impairment charges were recorded for the year ended December 31, 2016 or the three and six months ended June 30, 2017 or 2016.

We also have indefinite-lived assets that are not subject to amortization expense such as licenses and in certain states certificates of need to conduct specific operations within geographic markets. Our management has concluded that these assets have indefinite lives, as management has determined that there are no legal, regulatory, contractual, economic or other factors that would limit the useful life of these intangible assets and we intend to renew the licenses indefinitely. The licenses and certificates of need are tested annually for impairment, or whenever potential impairment triggers occur. No impairment charges were recorded for the year ended December 31, 2016 or the three and six months ended June 30, 2017 or 2016.

Workers’ Compensation Program

Our workers’ compensation insurance program has a \$0.4 million deductible component. We recognize our obligations associated with this program in the period the claim is incurred. The cost of both the claims reported and claims incurred but not reported, up to the deductible, have been accrued based on historical claims experience, industry statistics and an actuarial analysis performed by an independent third party. We monitor our claims quarterly and adjust our reserves accordingly. These costs are recorded primarily as the cost of services in the Unaudited Condensed Consolidated Statements of Income. Under the agreement pursuant to which we acquired Addus HealthCare, claims under our workers’ compensation insurance program that related to December 31, 2005 or earlier were the responsibility of the selling shareholders in the acquisition, subject to certain limitations. The responsibility of the selling shareholders for these claims was terminated on December 29, 2014. In August 2010, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update No 2010-24, Health Care Entities (Topic 954), “*Presentation of Insurance Claims and Related Insurance Recoveries*” (“ASU 2010-24”), which clarifies that companies should not net insurance recoveries against a related claim liability. Additionally, under ASU 2010-24, the amount of the claim liability should be determined without consideration of insurance recoveries. As of June 30, 2017 and December 31, 2016, we recorded \$0.5 million

and \$0.7 million, respectively, in workers' compensation insurance recovery receivables and a corresponding increase in workers' compensation liability. The workers' compensation insurance recovery receivable is included in our prepaid expenses and other current assets on the Unaudited Condensed Consolidated Balance Sheets.

Interest Income

Illinois law entitles designated service program providers to receive a prompt payment interest penalty based on qualifying services approved for payment that remain unpaid after a designated period of time. As the amount and timing of the receipt of these payments are not certain, the interest income is recognized when received. For the three and six months ended June 30, 2017 and 2016, we did not receive any prompt payment interest.

[Table of Contents](#)

Income Taxes

We account for income taxes under the provisions of ASC Topic 740, “*Income Taxes*.” The objective of accounting for income taxes is to recognize the amount of taxes payable or refundable for the current year and deferred tax liabilities and assets for the future tax consequences of events that have been recognized in our financial statements or tax returns. Deferred taxes, resulting from differences between the financial and tax basis of our assets and liabilities, are also adjusted for changes in tax rates and tax laws when changes are enacted. ASC Topic 740 also requires that deferred tax assets be reduced by a valuation allowance if it is more likely than not that some portion or all of the deferred tax asset will not be realized. ASC Topic 740 also prescribes a recognition threshold and measurement process for recording in the financial statements uncertain tax positions taken or expected to be taken in a tax return. In addition, ASC Topic 740 provides guidance on derecognition, classification, accounting in interim periods and disclosure requirements for uncertain tax positions.

Stock-based Compensation

We currently have two active stock incentive plans, the 2009 Stock Incentive Plan, as amended and restated (the “2009 Plan”) and the 2017 Omnibus Incentive Plan (the “2017 Plan”, and together with the 2009 Plan, the “Plans”), that provides for stock-based employee compensation. We account for stock-based compensation in accordance with ASC Topic 718, “*Stock Compensation*.” Compensation expense is recognized on a straight-line basis under the Plans over the vesting period of the equity awards based on the grant date fair value of the options and restricted stock awards. From October 28, 2009 to December 31, 2016, we utilized the Enhanced Hull-White Trinomial Model to value our options. Beginning January 1, 2017, we began utilizing the Black-Scholes Option Pricing Model to value our options, as we believe it is a more widely accepted and understood valuation model. The determination of the fair value of stock-based payments utilizing the Black-Scholes Model and the Enhanced Hull-White Trinomial Model is affected by our stock price and a number of assumptions, including expected volatility, risk-free interest rate, expected term, expected dividends yield, expected forfeiture rate, expected turn-over rate and the expected exercise multiple.

New Accounting Pronouncements

In May 2014, the FASB issued ASU 2014-09, “*Revenue from Contracts with Customers (Topic 606)*,” which requires an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. ASU 2014-09 will replace most existing revenue recognition guidance in GAAP and will be effective for us as of January 1, 2018. The standard permits the use of either the retrospective or modified retrospective (cumulative effect) transition method and we have selected the modified retrospective approach. Our evaluation of ASU 2014-09 is not complete. The FASB has issued and may issue in the future, interpretative guidance, which may cause our evaluation to change. We have completed the initial review to determine the impact ASU 2014-09 and its subsequent updates will have on our Consolidated Financial Statements or financial statement disclosures upon adoption. Based on our continued review, we believe that the timing and measurement of revenue for our customers will be similar to our current revenue recognition model due to the structure of payor contracts which consists of a fixed reimbursement rate that is deemed earned upon completion of a defined service. In addition, we have made ongoing progress around process changes and system enhancements to ensure adherence to the new standard. We will complete our assessment of the impact and finalize implementation of system enhancements during the remainder of 2017.

In February 2016, the FASB issued ASU No. 2016-02, “*Leases*,” which replaces existing leasing rules with a comprehensive lease measurement and recognition standard and expanded disclosure requirements. ASU 2016-02 will require lessees to recognize most leases on their balance sheets as liabilities, with corresponding “right-of-use” assets and is effective for annual reporting periods beginning after December 15, 2018, subject to early adoption. For income statement recognition purposes, leases will be classified as either a finance or an operating lease. We will be required to recognize and measure leases at the beginning of the earliest period presented using a modified retrospective approach. Upon initial evaluation, we believe that the new standard will have a material impact on our Consolidated Balance Sheets but it will not affect our liquidity. It has been determined that we will need to secure new software to account for the change in accounting for leases and are currently reviewing the software options available.

In June 2016, the FASB issued ASU No. 2016-13, “*Financial Instruments (Topic 326) Credit Losses*.” ASU 2016-13 changes the impairment model for most financial assets and certain other instruments. Under the new standard, entities holding financial assets, including accounts receivables and net investment in leases that are not accounted for at fair value through net income are to be presented at the net amount expected to be collected. An allowance for credit losses will be a valuation account that will be deducted from the amortized cost basis of the financial asset to present the net carrying value at the amount expected to be collected on the financial asset. ASU 2016-13 is effective as of January 1, 2020. Early adoption is permitted. We are currently evaluating the impact of ASU 2016-13.

In August 2016, the FASB issued ASU 2016-15, “*Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments*.” This standard amends and adjusts how cash receipts and cash payments are presented and classified in the statement of cash flows. ASU 2016-15 is effective for fiscal years beginning after December 15, 2017, and interim periods within those fiscal years, and will require adoption on a retrospective basis unless impracticable. If impracticable we would be required to apply the amendments prospectively as of the earliest date possible. We are currently evaluating the impact that ASU 2016-15 will have on our statement of cash flows.

In January 2017, the FASB issued ASU 2017-04, “*Simplifying the Test for Goodwill Impairment*.” The new guidance eliminates the requirement to calculate the implied fair value of goodwill (i.e., Step 2 of the current goodwill impairment test) to measure a goodwill impairment charge. Instead, entities will record an impairment charge based on the excess of a reporting unit’s carrying amount over its fair value (i.e., measure the charge based on the current Step 1). ASU 2017-04 is effective for annual and any interim impairment tests for periods beginning after December 15, 2019. We are currently evaluating the provisions of ASU 2017-04 to determine how our goodwill impairment testing will be impacted and whether we may elect to adopt ASU 2017-04 prior to the stated effective date.

In May 2017, the FASB issued ASU 2017-09, “*Compensation—Stock Compensation: Scope of Modification Accounting*.” ASU 2017-19 clarifies when to account for a change to the terms or conditions of a share-based payment award as a modification. Under the new guidance, modification accounting is required only if the fair value, the vesting conditions, or the classification of the award (as equity or liability) changes as a result of the change in terms or conditions. This pronouncement is effective for annual periods, and for interim periods within those annual periods, beginning after December 15, 2017, with early adoption permitted, and is applied prospectively to changes in terms or conditions of awards occurring on or after the adoption date. We are evaluating the impact of the adoption of this guidance on our financial statements but do not expect it to have a material impact.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are exposed to market risk associated with changes in interest rates on our variable rate long-term debt. As of June 30, 2017, we had outstanding

borrowings of \$45.0 million on our new credit facility, all of which was subject to variable interest rates. If the variable rates on this debt were 100 basis points higher than the rate applicable to the borrowing during the three and six month period ended June 30, 2017, our net income would have decreased by \$0.1 million, or \$0.01 per diluted share, and \$0.2 million, or \$0.02 per diluted share, for the respective periods. We do not currently have any derivative or hedging arrangements, or other known exposures, to changes in interest rates.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our Chief Executive Officer and our Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures as of June 30, 2017. The term “disclosure controls and procedures,” as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), means controls and other procedures of an issuer that are designed to ensure that information required to be disclosed by an issuer in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the Securities and Exchange Commission’s rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by an issuer in the reports that it files or submits under the Exchange Act is accumulated and communicated to the issuer’s management, including its principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure. Management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

Based on the evaluation of our disclosure controls and procedures, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of June 30, 2017.

Changes in Internal Control Over Financial Reporting

We continue to integrate certain legacy South Shore processes into our established internal control environment. This integration is expected to be finalized in the third quarter of 2017. Additionally, with application changes, relocation of certain operational functions, and acquisitions, we continue to improve and make changes to the control environment to effectively manage risk to the company and financial reporting efforts.

Except as mentioned above, there were no changes in our internal control over financial reporting identified in connection with the evaluation required by Rule 13a-15(d) and 15d-15(d) of the Exchange Act that occurred during the three months ended June 30, 2017 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II – OTHER INFORMATION

Item 1. Legal Proceedings

Legal Proceedings

From time to time, we are subject to legal and/or administrative proceedings incidental to our business. It is the opinion of management that the outcome of pending legal and/or administrative proceedings will not have a material effect on our financial position and results of operations.

On January 20, 2016, we were served with a lawsuit that was filed in the United States District Court for the Northern District of Illinois against us and Cigna Corporation by Stop Illinois Marketing Fraud, LLC, a qui tam relator formed for the purpose of bringing this action. In the action, the plaintiff alleges, inter alia, violations of the federal False Claims Act relating primarily to allegations of violations of the federal Anti-Kickback Statute and allegedly improper referrals of patients from our home care division to our home health business, substantially all of which was sold in 2013. The plaintiff seeks to recover damages, fees and costs under the federal False Claims Act including treble damages, civil penalties and its attorneys' fees. The U.S. government has declined to intervene at this time. Plaintiff amended its complaint on April 4, 2016 to include additional allegations in support of its False Claims Act claims, including alleged violations of the federal Anti-Kickback Statute. Our reply in further support of the motion to dismiss was filed on August 23, 2016. On February 3, 2017, the Court granted Cigna Corporation's motion to dismiss in full, and granted our motion to dismiss in part allowing Plaintiff another chance to amend its complaint. Plaintiff timely filed a second amended complaint on March 10, 2017, withdrawing its conspiracy claim under the Federal False Claims Act and adding an explicit claim under the Illinois False Claims Act for the same underlying kickback allegations. On April 7, 2017, we filed a partial motion to dismiss the Second Amended Complaint, which has not yet been ruled on by the court. On May 24, 2017, the State of Illinois filed notice that it was declining to intervene in the plaintiff's claim under the Illinois False Claims Act. We intend to continue to defend the litigation vigorously and believe the case will not have a material adverse effect on our business, financial condition or results of operations.

On May 4, 2016, Addus HealthCare, together with 59 other social service and healthcare providers in the State of Illinois, filed an action in the Circuit Court of Cook County, Illinois against certain individuals in their official capacities as agents of the Illinois Department of Human Services, the Illinois Department on Aging, the Illinois Department of Public Health, the Illinois Department of HealthCare and Family Services, the Illinois Criminal Justice Information Authority, the Illinois Department of Corrections and the Illinois Department of Central Management Services, including the Governor of Illinois. On July 20, 2016, a third amended complaint was filed by the plaintiffs, who now comprise 97 similarly situated providers and provider organizations. In the action, the plaintiffs, including Addus HealthCare, allege to have entered into contracts with the various defendants based in part on the Governor's proposed budget, which provided for funding for the services to be provided by plaintiffs thereunder. The Governor subsequently vetoed all of the relevant appropriations bills on June 25, 2015, and again vetoed an appropriations bill that included funding for the contracts on June 10, 2016. While the defendant officer and agency heads have continued to enforce such contracts, since August 1, 2016, we received an aggregate of approximately \$65.4 million in payments from the State of Illinois from the stopgap budget enacted on June 30, 2016. In those actions, plaintiffs alleged the defendant officers and agency heads acted beyond the scope of their legal authority in entering into and enforcing contracts with no intent to perform under such contracts by failing to pay amounts due thereunder when due. The action also alleged that the Governor of Illinois' veto of appropriations for such contracts violated the Illinois Constitution. Plaintiffs sought injunctive relief to require payment of overdue bills to prevent irreparable harm, including imperiling the State of Illinois's infrastructure for delivery of human services. On August 31, 2016, the Court denied plaintiffs' petitions for declaratory and injunctive relief and dismissed the actions with prejudice. Plaintiffs timely filed a notice of appeal on September 30, 2016 and have requested permission to extend the deadline for their petition until September 30, 2017, while monitoring the receipt of delayed payments pursuant to the recently adopted Illinois budget.

Item 1A. Risk Factors

Investing in our common stock involves a high degree of risk. In addition to the other information set forth in this quarterly report on Form 10-Q, you should carefully consider the risk factors discussed under the caption "Risk Factors" set forth in Part I, Item 1A, of our Annual Report on Form 10-K for the year ended December 31, 2016. There have been no material changes to the risk factors previously disclosed under the caption "Risk Factors" in our Annual Report on Form 10-K. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially adversely affect our business, financial condition or operating results.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

None.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

None.

Item 5. Other Information

None.

[Table of Contents](#)

Item 6. Exhibits

- 3.1 Amended and Restated Certificate of Incorporation of the Company dated as of October 27, 2009 (filed on November 20, 2009 as Exhibit 3.1 to the Company's Quarterly Report on Form 10-Q (File No. 001-34504) and incorporated by reference herein)
- 3.2 Amended and Restated Bylaws of the Company, as amended by the First Amendment to the Amended and Restated Bylaws (filed on May 9, 2013 as Exhibit 3.2 to the Company's Quarterly Report on Form 10-Q (File No. 001-34504) and incorporated by reference herein)
- 4.1 Form of Common Stock Certificate (filed on October 2, 2009 as Exhibit 4.1 to Amendment No. 4 to the Company's Registration Statement on Form S-1 (File No. 333-160634) and incorporated by reference herein)
- 4.2 Registration Rights Agreement, dated September 19, 2006, by and among Addus HomeCare Corporation, Eos Capital Partners III, L.P., Eos Partners SBIC III, L.P., Freeport Loan Fund LLC, W. Andrew Wright, III, Addus Term Trust, W. Andrew Wright Grantor Retained Annuity Trust, Mark S. Heaney, James A. Wright and Courtney E. Panzer (filed on July 17, 2009 as Exhibit 4.2 to Addus HomeCare Corporation's Registration Statement on Form S-1 (File No. 333-160634) and incorporated by reference herein)
- 10.1 Addus HomeCare Corporation 2017 Omnibus Incentive Plan (filed on June 16, 2017 as Exhibit 10.1 to Addus HomeCare Corporation's Current Report on Form 8-K (File No. 001-34504) and incorporated by reference herein)+
- 10.2 Amended and Restated Employment Agreement, dated April 25, 2017, by and between Addus HealthCare, Inc. and R. Dirk Allison*+
- 10.3 Amended and Restated Employment Agreement, dated April 25, 2017, by and between Addus HealthCare, Inc. and Brian Poff*+
- 10.4 Amended and Restated Employment Agreement, dated April 25, 2017, by and between Addus HealthCare, Inc. and James Zoccoli*+
- 10.5 Amendment to Employment and Non-Competition Agreement, effective April 25, 2017, by and between Addus HealthCare, Inc. and Darby Anderson*+
- 10.6 Amended and Restated Employment Agreement, dated April 25, 2017, by and between Addus HealthCare, Inc. and W. Bradley Bickham*+
- 10.7 Amended and Restated Employment Agreement, dated April 25, 2017, by and between Addus HealthCare, Inc. and Brenda Belger*+
- 10.8 Transition Agreement and Release, effective as of August 14, 2017, by and between Addus HealthCare, Inc. and Brenda Belger (filed on July 31, 2017 as Exhibit 10.1 to Addus HomeCare Corporation's Current Report on Form 8-K (File No. 001-34504) and incorporated by reference herein)+
- 10.9 Employment and Non-Competition Agreement, effective as of August 14, 2017, by and between Addus HealthCare, Inc. and Laurie Manning (filed on July 31, 2017 as Exhibit 10.2 to Addus HomeCare Corporation's Current Report on Form 8-K (File No. 001-34504) and incorporated by reference herein)+
- 31.1 Certification of Chief Executive Officer Pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934 as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002*
- 31.2 Certification of Chief Financial Officer Pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934 as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002*
- 32.1 Certification 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**
- 32.2 Certification of Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**
- 101 Financial statements from the quarterly report on Form 10-Q of Addus HomeCare Corporation for the quarter ended June 30, 2017, filed on August 8, 2017 formatted in XBRL: (i) Condensed Consolidated Balance Sheets, (ii) Condensed Consolidated Statements of Income, (iii) Condensed Consolidated Statements of Stockholders' Equity, (iv) Condensed Consolidated Statements of Cash Flows, and (v) the Notes to Condensed Consolidated Financial Statements*

* Filed herewith

** Furnished herewith

+ Indicates a management contract or compensation plan or arrangement.

SIGNATURES

Pursuant to the requirements 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.

ADDUS HOMECARE CORPORATION

Date: August 8, 2017

By: _____ /s/ R. DIRK ALLISON

**R. Dirk Allison
President and Chief Executive Officer
(As Principal Executive Officer)**

Date: August 8, 2017

By: _____ /s/ BRIAN POFF

**Brian Poff
Chief Financial Officer
(As Principal Financial Officer)**

**AMENDED AND RESTATED EMPLOYMENT AND NON-COMPETITION
AGREEMENT**

This AMENDED AND RESTATED EMPLOYMENT AND NON-COMPETITION AGREEMENT (this "Agreement") is effective as of April 25, 2017 (the "Effective Date"), by and between Addus HealthCare, Inc., an Illinois corporation (the "Company"), and R. Dirk Allison, an individual domiciled in the State of Texas (the "Executive").

WHEREAS, the Company, its parent and its subsidiaries (collectively, the "Addus HealthCare Group") provide home care services to individuals, county and state governments, health maintenance organizations, independent physician associations, insurance companies, facilities, other business purchasers of such services, and to the general public at large.

WHEREAS, the Executive is currently employed by the Company as its President and Chief Executive Officer pursuant to an Employment and Non-Competition Agreement dated February 29, 2016 (the "Original Date") (the "Prior Agreement"), and the parties hereto desire to enter this Agreement to secure the Executive's continued employment, all on the terms and conditions set forth herein.

WHEREAS, by virtue of the Executive's employment by the Company pursuant to the terms hereof, the Executive will obtain and become familiar with certain valuable confidential and proprietary information relating to the Addus HealthCare Group, its customers and employees.

WHEREAS, the Company desires to protect the goodwill and all proprietary rights and information of the Addus HealthCare Group.

NOW, THEREFORE, in consideration of the mutual covenants and agreements set forth herein, the parties hereto, intending to be legally bound, agree as follows:

1. Effectiveness; Term of Employment.

- (a) This Agreement shall automatically become effective on the Effective Date.
- (b) The Company hereby employs the Executive, and the Executive hereby accepts employment by the Company, for the period commencing as of the Original Date and ending on the fourth (4th) anniversary of the Original Date, or on such earlier date as provided pursuant to the terms and conditions of this Agreement (the "Initial Employment Term"). At the end of the Initial Employment Term, this Agreement shall automatically renew for successive one (1) year terms (each, as may be earlier terminated pursuant to the terms and conditions of this Agreement, an "Additional Employment Term" and, together with the Initial Employment Term, as may be earlier terminated pursuant to the terms and conditions of this Agreement, the "Employment Term"), unless either party provides notice to the other of its or his intention not to renew this Agreement at least one hundred eighty (180) days prior to the expiration of the Initial Employment Term or any Additional Employment Term (a "Non-Renewal"). During the Employment Term, the Executive shall (i) devote substantially all of his professional time, loyalty and efforts to discharge his duties hereunder on a timely basis; (ii) use his best efforts to

loyally and diligently serve the business and affairs of the Addus HealthCare Group; and (iii) endeavor in all respects to promote, advance and further the Addus HealthCare Group's interests in all matters. The parties agree that the provision should not be construed as limiting Executive's right to serve on boards of, or otherwise engage in activities on behalf of, charitable and civic organizations or other entities that do not compete with the business of the Company and that do not interfere with Executive's duties hereunder in any material respect.

2. Employment Duties.

During the Employment Term, the Company will employ the Executive as its President and Chief Executive Officer, a senior executive position that reports directly to the Board of Directors (the "Board of Directors") of Addus HomeCare Corporation ("Addus HomeCare"). The Executive's principal duties and responsibilities shall be to oversee and direct the operations of the Addus HealthCare Group including the management, marketing and delivery of home care and adult day care services and the performance of such other executive duties and responsibilities as may be assigned to him by the Board of Directors and are consistent with the Executive's position as President and Chief Executive Officer of the Company.

3. Compensation.

The Company will pay the Executive as follows during the Employment Term:

- (a) **Base Salary.** Commencing March 5, 2017, the Company shall pay the Executive a base salary at the annual rate of Five Hundred Twenty Five Thousand Dollars (\$525,000), which shall be paid in accordance with the normal payroll practices of the Company and shall be subject to applicable withholdings and deductions. Thereafter, the Executive's base salary shall be subject to review and adjustment upward by the compensation committee (the "Compensation Committee") of the Board of Directors on or about each anniversary of the Effective Date for each year during the Employment Term (as adjusted from time-to-time, the "Base Salary").
- (b) **Incentive Plans.** The Executive, at the discretion of the Compensation Committee, shall be eligible (but not entitled) to receive an annual bonus in accordance with Exhibit A hereto. The Compensation Committee, at its sole discretion, may determine the amount of the annual bonus, if any, to which the Executive may become entitled based on the quantitative and qualitative factors described on Exhibit A or any other factors the Compensation Committee may deem appropriate from time to time. All amounts payable pursuant to this Section 3(b), if any, shall be paid within no more than thirty (30) days after completion of Addus HomeCare's audited financial statements for the most recently completed fiscal year, but in all events, in the fiscal year following the fiscal year in which it was earned, and shall be subject to applicable withholdings and deductions. Bonus is not salary and is earned on the day it is paid. To be eligible to receive any cash based or equity based bonus, the Executive must be actively employed and must not have given notice of termination on or prior to such date of payment.

(c) **Incentive Equity Awards.** The Executive has previously received equity awards pursuant to the Prior Agreement.

4. Expenses.

It is recognized that the Executive in the performance of his duties hereunder will be required to expend sums for travel (e.g., airfare, automobile rental, etc.), entertainment and lodging. During the Employment Term, the Company shall reimburse the Executive for reasonable business expenses incurred by him during the Employment Term in connection with the performance of his duties hereunder conditioned upon and subject to the Company's established policies and procedures, including written receipt from the Executive of an itemized accounting in accordance with the Company's regular business expense verification practices. Such policies shall also be in effect for frequent travel by the Executive to the Company's Corporate Center which it is agreed shall be as needed and commensurate with the Executive's duties and responsibilities during his employment hereunder; such time spent onsite at the Corporate Center may vary from time to time depending on the Executive's tenure and the results of the Company.

5. Benefits.

During the Employment Term, the Executive shall be entitled to benefits under such plans, programs or arrangements as the Board of Directors may establish or maintain from time to time for similarly-situated employees, and in accordance with its policies, which may change at the sole discretion of the Board of Directors. Benefits as of the Effective Date are:

- (a) Four (4) weeks paid vacation during each year of employment. Subject to the Company's established policies and procedures, vacation may be carried over to a subsequent year of employment, not to exceed eight (8) weeks during any calendar year of employment.
- (b) Five (5) days personal/sick leave per year, with pay. Personal/sick days may be carried over to a subsequent year of employment, not to exceed ten (10) days during any calendar year of employment.
- (c) Six (6) Company holidays, plus two (2) floating holidays, per year.
- (d) Coverage beginning on the Original Date under the health benefit plan provided by the Company to its executives, which may change, at the sole discretion of the Board of Directors, from time to time. The Company will cover the Executive and his dependents, if any, during the Employment Term to the same extent and according to the same terms as the Company's other executives are covered.
- (e) Short-term and long-term disability insurance beginning on the Original Date to the same extent and according to the same terms as the Company's other similarly-situated executives are covered, which may change, at the sole discretion of the Board of Directors, from time to time.
- (f) Tuition reimbursement shall be available for courses relevant to the Executive's position and taken at an accredited institution, subject to prior approval by the Board of Directors.

-
- (g) Participation in the Company's 401(k) plan up to the defined Internal Revenue Service limit beginning 30 days after the Original Date. The Company will annually match 6% of the Executive's annual contribution to such plan during the Employment Term, subject to the Company's established policies and procedures.

6. Termination by Company.

- (a) The Company may terminate the Executive's employment hereunder at any time for Reasonable Cause. The term "Reasonable Cause" shall be limited to the following:
- (i) A material breach or omission by the Executive of any of his duties or obligations under this Agreement (except due to Disability, as defined below) that the Executive shall fail to cure after receipt of written notice of such breach or omission from the Board of Directors, which notice shall designate a reasonable period of time, if curable at all, of not less than ten (10) days within which the breach or omission must be cured to the satisfaction of the Board of Directors in order to prevent a termination for Reasonable Cause; *provided, however*, that the Executive shall only be permitted the opportunity to cure such breaches or omissions a total of two times in any twelve (12)-month rolling period;
 - (ii) The Executive shall willfully engage in any action that materially damages, or that may reasonably be expected to materially damage, the Addus HealthCare Group or the business or goodwill thereof;
 - (iii) The Executive shall breach his fiduciary duty to the Addus HealthCare Group;
 - (iv) The Executive shall commit any act involving fraud, the misuse or misappropriation of money or other property of the Addus HealthCare Group, a felony, habitual use of drugs or other intoxicants or chronic absenteeism;
 - (v) Gross negligence or willful misconduct by the Executive;
 - (vi) The Executive shall commit acts constituting gross insubordination, such as, without limitation, the intentional disregard of any reasonable directive of the Board of Directors; or
 - (vii) The Executive shall fail to perform any material duty in a timely and effective manner and shall fail to cure any such performance deficiency after receipt of written notice of the deficiency from the Board of Directors, which notice shall designate a reasonable period of time, if curable at all, of not less than ten (10) days within which the performance deficiency must be cured to the satisfaction of the Board of Directors, as applicable, in order to prevent a termination for reasonable cause; *provided, however*, that the Executive shall only be permitted the opportunity to cure performance deficiencies a total of two times in any twelve (12)-month rolling period.
- (b) The Executive's employment hereunder shall be terminated in the event of his death, and the Company may terminate the Executive's employment hereunder if the Executive suffers a physical or mental disability (a "Disability") so that the Executive is or, in the

opinion of an independent physician retained by the Company for purposes of this determination will be, unable to perform his duties in a manner satisfactory to the Company for a period of ninety (90) days out of any one hundred eighty (180) consecutive-day period (in which event the Executive shall be deemed to have suffered a permanent Disability).

- (c) The Company may terminate the Executive's employment hereunder at any time for any other reason, or for no reason.
- (d) Termination of the Executive's employment for any reason shall terminate the Employment Term but shall not affect the Executive's obligations pursuant to Section 9 hereof, which obligations shall remain in effect for the period therein provided.

7. Termination by the Executive.

The Executive may terminate his employment with the Company (a) for Good Reason (as defined below) or (b) without Good Reason, in each case, upon not less than thirty (30) days prior written notice to the Company; *provided, however*, that after the receipt of such notice, the Company may, in its discretion accelerate the effective date of such termination at any time by written notice to the Executive. Termination of the Executive's employment by the Executive shall terminate the Employment Term, but shall not affect the Executive's obligations under Section 9 hereof, which obligations shall remain in effect for the period therein provided. As used herein, "Good Reason" means (i) any reduction in the Executive's Base Salary, (ii) any material reduction to the Executive's employment duties and responsibilities, (iii) removal by the Company of the Executive as Chief Executive Officer or as a member of the Board, (iv) any material breach by the Company of any material term of this Agreement, other than a breach which is remedied by the Company within 10 days after receipt of written notice given by the Executive, or (v) a change in the Executive's direct reporting duty to a person other than the Board of Directors.

8. Rights and Obligations Upon Termination.

- (a) If the Executive's employment is terminated by the Company pursuant to Section 6(a) or 6(b) hereof or by the Executive pursuant to Section 7(b) hereof, the Executive or his estate shall have no further rights against the Addus HealthCare Group hereunder, except for the right to receive, with respect to the period prior to the effective date of termination:
 - (i) Any unpaid Base Salary under Section 3(a) hereof for any period prior to the effective date of termination;
 - (ii) Any accrued but unpaid benefits, including vacation accrued pursuant to the Company's vacation policy, under Section 5 hereof for any period prior to the effective date of termination; and
 - (iii) In the case of termination pursuant to Section 6(b), eligibility for disability insurance benefits described in Sections 5(e).

Such payments shall be made to the Executive whether or not the Company chooses to utilize the services of the Executive for the required notice period specified in Section 7.

- (b) If the Executive's employment is terminated pursuant to Section 6(c) hereof or Section 7(a) hereof, or as a result of Non-Renewal by the Company, the Executive shall be entitled to, in lieu of any further payments to the Executive for periods subsequent to the date of termination:
- (i) Any unpaid Base Salary under Section 3(a) hereof for any period prior to the effective date of termination;
 - (ii) A pro rata portion of the bonus under Section 3(b) hereof based on what Executive would have been entitled to receive pursuant to the Company's then-effective bonus plan had his employment not been terminated, which shall be payable following the time the Company determines the amount of bonuses payable to its executives following the end of the year in which termination occurs, which determination will be based on the actual performance of the Company;
 - (iii) Any accrued but unpaid benefits, including vacation accrued pursuant to the Company's vacation policy, under Section 5 hereof for any period prior to the effective date of termination, in accordance with the terms of the applicable plan or arrangement;
 - (iv) Conditioned upon the Executive's strict compliance with the post-employment restrictions described in Section 9 below and subject to applicable withholdings and deductions, severance pay in an amount equal to (A) the Executive's Base Cash Compensation (as defined below) for a period of twenty-four (24) months ("Base Severance Pay"), to be paid in equal installments on the Company's regular pay dates over the twenty-four (24) month period following the date of the termination of the Executive's employment (subject to applicable withholdings and deductions), (B) any earned and unpaid bonus for a completed performance period that the Executive would have earned had he remained employed through date of payment, as determined by the Company and paid at the same time bonuses are paid to other senior executives, based upon the actual performance of the Company and (C) if the Executive timely elects to continue his health, dental and/or vision insurance coverage under COBRA, the Executive shall be eligible to receive after-tax cash payments equal to the difference between his COBRA continuation coverage premiums and the amount of premiums paid by similarly-situated active employees of the Company under the Company's health, dental and/or vision insurance plans, to be paid in equal installments on the Company's regular pay dates (subject to applicable tax withholdings and deductions) until two (2) years following the termination of the Executive's employment.
- For purposes of this Agreement, "Base Cash Compensation" shall mean the highest annual Base Salary in effect for the Executive.
- (c) Notwithstanding anything to the contrary set forth herein, if the Executive's employment is terminated by the Company pursuant to Section 6(c) within six (6) months prior to, or one (1) year following, a Change in Control (as defined below), the Executive shall be

entitled to, in lieu of the payments to be made pursuant to Section 8(b)(iv), (A) an amount equal to twenty four (24) months of the Executive's Annual Cash Compensation (as defined below) (subject to applicable withholdings and deductions, less any payment already received pursuant to Section 8(b)(iv) ("Change of Control Severance Pay" and, together with Base Severance Pay, "Severance Pay"), which shall be payable in accordance with the normal payroll practices of the Company in equal installments on the Company's regular pay dates over the twenty-four (24) month period following the date of the termination of the Executive's employment, (B) any earned and unpaid bonus for a completed performance period that the Executive would have earned had he remained employed through date of payment, as determined by the Company and paid at the same time bonuses are paid to other senior executives based upon the actual performance of the Company, and (C) if the Executive elects to continue his health, dental and/or vision insurance coverage under COBRA, the Executive shall be eligible to receive after-tax cash payments equal to the difference between his COBRA continuation coverage premiums and the amount of premiums paid by similarly-situated active employees of the Company under the Company's health, dental and/or vision insurance plans, payable in equal installments on the Company's regular pay dates (subject to applicable tax withholdings and deductions) until two (2) years following the termination of the Executive's employment. As used herein, a "Change in Control" shall be deemed to have occurred if (i) any "person" (as such term is used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act")), other than a trustee or other fiduciary holding securities under an employee benefit plan of Addus HomeCare, or a corporation owned directly or indirectly by the stockholders of Addus HomeCare in substantially the same proportions as their ownership of stock of Addus HomeCare, becomes the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of Addus HomeCare representing more than 50% of the total voting power represented by Addus HomeCare's then outstanding securities that vote generally in the election of directors (referred to herein as "Voting Securities"); or (ii) after the date of this Agreement, the stockholders of Addus HomeCare approve (x) a merger or consolidation of Addus HomeCare with any other corporation, other than a merger or consolidation that would result in the Voting Securities of Addus HomeCare outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into Voting Securities of the surviving entity) more than 50% of the total voting power represented by the Voting Securities of Addus HomeCare or such surviving entity outstanding immediately after such merger or consolidation, or (y) a plan of complete liquidation of Addus HomeCare or an agreement for the sale or disposition by Addus HomeCare of (in one transaction or a series of transactions) all or substantially all of Addus HomeCare's assets.

For purposes of this Agreement, "Annual Cash Compensation" shall mean the sum of (a) the highest annual Base Salary in effect for the Executive and (b) the greater of (i) the Executive's bonus for the most recently-completed year, if any, or (ii) the annualized amount of the Executive's target bonus for the then current year.

- (d) The Executive acknowledges and agrees that the Company's obligations to make payments pursuant to Sections 8(b)(iv) and 8(c) above are expressly conditioned on the Executive timely executing, delivering and not revoking a customary general release in

form and substance satisfactory to the Company within the period that is sixty (60) days following the date of the Executive's termination of employment or service with the Company. To the extent that such sixty (60) day period spans two (2) calendar years, no payment of any severance amount or benefit that is (i) considered to be nonqualified deferred compensation within the meaning of Section 409A of the Internal Revenue Code of 1986, as amended, and the regulations and guidance promulgated thereunder (collectively, "Code §409A") and (ii) conditioned upon the release, shall be made before the first day of the second calendar year, regardless of when the release is actually executed and returned to the Company.

- (e) If the Executive's employment is terminated for any reason, the Executive shall, at the Company's request, immediately resign from all officer and director positions with each member of the Addus HealthCare Group, including from the Board of Directors.

9. Covenants of the Executive.

- (a) **No Conflicts.** The Executive represents and warrants that he is not personally subject to any agreement, order or decree that restricts his acceptance of this Agreement and performance of his duties with the Company hereunder.
- (b) **Non-Competition; Non-Solicitation.** During the Employment Term and during the Restrictive Period (as defined below), the Executive shall not, without the prior written consent of the Company, directly or indirectly, in any capacity whatsoever, either on his own behalf or on behalf of any other person or entity whom he may manage, control, participate in, consult with, render services for or be employed or associated, compete with the Business (as defined below) in any of the following described manners:
 - (i) Engage in, assist or have any interest in, as principal, consultant, advisor, agent, financier or employee, any business entity that is, or that is about to become engaged in, providing goods or services in competition with the Addus HealthCare Group within a geographic radius of fifty (50) miles from any Addus HealthCare Group branch office;
 - (ii) Solicit or accept any business (or help any other person solicit or accept any business) from any person or entity that on the Effective Date is a customer of the Addus HealthCare Group or during the Employment Term becomes a customer of the Addus HealthCare Group, other than a customer that does not engage in the Business;
 - (iii) Induce or attempt to induce any employee of the Addus HealthCare Group to terminate such employee's relationship with the Addus HealthCare Group or in any way interfere with the relationship between the Addus HealthCare Group and any employee thereof; or
 - (iv) Induce or attempt to induce any customer, referral source, supplier, vendor, licensee or other business relation of the Addus HealthCare Group to cease doing business with the Addus HealthCare Group, or in any way interfere with the relationship between any such customer, referral source, supplier, vendor, licensee or business relation, on the one hand, and the Addus HealthCare Group, on the other hand.

For purposes hereof, the term "Business" means the business of providing home care services of the type and nature that the Addus HealthCare Group then performed and/or any other business activity in which the Addus HealthCare Group then performed or program or service then under active development proposed to be performed and/or any other business activity in which the Addus HealthCare Group becomes engaged in on or after the date hereof while the Executive is employed by the Company.

For purposes hereof, the term "Restrictive Period" means the period beginning on the date on which the Executive's employment is terminated by the Company or the Executive for any reason and ending on the second anniversary of such date.

Notwithstanding the foregoing provisions, nothing herein shall prohibit the Executive from owning one percent (1%) or less of any securities of a competitor, if such securities are listed on a nationally recognized securities exchange or traded over-the-counter. If, at the time of enforcement of this Section 9(b), a court holds that the restrictions stated herein are unreasonable under the circumstances then existing, the parties hereto agree that the maximum period, scope or geographic area reasonable under such circumstances shall be substituted for the stated period, scope or area determined to be reasonable under the circumstances by such court.

- (c) **Non-Disclosure.** The Executive recognizes and acknowledges that he will have access to certain confidential and proprietary information of Addus HealthCare Group, including, but not limited to, Trade Secrets (as defined below) and other proprietary commercial information, and that such information constitutes valuable, special and unique property of Addus HealthCare Group. The Executive agrees that he will not, for any reason or purpose whatsoever, except in the performance of his duties hereunder, or as required by law, disclose any of such confidential information to any person, entity or governmental authority without express authorization of the Company. The Executive further agrees that he shall not, at any time during the Employment Term or thereafter, without the express prior written consent of the Company, directly or indirectly, in any capacity whatsoever, either on his own behalf or on behalf of any other person or entity that he manages, controls, participates in, consults with, renders services for or is employed by or associated with, disclose or use, except when necessary to further the interests of the Business, any Trade Secret of the Addus HealthCare Group, whether such Trade Secret is in the Executive's memory or embodied in writing or other physical form. For purposes of this Agreement, "Trade Secret" means any information, not generally known to, and not readily ascertainable by proper means by, other persons who can obtain economic value from its disclosure or use and is the subject of efforts to maintain its secrecy that are reasonable under the circumstances, including, but not limited to, (i) trade secrets; (ii) information concerning the business or affairs of the Addus HealthCare Group, including its products or services, fees, costs, and pricing structures, charts, manuals and documentation, databases, accounting and business models, designs, analyses, drawings, photographs and reports, computer software, copyrightable works, inventions, devices, new developments, methods and processes, whether patentable or unpatentable and whether or not reduced to practice, sales records and other proprietary commercial information; (iii) information concerning actual and prospective clients and customers of the Addus HealthCare Group, including client and customer lists and other compilations;

and (iv) information concerning employees, contractors and vendors of the Addus HealthCare Group, including personal information and information concerning the compensation or other terms of employment of such individuals. "Trade Secret," however, shall not include general "know-how" information acquired by the Executive during the course of his employment that could have been obtained by him from public sources without the expenditure of significant time, effort and expense.

- (d) **Covenant Regarding Confidential and Proprietary Information.** The Executive will promptly disclose in writing to the Company each improvement, discovery, idea, invention, and each proposed publication of any kind whatsoever, relating to the Business made or conceived by the Executive either alone or in conjunction with others while employed hereunder if such improvement, discovery, idea, invention or publication results from or was suggested by such employment (whether or not patentable and whether or not made or conceived at the request of or upon the suggestion of the Company, and whether or not during his usual hours of work, whether in or about the premises of the Addus HealthCare Group and whether prior or subsequent to the execution hereof). The Executive will not disclose any such improvement, discovery, idea, invention or publication to any person, entity or governmental authority, except to the Company. Each such improvement, discovery, idea, invention and publication shall be the sole and exclusive property of, and is hereby assigned by the Executive to, the Company, and at the request of the Company, the Executive will assist and cooperate with the Company and any person or entity from time to time designated by the Company to obtain for the Company or its designee the grant of any letters patent in the United States of America and/or such other country or countries as may be designated by the Company, covering any such improvement, discovery, idea, invention or publication and will in connection therewith execute such applications, statements, assignments or other documents, furnish such information and data and take all such other action (including, without limitation, the giving of testimony) as the Company may from time to time reasonably request. The foregoing provisions of this Section 9(d) shall not apply to any improvement, discovery, idea, invention or publication for which no equipment, supplies, facilities or confidential and proprietary information of Addus HealthCare Group was used and that was developed entirely on the Executive's own time, unless (x) the improvement, discovery, idea, invention or publication relates to the Business or the actual or demonstrably anticipated research or development of the Business, or (y) the improvement, discovery, idea, invention or publication results from any work performed by the Executive for the Addus HealthCare Group.
- (e) **Non-Disparagement.** The Executive agrees that, during the Employment Term and the Restrictive Period, he will not make any statement, either in writing or orally, that is communicated publicly or is reasonably likely to be communicated publicly and that is reasonably likely to disparage or otherwise harm the business or reputation of the Addus HealthCare Group, or the reputation of any of its current or former directors, officers, employees or stockholders.
- (f) **Return of Documents and Other Property.** Upon termination of employment, the Executive shall return all originals and copies of books, records, documents, customer

lists, sales materials, tapes, keys, credit cards and other tangible property of Addus HealthCare Group within the Executive's possession or under his control.

- (g) **Remedies for Breach.** In the event of a breach or threat of a breach of the provisions of this Section 9, the Executive hereby acknowledges that such breach or threat of a breach will cause the Company to suffer irreparable harm and that the Company shall be entitled to request an injunction restraining the Executive from breaching such provisions; but the foregoing shall not be construed as prohibiting the Company from having available to it to any other remedy, either at law or in equity, for such breach or threatened breach, including, but not limited to, the cessation of employment and any remaining Severance Pay and benefits pursuant to Section 8 and the recovery of damages from the Executive and the notification of any employer or prospective employer of the Executive as to the terms and conditions hereof (without limiting or affecting the Executive's obligations under the other paragraphs of this Section 9).
- (h) **Acknowledgment.** The Executive acknowledges that he will be directly and materially involved as a senior executive in all important policy and operational decisions of Addus HealthCare Group. The Executive further acknowledges that the scope of the foregoing restrictions has been specifically bargained between the Company and the Executive, each being fully informed of all relevant facts. Accordingly, the Executive acknowledges that the foregoing restrictions of this Section 9 are fair and reasonable, are minimally necessary to protect Addus HealthCare Group, its stockholders and the public from the unfair competition of the Executive who, as a result of his employment with the Company, will have had access to the most confidential and important information of Addus HealthCare Group, its Business and future plans. The Executive furthermore acknowledges that no unreasonable harm or injury will be suffered by his from enforcement of the covenants contained herein and that he will be able to earn a reasonable livelihood following termination of his employment notwithstanding enforcement of the covenants contained herein.
- (i) **Right of Set Off.** In the event of a breach by the Executive of the provisions of this Agreement, the Company is hereby authorized at any time and from time to time, to the fullest extent permitted by law, and after ten (10) days prior written notice to the Executive, to set-off and apply any and all amounts at any time held by the Company on behalf of the Executive and all indebtedness at any time owing by the Addus HealthCare Group to the Executive against any and all of the obligations of the Executive now or hereafter existing, to the extent such set-off would not result in a penalty under Code §409A with regard to amounts that are deemed deferred compensation under Code §409A.

10. **Prior Agreement.**

This Agreement supersedes and is in lieu of any and all other employment arrangements between the Executive and the Company or its predecessor or any subsidiary and any and all such employment agreements and arrangements are hereby terminated and deemed of no further force or effect; *provided, however*, that this Paragraph does not apply to any agreements or other

documents that are currently in effect with regard to the Executive's position on the Board of Directors and his Incentive Equity Awards, including the Incentive Plan.

11. Assignment.

Neither this Agreement nor any rights or duties of the Executive hereunder shall be assignable by the Executive and any such purported assignment by his shall be void. The Company may assign all or any of its rights hereunder in the event of a Change of Control; however, the Company agrees that this Agreement shall be binding on the successors and/or assigns of the Company.

12. Notices.

Unless specified in this Agreement, all notices and other communications hereunder shall be in writing and shall be deemed given upon receipt or refusal thereof if delivered personally, sent by overnight courier service, mailed by registered or certified mail (return receipt requested), postage prepaid, or emailed to the other party's email address on the Company's computer network. Notice to their party hereto, if mailed or sent by overnight courier service, shall be to the following addresses:

- (a) if to the Executive, to:

R. Dirk Allison
11113 Long Isles Lane
Lewisville, TX 73036

- (b) if to the Company, to:

Addus HealthCare, Inc.
6801 Gaylord Parkway
Suite 110
Frisco, TX 75034
Attention: Chairman of the Board of Directors

with a copy, which shall not constitute notice, to:

Bass Berry & Sims PLC
150 Third Avenue South
Suite 2800
Nashville, TN 37201
Attention: David Cox, Esq.
Telephone: (615) 742-6299
Facsimile: (615) 742-2864
E-mail: dcox@bassberry.com

Any party may change its address for notice by giving all other parties notice of such change pursuant to this Section 12.

13. Amendment.

This Agreement may not be changed, modified or amended except in writing signed by both parties to this Agreement.

14. Waiver of Breach.

The waiver by either party of the breach of any provision of this Agreement shall not operate or be construed as a waiver of any subsequent breach by either party.

15. Invalidity of Any Provision.

The provisions of this Agreement are severable, it being the intention of the parties hereto that should any provision hereof be invalid or unenforceable, such invalidity or enforceability of any provisions shall not affect the remaining provisions hereof, but the same shall remain in full force and effect as if such invalid or unenforceable provision or provisions were omitted.

16. 409A Compliance.

This Agreement is intended to comply with or be exempt from Code §409A, and accordingly, to the maximum extent permitted, this Agreement shall be interpreted to be in compliance with or exempt from Code §409A. Notwithstanding any other provision to the contrary, a termination of employment with the Company shall not be deemed to have occurred for purposes of any provision of this Agreement providing for the payment of “deferred compensation” (as such term is defined in §409A) upon or following a termination of employment unless such termination is also a “separation from service” from the Company within the meaning of Code §409A and Section 1.409A-1(h) of the Treasury Regulations and, for purposes of any such provision of this agreement, references to a “separation,” “termination,” “termination of employment or like terms shall mean “separation from service.” If the Executive is a specified employee within the meaning of that term under Code §409A, then with regard to any payment that is considered non-qualified deferred compensation under Code §409A and payable on account of a separation from service, such payment shall be made on the date which is the earlier of (i) the expiration of the six (6)-month period measured from the date of such separation from service, and (ii) the date of the Executive’s death (the “Delay Period”) to the extent required under Code §409A. Upon the expiration of the Delay Period, all payments delayed shall be paid to the Executive in a lump sum, and all remaining payments due under this Agreement shall be paid or provided for in accordance with the normal payment dates specified herein. To the extent any reimbursements or in-kind benefits under this Agreement constitute non-qualified deferred compensation for purposes of Code §409A, (i) all such expenses or other reimbursements under this Agreement shall be made on or prior to the last day of the taxable year following the taxable year in which such expenses were incurred by the Executive, (ii) any right to such reimbursement or in kind benefits is not subject to liquidation or exchange for another benefit and (iii) no such reimbursement, expenses eligible for reimbursement or in-kind benefits provided in any taxable year shall in any way affect the expenses eligible for reimbursement, or in-kind benefits to be provided, in any other taxable year. For purposes of Code §409A, the Executive’s right to receive any installment payment pursuant to this Agreement shall be treated as a right to receive a series of separate and distinct payments. In no

event shall any payment under this Agreement that constitutes non-qualified deferred compensation for purposes of Code §409A be subject to offset, counterclaim or recoupment by any other amount unless otherwise permitted by Code §409A.

17. Governing Law.

This Agreement shall be governed by, and construed, interpreted and enforced in accordance with the laws of the State of Texas as applied to agreements entirely entered into and performed in Texas by Texas residents exclusive of the conflict of laws provisions of any other state.

18. Arbitration.

Except as set forth below, any controversy or claim arising out of or relating to this Agreement (including, without limitation, as to arbitrability and any disputes with respect to the Executive's employment with the Company or the termination of such employment), or the breach thereof, shall be settled by arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association in effect as of the date of filing of the arbitration administered by a person authorized to practice law in the State of Texas and mutually selected by the Company and the Executive (the "Arbitrator"). If the Company and the Executive are unable to agree upon the Arbitrator within fifteen (15) days, they shall each select an arbitrator within fifteen (15) days, and the arbitrators selected by the Company and the Executive shall appoint a third arbitrator to act as the Arbitrator within fifteen (15) days (at which point the Arbitrator alone shall judge the controversy or claim). The arbitration hearing shall commence within ninety (90) calendar days after the Arbitrator is selected, unless the Company and the Executive mutually agree to extend this time period. The arbitration shall take place in Dallas, Texas. The Arbitrator will have full power to give directions and make such orders as the Arbitrator deems just. Nonetheless, the Arbitrator explicitly shall not have the authority, power, or right to alter, change, amend, modify, add, or subtract from any provision of this Agreement except pursuant to Section 15. The Arbitrator shall issue a written decision that sets forth the essential findings and conclusions upon which the Arbitrator's award or decision is based within thirty (30) days after the conclusion of the arbitration hearing. The agreement to arbitrate will be specifically enforceable. The award rendered by the Arbitrator shall be final and binding (absent fraud or manifest error), and any arbitration award may be enforced by judgment entered in any court of competent jurisdiction. The Company and the Executive shall each pay one-half (1/2) of the fees of the Arbitrator. Notwithstanding anything set forth above to the contrary, in the event that the Company seeks injunctive relief and/or specific performance to remedy a breach, evasion, violation or threatened violation of this Agreement, the Executive irrevocably waives his right, if any, to have any such dispute decided by arbitration or in any jurisdiction or venue other than a state or federal court in the State of Texas. For any such action, the Executive further irrevocably consents to the personal jurisdiction of the state and federal courts in the State of Texas.

19. WAIVER OF JURY TRIAL.

NO PARTY TO THIS AGREEMENT OR ANY ASSIGNEE, SUCCESSOR, HEIR OR PERSONAL REPRESENTATIVE OF A PARTY SHALL SEEK A JURY TRIAL IN ANY

LAWSUIT, PROCEEDING, COUNTERCLAIM, OR ANY OTHER LITIGATION PROCEDURE BASED UPON OR ARISING OUT OF THIS AGREEMENT OR ANY OF THE ANCILLARY AGREEMENTS OR THE DEALINGS OR THE RELATIONSHIP BETWEEN THE PARTIES. NO PARTY WILL SEEK TO CONSOLIDATE ANY SUCH ACTION, IN WHICH A JURY TRIAL HAS BEEN WAIVED, WITH ANY OTHER ACTION IN WHICH A JURY TRIAL CANNOT OR HAS NOT BEEN WAIVED. THE PROVISIONS OF THIS SECTION 19 HAVE BEEN FULLY DISCUSSED BY THE PARTIES HERETO, AND THESE PROVISIONS SHALL BE SUBJECT TO NO EXCEPTIONS. NO PARTY HERETO HAS IN ANY WAY AGREED WITH OR REPRESENTED TO ANY OTHER PARTY HERETO THAT THE PROVISIONS OF THIS SECTION 19 WILL NOT BE FULLY ENFORCED IN ALL INSTANCES.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

ADDUS HEALTHCARE, INC.

By: /s/ Brian Poff
Name: Brian Poff
Title: Chief Financial Officer

/s/ R. Dirk Allison
R. Dirk Allison

Signature Page to Allison Employment Agreement

Exhibit A
Bonus

Long Term Incentive Plan

Subject to the terms and conditions of a bonus plan that may be approved by the Compensation Committee of the Board of Directors, the Executive shall be eligible to receive stock-based compensation in the event that the Company attains a certain percentage of its annual performance target (the "Performance Target"), which Performance Target shall be determined by the Compensation Committee in its sole discretion and shall be consistent with the methodology used to calculate the incentive awards granted to other senior executives of the Company, as follows:

<u>Percentage of Performance Target Attained</u>	<u>Amount of Stock-Based Compensation</u>
90%	50% of Base Salary
100%	100% of Base Salary
110%	150% of Base Salary

For the avoidance of doubt, any stock-based compensation awarded to the Executive under the 2016 Long Term Incentive Plan may be apportioned between nonqualified employee stock options and Restricted Stock as the Compensation Committee shall determine in its sole discretion.

Cash Incentive Plan

Subject to the terms and conditions of incentive bonus plan that may be approved by the Compensation Committee, the Executive shall be eligible to receive cash-based compensation in the event that the Company attains a certain percentage of its Performance Target, which Performance Target shall be determined by the Compensation Committee in its sole discretion and shall be consistent with the methodology used to calculate the incentive awards granted to other senior executives of the Company, as follows:

<u>Percentage of Performance Target Attained</u>	<u>Amount of Cash-Based Compensation</u>
90%	50% of Base Salary
100%	100% of Base Salary
110%	150% of Base Salary

**AMENDED AND RESTATED EMPLOYMENT AND NON-COMPETITION
AGREEMENT**

This AMENDED AND RESTATED EMPLOYMENT AND NON-COMPETITION AGREEMENT (this "Agreement") is effective as of April 25, 2017 (the "Effective Date"), by and between Addus HealthCare, Inc., an Illinois corporation (the "Company"), and Brian Poff, an individual domiciled in the State of Texas (the "Executive").

WHEREAS, the Company, its parent and its subsidiaries (collectively, the "Addus HealthCare Group") provide home care services to individuals, county and state governments, health maintenance organizations, independent physician associations, insurance companies, facilities, other business purchasers of such services, and to the general public at large.

WHEREAS, the Executive is currently employed by the Company as its Executive Vice President—Chief Financial Officer pursuant to an Employment and Non-Competition Agreement dated May 10, 2016 (the "Original Date") (the "Prior Agreement"), and the parties hereto desire to enter this Agreement to secure the Executive's continued employment, all on the terms and conditions set forth herein.

WHEREAS, by virtue of the Executive's employment by the Company pursuant to the terms hereof, the Executive will obtain and become familiar with certain valuable confidential and proprietary information relating to the Addus HealthCare Group, its customers and employees.

WHEREAS, the Company desires to protect the goodwill and all proprietary rights and information of the Addus HealthCare Group.

NOW, THEREFORE, in consideration of the mutual covenants and agreements set forth herein, the parties hereto, intending to be legally bound, agree as follows:

1. Effectiveness; Term of Employment.

- (a) This Agreement shall automatically become effective on the Effective Date.
- (b) The Company hereby employs the Executive, and the Executive hereby accepts employment by the Company, for the period commencing as of the Original Date and ending on the fourth (4th) anniversary of the Original Date, or on such earlier date as provided pursuant to the terms and conditions of this Agreement (the "Initial Employment Term"). At the end of the Initial Employment Term, this Agreement shall automatically renew for successive one (1) year terms (each, as may be earlier terminated pursuant to the terms and conditions of this Agreement, an "Additional Employment Term" and, together with the Initial Employment Term, as may be earlier terminated pursuant to the terms and conditions of this Agreement, the "Employment Term"), unless either party provides notice to the other of its or his intention not to renew this Agreement at least thirty (30) days prior to the expiration of the Initial Employment Term or any Additional Employment Term (a "Non-Renewal"). During the Employment Term, the Executive shall (i) devote substantially all of his professional time, loyalty and efforts to discharge his duties hereunder on a timely basis; (ii) use his best efforts to loyally and

diligently serve the business and affairs of the Addus HealthCare Group; and (iii) endeavor in all respects to promote, advance and further the Addus HealthCare Group's interests in all matters.

2. Employment Duties.

During the Employment Term, the Company will employ the Executive as its Executive Vice President—Chief Financial Officer, a senior executive position that reports directly to the Chief Executive Officer of the Company. The Executive's principal duties and responsibilities shall be (i) to provide the strategic vision and leadership for the Company's financial systems function, (ii) to direct the development and execution of all financial programs and initiatives, and (iii) to develop financial solutions to improve business development, service quality and cost control.

3. Compensation.

The Company will pay the Executive as follows during the Employment Term:

- (a) **Base Salary.** Commencing March 5, 2017, the Company shall pay the Executive a base salary at the annual rate of Three Hundred Forty Thousand Dollars (\$340,000), which shall be paid in accordance with the normal payroll practices of the Company and shall be subject to applicable withholdings and deductions. Thereafter, the Executive's base salary shall be subject to review and adjustment upward by the compensation committee (the "Compensation Committee") of the board of directors of Addus HomeCare Corporation ("Addus HomeCare") (the "Board of Directors") on or about each anniversary of the Effective Date for each year during the Employment Term (as adjusted from time-to-time, the "Base Salary").
- (b) **Bonus.** The Executive, at the discretion of the Compensation Committee, shall be eligible (but not entitled) to receive an annual bonus as set forth on Exhibit A hereto. The Compensation Committee, at its sole discretion, may determine the amount of the annual bonus, if any, to which the Executive may become entitled based on the quantitative and qualitative factors described on Exhibit A or any other factors the Compensation Committee may deem appropriate from time to time. All amounts payable pursuant to this Section 3(b), if any, shall be paid within no more than thirty (30) days after completion of Addus HomeCare's audited financial statements for the most recently completed fiscal year, but in all events, in the fiscal year following the fiscal year in which it was earned, and shall be subject to applicable withholdings and deductions. Bonus is not salary and is earned on the day it is paid. To be eligible to receive the bonus, the Executive must be actively employed and must not have given notice of termination on or prior to such date.
- (c) **Equity Awards.** The Executive has previously received equity awards pursuant to the Prior Agreement.

4. Expenses.

It is recognized that the Executive in the performance of his duties hereunder may be required to expend sums for travel (e.g., airfare, automobile rental, etc.), entertainment and lodging. During the Employment Term, the Company shall reimburse the Executive for reasonable business expenses incurred by him during the Employment Term in connection with the performance of his duties hereunder conditioned upon and subject to the Company's established policies and procedures, including written receipt from the Executive of an itemized accounting in accordance with the Company's regular business expense verification practices.

5. Benefits.

During the Employment Term, the Executive shall be entitled to benefits under such plans, programs or arrangements as the Board of Directors may establish or maintain from time to time for similarly-situated employees, and in accordance with its policies, which may change at the sole discretion of the Board of Directors. Benefits as of the Effective Date are:

- (a) Four (4) weeks paid vacation during each year of employment. Subject to the Company's established policies and procedures, vacation may be carried over to a subsequent year of employment, not to exceed eight (8) weeks during any calendar year of employment.
- (b) Five (5) days personal/sick leave per year, with pay. Personal/sick days may be carried over to a subsequent year of employment, not to exceed ten (10) days during any calendar year of employment.
- (c) Six (6) Company holidays, plus two (2) floating holidays, per year.
- (d) Coverage beginning on the Original Date under the health benefit plan provided by the Company to its executives, which may change, at the sole discretion of the Board of Directors, from time to time. The Company will cover the Executive and his dependents, if any, during the Employment Term to the same extent and according to the same terms as the Company's other executives are covered.
- (e) Life insurance policy beginning on the Original Date with a face amount of up to five (5) times the Base Salary, provided that the Company shall not be required to spend greater than three percent (3%) of the Base Salary in purchasing such insurance policy.
- (f) Short-term and long-term disability insurance beginning on the Original Date to the same extent and according to the same terms as the Company's other similarly-situated executives are covered, which may change, at the sole discretion of the Board of Directors, from time to time.
- (g) Tuition reimbursement shall be available for courses relevant to the Executive's position and taken at an accredited institution, subject to prior approval by the Board of Directors.
- (h) Participation in the Company's 401(k) plan up to the defined Internal Revenue Service limit beginning 30 days after the Original Date. The Company will annually match 6% of

the Executive's annual contribution to such plan during the Employment Term, subject to the Company's established policies and procedures.

6. Termination by Company.

- (a) The Company may terminate the Executive's employment hereunder at any time for Reasonable Cause. The term "Reasonable Cause" shall be limited to the following:
- (i) A material breach or omission by the Executive of any of his duties or obligations under this Agreement (except due to Disability, as defined below) that the Executive shall fail to cure after receipt of written notice of such breach or omission from the Company's President and Chief Executive Officer (the "CEO") or Board of Directors, which notice shall designate the period of time within which the breach or omission must be cured to the satisfaction of the CEO or the Board of Directors, as applicable, in order to prevent a termination for Reasonable Cause; *provided, however*, that the Executive shall only be permitted the opportunity to cure such breaches or omissions a total of two times in any twelve (12)-month rolling period;
 - (ii) The Executive shall willfully engage in any action that materially damages, or that may reasonably be expected to materially damage, the Addus HealthCare Group or the business or goodwill thereof;
 - (iii) The Executive shall breach his fiduciary duty to the Addus HealthCare Group;
 - (iv) The Executive shall commit any act involving fraud, the misuse or misappropriation of money or other property of the Addus HealthCare Group, a felony, habitual use of drugs or other intoxicants or chronic absenteeism;
 - (v) Gross negligence or willful misconduct by the Executive;
 - (vi) The Executive shall commit acts constituting gross insubordination, such as, without limitation, the intentional disregard of any reasonable directive of the CEO or the Board of Directors; or
 - (vii) The Executive shall fail to perform any material duty in a timely and effective manner and shall fail to cure any such performance deficiency after receipt of written notice of the deficiency from the CEO or the Board of Directors, which notice shall designate the period of time within which the performance deficiency must be cured to the satisfaction of the CEO or the Board of Directors, as applicable, in order to prevent a termination for reasonable cause; *provided, however*, that the Executive shall only be permitted the opportunity to cure performance deficiencies a total of two times in any twelve (12)-month rolling period.
- (b) The Executive's employment hereunder shall be terminated in the event of his death, and the Company may terminate the Executive's employment hereunder if the Executive suffers a physical or mental disability (a "Disability") so that the Executive is or, in the opinion of an independent physician retained by the Company for purposes of this determination will be, unable to perform his duties in a manner satisfactory to the

Company for a period of ninety (90) days out of any one hundred eighty (180) consecutive-day period (in which event the Executive shall be deemed to have suffered a permanent Disability).

- (c) The Company may terminate the Executive's employment hereunder at any time for any other reason, or for no reason.
- (d) Termination of the Executive's employment for any reason shall terminate the Employment Term but shall not affect the Executive's obligations pursuant to Section 9 hereof, which obligations shall remain in effect for the period therein provided.

7. Termination by the Executive.

The Executive may terminate his employment with the Company (a) for Good Reason (as defined below) or (b) without Good Reason, in each case, upon not less than thirty (30) days prior written notice to the Company; *provided, however*, that after the receipt of such notice, the Company may, in its discretion accelerate the effective date of such termination at any time by written notice to the Executive. Termination of the Executive's employment by the Executive shall terminate the Employment Term, but shall not affect the Executive's obligations under Section 9 hereof, which obligations shall remain in effect for the period therein provided. As used herein, "Good Reason" means (i) any reduction in the Executive's Base Salary, (ii) any material reduction to the Executive's employment duties and responsibilities, (iii) any willful breach by the Company of any material term of this Agreement, other than a breach which is remedied by the Company within 10 days after receipt of written notice given by the Executive, or (iv) a change in the Executive's direct reporting duty to a person other than the Chief Executive Officer of the Company or the Board of Directors.

8. Rights and Obligations Upon Termination.

- (a) If the Executive's employment is terminated by the Company pursuant to Section 6(a) or 6(b) hereof or by the Executive pursuant to Section 7(b) hereof, the Executive or his estate shall have no further rights against the Addus HealthCare Group hereunder, except for the right to receive, with respect to the period prior to the effective date of termination:
 - (i) Any unpaid Base Salary under Section 3(a) hereof for any period prior to the effective date of termination;
 - (ii) Any accrued but unpaid benefits under Section 5 hereof for any period prior to the effective date of termination; and
 - (iii) In the case of termination pursuant to Section 6(b), eligibility for life or disability insurance benefits described in Sections 5(e) or (f), as applicable.

Such payments shall be made to the Executive whether or not the Company chooses to utilize the services of the Executive for the required notice period specified in Section 7.

-
- (b) If the Executive's employment is terminated pursuant to Section 6(c) hereof or Section 7(a) hereof, or as a result of Non-Renewal by the Company, the Executive shall be entitled to, in lieu of any further payments to the Executive for periods subsequent to the date of termination:
- (i) Any unpaid Base Salary under Section 3(a) hereof for any period prior to the effective date of termination;
 - (ii) A pro rata portion of the bonus under Section 3(b) hereof based on what Executive would have been entitled to receive pursuant to the Company's then-effective bonus plan had his employment not been terminated, which shall be payable following the time the Company determines the amount of bonuses payable to its executives following the end of the year in which termination occurs, which determination will be based on the actual performance of the Company;
 - (iii) Any accrued but unpaid benefits under Section 5 hereof for any period prior to the effective date of termination, in accordance with the terms of the applicable plan or arrangement;
 - (iv) Conditioned upon the Executive's strict compliance with the post-employment restrictions described in Section 9 below and subject to applicable withholdings and deductions, severance pay ("Base Severance Pay") in an amount equal to the Executive's Base Cash Compensation (as defined below) to be paid in equal installments on the Company's regular pay dates over the twelve (12) month period following termination of the Executive's employment (subject to applicable withholdings and deductions), plus, if the Executive timely elects to continue his health, dental and/or vision insurance coverage under COBRA, the Executive shall be eligible to receive after-tax cash payments equal to the difference between his COBRA continuation coverage premiums and the amount of premiums paid by similarly-situated active employees of the Company under the Company's health, dental and/or vision insurance plans, for a period of twelve (12) months following the Executive's date of termination of employment, to be paid in equal installments on the Company's regular pay dates (subject to applicable tax withholdings and deductions).
- For purposes of this Agreement, "Base Cash Compensation" shall mean the highest annual Base Salary in effect for the Executive.
- (c) Notwithstanding anything to the contrary set forth herein, if the Executive's employment is terminated by the Company pursuant to Section 6(c) within six (6) months prior to, or one (1) year following, a Change in Control (as defined below), the Executive shall be entitled to, in lieu of the payments to be made pursuant to Section 8(b)(iv), an amount equal to the Executive's Annual Cash Compensation (as defined below) (subject to applicable withholdings and deductions), less any payment already received pursuant to Section 8(b)(iv) ("Change of Control Severance Pay") and, together with Base Severance Pay, "Severance Pay"), which shall be payable in accordance with the normal payroll practices of the Company in equal installments on the Company's regular pay dates for one (1) year following termination of the Executive's employment, plus, if the Executive

elects to continue his health, dental and/or vision insurance coverage under COBRA, the Executive shall be eligible to receive after-tax cash payments equal to the difference between his COBRA continuation coverage premiums and the amount of premiums paid by similarly-situated active employees of the Company under the Company's health, dental and/or vision insurance plans, payable in equal installments on the Company's regular pay dates (subject to applicable tax withholdings and deductions) until one (1) year following the termination of the Executive's employment. As used herein, a "Change in Control" shall be deemed to have occurred if (i) any "person" (as such term is used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act")), other than a trustee or other fiduciary holding securities under an employee benefit plan of Addus HomeCare, or a corporation owned directly or indirectly by the stockholders of Addus HomeCare in substantially the same proportions as their ownership of stock of Addus HomeCare, becomes the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of Addus HomeCare representing more than 50% of the total voting power represented by Addus HomeCare's then outstanding securities that vote generally in the election of directors (referred to herein as "Voting Securities"); or (ii) after the date of this Agreement, the stockholders of Addus HomeCare approve (x) a merger or consolidation of Addus HomeCare with any other corporation, other than a merger or consolidation that would result in the Voting Securities of Addus HomeCare outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into Voting Securities of the surviving entity) more than 50% of the total voting power represented by the Voting Securities of Addus HomeCare or such surviving entity outstanding immediately after such merger or consolidation, or (y) a plan of complete liquidation of Addus HomeCare or an agreement for the sale or disposition by Addus HomeCare of (in one transaction or a series of transactions) all or substantially all of Addus HomeCare's assets.

For purposes of this Agreement, "Annual Cash Compensation" shall mean the sum of (a) the highest annual Base Salary in effect for the Executive and (b) the greater of (i) the Executive's bonus for the most recently-completed year, if any, or (ii) the annualized amount of the Executive's target bonus for the then current year.

- (d) The Executive acknowledges and agrees that the Company's obligations to make payments pursuant to Sections 8(b)(iv) and 8(c) above are expressly conditioned on the Executive timely executing, delivering and not revoking a customary general release in form and substance satisfactory to the Company within the period that is sixty (60) days following the date of the Executive's termination of employment or service with the Company. To the extent that such sixty (60) day period spans two (2) calendar years, no payment of any severance amount or benefit that is (i) considered to be nonqualified deferred compensation within the meaning of Section 409A of the Internal Revenue Code of 1986, as amended, and the regulations and guidance promulgated thereunder (collectively, "Code §409A") and (ii) conditioned upon the release, shall be made before the first day of the second calendar year, regardless of when the release is actually executed and returned to the Company.

9. **Covenants of the Executive.**

- (a) **No Conflicts.** The Executive represents and warrants that he is not personally subject to any agreement, order or decree that restricts his acceptance of this Agreement and performance of his duties with the Company hereunder.
- (b) **Non-Competition; Non-Solicitation.** During the Employment Term and during the Restrictive Period (as defined below), the Executive shall not, without the prior written consent of the Company, directly or indirectly, in any capacity whatsoever, either on his own behalf or on behalf of any other person or entity whom he may manage, control, participate in, consult with, render services for or be employed or associated, compete with the Business (as defined below) in any of the following described manners:
- (i) Engage in, assist or have any interest in, as principal, consultant, advisor, agent, financier or employee, any business entity that is, or that is about to become engaged in, providing goods or services in competition with the Addus HealthCare Group within a geographic radius of fifty (50) miles from any Addus HealthCare Group branch office;
 - (ii) Solicit or accept any business (or help any other person solicit or accept any business) from any person or entity that on the Effective Date is a customer of the Addus HealthCare Group or during the Employment Term becomes a customer of the Addus HealthCare Group, other than a customer that does not engage in the Business;
 - (iii) Induce or attempt to induce any employee of the Addus HealthCare Group to terminate such employee's relationship with the Addus HealthCare Group or in any way interfere with the relationship between the Addus HealthCare Group and any employee thereof; or
 - (iv) Induce or attempt to induce any customer, referral source, supplier, vendor, licensee or other business relation of the Addus HealthCare Group to cease doing business with the Addus HealthCare Group, or in any way interfere with the relationship between any such customer, referral source, supplier, vendor, licensee or business relation, on the one hand, and the Addus HealthCare Group, on the other hand.

For purposes hereof, the term "Business" means the business of providing home care services of the type and nature that the Addus HealthCare Group then performed and/or any other business activity in which the Addus HealthCare Group then performed or program or service then under active development proposed to be performed and/or any other business activity in which the Addus HealthCare Group becomes engaged in on or after the date hereof while the Executive is employed by the Company.

For purposes hereof, the term "Restrictive Period" means the period beginning on the date on which the Executive's employment is terminated by the Company or the Executive for any reason and ending on the first anniversary of such date.

Notwithstanding the foregoing provisions, nothing herein shall prohibit the Executive from owning one percent (1%) or less of any securities of a competitor, if such securities are listed on a nationally recognized securities exchange or traded over-the-counter. If, at

the time of enforcement of this Section 9(b), a court holds that the restrictions stated herein are unreasonable under the circumstances then existing, the parties hereto agree that the maximum period, scope or geographic area reasonable under such circumstances shall be substituted for the stated period, scope or area determined to be reasonable under the circumstances by such court.

- (c) **Non-Disclosure.** The Executive recognizes and acknowledges that he will have access to certain confidential and proprietary information of Addus HealthCare Group, including, but not limited to, Trade Secrets (as defined below) and other proprietary commercial information, and that such information constitutes valuable, special and unique property of Addus HealthCare Group. The Executive agrees that he will not, for any reason or purpose whatsoever, except in the performance of his duties hereunder, or as required by law, disclose any of such confidential information to any person, entity or governmental authority without express authorization of the Company. The Executive further agrees that he shall not, at any time during the Employment Term or thereafter, without the express prior written consent of the Company, directly or indirectly, in any capacity whatsoever, either on his own behalf or on behalf of any other person or entity that he manages, controls, participates in, consults with, renders services for or is employed by or associated with, disclose or use, except when necessary to further the interests of the Business, any Trade Secret of the Addus HealthCare Group, whether such Trade Secret is in the Executive's memory or embodied in writing or other physical form. For purposes of this Agreement, "Trade Secret" means any information, not generally known to, and not readily ascertainable by proper means by, other persons who can obtain economic value from its disclosure or use and is the subject of efforts to maintain its secrecy that are reasonable under the circumstances, including, but not limited to, (i) trade secrets; (ii) information concerning the business or affairs of the Addus HealthCare Group, including its products or services, fees, costs, and pricing structures, charts, manuals and documentation, databases, accounting and business models, designs, analyses, drawings, photographs and reports, computer software, copyrightable works, inventions, devices, new developments, methods and processes, whether patentable or unpatentable and whether or not reduced to practice, sales records and other proprietary commercial information; (iii) information concerning actual and prospective clients and customers of the Addus HealthCare Group, including client and customer lists and other compilations; and (iv) information concerning employees, contractors and vendors of the Addus HealthCare Group, including personal information and information concerning the compensation or other terms of employment of such individuals. "Trade Secret," however, shall not include general "know-how" information acquired by the Executive during the course of his employment that could have been obtained by him from public sources without the expenditure of significant time, effort and expense.
- (d) **Covenant Regarding Confidential and Proprietary Information.** The Executive will promptly disclose in writing to the Company each improvement, discovery, idea, invention, and each proposed publication of any kind whatsoever, relating to the Business made or conceived by the Executive either alone or in conjunction with others while employed hereunder if such improvement, discovery, idea, invention or publication results from or was suggested by such employment (whether or not patentable and whether or not made or conceived at the request of or upon the suggestion of the

Company, and whether or not during his usual hours of work, whether in or about the premises of the Addus Healthcare Group and whether prior or subsequent to the execution hereof). The Executive will not disclose any such improvement, discovery, idea, invention or publication to any person, entity or governmental authority, except to the Company. Each such improvement, discovery, idea, invention and publication shall be the sole and exclusive property of, and is hereby assigned by the Executive to, the Company, and at the request of the Company, the Executive will assist and cooperate with the Company and any person or entity from time to time designated by the Company to obtain for the Company or its designee the grant of any letters patent in the United States of America and/or such other country or countries as may be designated by the Company, covering any such improvement, discovery, idea, invention or publication and will in connection therewith execute such applications, statements, assignments or other documents, furnish such information and data and take all such other action (including, without limitation, the giving of testimony) as the Company may from time to time reasonably request. The foregoing provisions of this Section 9(d) shall not apply to any improvement, discovery, idea, invention or publication for which no equipment, supplies, facilities or confidential and proprietary information of Addus HealthCare Group was used and that was developed entirely on the Executive's own time, unless (x) the improvement, discovery, idea, invention or publication relates to the Business or the actual or demonstrably anticipated research or development of the Business, or (y) the improvement, discovery, idea, invention or publication results from any work performed by the Executive for the Addus HealthCare Group.

- (e) **Non-Disparagement.** The Executive agrees that, during the Employment Term and the Restrictive Period, he will not make any statement, either in writing or orally, that is communicated publicly or is reasonably likely to be communicated publicly and that is reasonably likely to disparage or otherwise harm the business or reputation of the Addus HealthCare Group, or the reputation of any of its current or former directors, officers, employees or stockholders.
- (f) **Return of Documents and Other Property.** Upon termination of employment, the Executive shall return all originals and copies of books, records, documents, customer lists, sales materials, tapes, keys, credit cards and other tangible property of Addus HealthCare Group within the Executive's possession or under his control.
- (g) **Remedies for Breach.** In the event of a breach or threat of a breach of the provisions of this Section 9, the Executive hereby acknowledges that such breach or threat of a breach will cause the Company to suffer irreparable harm and that the Company shall be entitled to an injunction restraining the Executive from breaching such provisions; but the foregoing shall not be construed as prohibiting the Company from having available to it to any other remedy, either at law or in equity, for such breach or threatened breach, including, but not limited to, the immediate cessation of employment and any remaining Severance Pay and benefits pursuant to Section 8 and the recovery of damages from the Executive and the notification of any employer or prospective employer of the Executive as to the terms and conditions hereof (without limiting or affecting the Executive's obligations under the other paragraphs of this Section 9).

-
- (h) **Acknowledgment.** The Executive acknowledges that he will be directly and materially involved as a senior executive in all important policy and operational decisions of Addus HealthCare Group. The Executive further acknowledges that the scope of the foregoing restrictions has been specifically bargained between the Company and the Executive, each being fully informed of all relevant facts. Accordingly, the Executive acknowledges that the foregoing restrictions of this Section 9 are fair and reasonable, are minimally necessary to protect Addus HealthCare Group, its stockholders and the public from the unfair competition of the Executive who, as a result of his employment with the Company, will have had access to the most confidential and important information of Addus HealthCare Group, its Business and future plans. The Executive furthermore acknowledges that no unreasonable harm or injury will be suffered by him from enforcement of the covenants contained herein and that he will be able to earn a reasonable livelihood following termination of his employment notwithstanding enforcement of the covenants contained herein.
- (i) **Right of Set Off.** In the event of a breach by the Executive of the provisions of this Agreement, the Company is hereby authorized at any time and from time to time, to the fullest extent permitted by law, and after ten (10) days prior written notice to the Executive, to set-off and apply any and all amounts at any time held by the Company on behalf of the Executive and all indebtedness at any time owing by the Addus HealthCare Group to the Executive against any and all of the obligations of the Executive now or hereafter existing, to the extent such set-off would not result in a penalty under Code §409A with regard to amounts that are deemed deferred compensation under Code §409A.

10. Prior Agreement.

This Agreement supersedes and is in lieu of any and all other employment arrangements between the Executive and the Company or its predecessor or any subsidiary and any and all such employment agreements and arrangements are hereby terminated and deemed of no further force or effect.

11. Assignment.

Neither this Agreement nor any rights or duties of the Executive hereunder shall be assignable by the Executive and any such purported assignment by him shall be void. The Company may assign all or any of its rights hereunder.

12. Notices.

Unless specified in this Agreement, all notices and other communications hereunder shall be in writing and shall be deemed given upon receipt or refusal thereof if delivered personally, sent by overnight courier service, mailed by registered or certified mail (return receipt requested), postage prepaid, or emailed to the other party's email address on the Company's computer network. Notice to their party hereto, if mailed or sent by overnight courier service, shall be to the following addresses:

(a) if to the Executive, to:

Brian Poff
9036 Cypress Creek Road
Lantana, TX 76226

(b) if to the Company, to:

Addus HealthCare, Inc.
6801 Gaylord Parkway
Suite 110
Frisco, TX 75034
Attention: CEO

with a copy, which shall not constitute notice, to:

Bass Berry & Sims PLC
150 Third Avenue South
Suite 2800
Nashville, TN 37201
Attention: David Cox, Esq.
Telephone: (615) 742-6299
Facsimile: (615) 742-2864
E-mail: dcox@bassberry.com

Any party may change its address for notice by giving all other parties notice of such change pursuant to this Section 12.

13. Amendment

This Agreement may not be changed, modified or amended except in writing signed by both parties to this Agreement.

14. Waiver of Breach.

The waiver by either party of the breach of any provision of this Agreement shall not operate or be construed as a waiver of any subsequent breach by either party.

15. Invalidity of Any Provision.

The provisions of this Agreement are severable, it being the intention of the parties hereto that should any provision hereof be invalid or unenforceable, such invalidity or enforceability of any provisions shall not affect the remaining provisions hereof, but the same shall remain in full force and effect as if such invalid or unenforceable provision or provisions were omitted.

16. 409A Compliance.

This Agreement is intended to comply with or be exempt from Code §409A, and accordingly, to the maximum extent permitted, this Agreement shall be interpreted to be in compliance with or exempt from Code §409A. Notwithstanding any other provision to the contrary, a termination of employment with the Company shall not be deemed to have occurred for purposes of any provision of this Agreement providing for the payment of “deferred compensation” (as such term is defined in §409A) upon or following a termination of employment unless such termination is also a “separation from service” from the Company within the meaning of Code §409A and Section 1.409A-1(h) of the Treasury Regulations and, for purposes of any such provision of this agreement, references to a “separation,” “termination,” “termination of employment or like terms shall mean “separation from service.” If the Executive is a specified employee within the meaning of that term under Code §409A, then with regard to any payment that is considered non-qualified deferred compensation under Code §409A and payable on account of a separation from service, such payment shall be made on the date which is the earlier of (i) the expiration of the six (6)-month period measured from the date of such separation from service, and (ii) the date of the Executive’s death (the “Delay Period”) to the extent required under Code §409A. Upon the expiration of the Delay Period, all payments delayed shall be paid to the Executive in a lump sum, and all remaining payments due under this Agreement shall be paid or provided for in accordance with the normal payment dates specified herein. To the extent any reimbursements or in-kind benefits under this Agreement constitute non-qualified deferred compensation for purposes of Code §409A, (i) all such expenses or other reimbursements under this Agreement shall be made on or prior to the last day of the taxable year following the taxable year in which such expenses were incurred by the Executive, (ii) any right to such reimbursement or in kind benefits is not subject to liquidation or exchange for another benefit and (iii) no such reimbursement, expenses eligible for reimbursement or in-kind benefits provided in any taxable year shall in any way affect the expenses eligible for reimbursement, or in-kind benefits to be provided, in any other taxable year. For purposes of Code §409A, the Executive’s right to receive any installment payment pursuant to this Agreement shall be treated as a right to receive a series of separate and distinct payments. In no event shall any payment under this Agreement that constitutes non-qualified deferred compensation for purposes of Code §409A be subject to offset, counterclaim or recoupment by any other amount unless otherwise permitted by Code §409A.

17. Governing Law.

This Agreement shall be governed by, and construed, interpreted and enforced in accordance with the laws of the State of Texas as applied to agreements entirely entered into and performed in Texas by Texas residents exclusive of the conflict of laws provisions of any other state.

18. Arbitration.

Except as set forth below, any controversy or claim arising out of or relating to this Agreement (including, without limitation, as to arbitrability and any disputes with respect to the Executive’s employment with the Company or the termination of such employment), or the breach thereof, shall be settled by arbitration in accordance with the Commercial Arbitration

Rules of the American Arbitration Association in effect as of the date of filing of the arbitration administered by a person authorized to practice law in the State of Texas and mutually selected by the Company and the Executive (the "Arbitrator"). If the Company and the Executive are unable to agree upon the Arbitrator within fifteen (15) days, they shall each select an arbitrator within fifteen (15) days, and the arbitrators selected by the Company and the Executive shall appoint a third arbitrator to act as the Arbitrator within fifteen (15) days (at which point the Arbitrator alone shall judge the controversy or claim). The arbitration hearing shall commence within ninety (90) calendar days after the Arbitrator is selected, unless the Company and the Executive mutually agree to extend this time period. The arbitration shall take place in Dallas, Texas. The Arbitrator will have full power to give directions and make such orders as the Arbitrator deems just. Nonetheless, the Arbitrator explicitly shall not have the authority, power, or right to alter, change, amend, modify, add, or subtract from any provision of this Agreement except pursuant to Section 15. The Arbitrator shall issue a written decision that sets forth the essential findings and conclusions upon which the Arbitrator's award or decision is based within thirty (30) days after the conclusion of the arbitration hearing. The agreement to arbitrate will be specifically enforceable. The award rendered by the Arbitrator shall be final and binding (absent fraud or manifest error), and any arbitration award may be enforced by judgment entered in any court of competent jurisdiction. The Company and the Executive shall each pay one-half (1/2) of the fees of the Arbitrator. Notwithstanding anything set forth above to the contrary, in the event that the Company seeks injunctive relief and/or specific performance to remedy a breach, evasion, violation or threatened violation of this Agreement, the Executive irrevocably waives his right, if any, to have any such dispute decided by arbitration or in any jurisdiction or venue other than a state or federal court in the State of Texas. For any such action, the Executive further irrevocably consents to the personal jurisdiction of the state and federal courts in the State of Texas.

19. WAIVER OF JURY TRIAL.

NO PARTY TO THIS AGREEMENT OR ANY ASSIGNEE, SUCCESSOR, HEIR OR PERSONAL REPRESENTATIVE OF A PARTY SHALL SEEK A JURY TRIAL IN ANY LAWSUIT, PROCEEDING, COUNTERCLAIM, OR ANY OTHER LITIGATION PROCEDURE BASED UPON OR ARISING OUT OF THIS AGREEMENT OR ANY OF THE ANCILLARY AGREEMENTS OR THE DEALINGS OR THE RELATIONSHIP BETWEEN THE PARTIES. NO PARTY WILL SEEK TO CONSOLIDATE ANY SUCH ACTION, IN WHICH A JURY TRIAL HAS BEEN WAIVED, WITH ANY OTHER ACTION IN WHICH A JURY TRIAL CANNOT OR HAS NOT BEEN WAIVED. THE PROVISIONS OF THIS SECTION 19 HAVE BEEN FULLY DISCUSSED BY THE PARTIES HERETO, AND THESE PROVISIONS SHALL BE SUBJECT TO NO EXCEPTIONS. NO PARTY HERETO HAS IN ANY WAY AGREED WITH OR REPRESENTED TO ANY OTHER PARTY HERETO THAT THE PROVISIONS OF THIS SECTION 19 WILL NOT BE FULLY ENFORCED IN ALL INSTANCES.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

ADDUS HEALTHCARE, INC.

By: /s/ R. Dirk Allison
Name: R. Dirk Allison
Title: President and Chief Executive Officer

/s/ Brian Poff
Brian Poff

Signature Page to Poff Employment Agreement

Exhibit A
Bonus

The Executive is eligible to receive a bonus with a target amount of 75% of the Executive's annual Base Salary during the applicable calendar year (pro-rated for any partial year), based on the Company's evaluation of the Executive's performance compared to established Company and/or individual objectives, in each case, at the discretion of the Compensation Committee of the Board of Directors. The Compensation Committee shall review and establish the objectives and threshold, target and maximum levels with respect to such objectives annually.

**AMENDED AND RESTATED EMPLOYMENT AND NON-COMPETITION
AGREEMENT**

This AMENDED AND RESTATED EMPLOYMENT AND NON-COMPETITION AGREEMENT (this "Agreement") is effective as of April 25, 2017 (the "Effective Date"), by and between Addus HealthCare, Inc., an Illinois corporation (the "Company"), and James Zoccoli, an individual domiciled in the State of Texas (the "Executive").

WHEREAS, the Company, its parent and its subsidiaries (collectively, the "Addus HealthCare Group") provide home care services to individuals, county and state governments, health maintenance organizations, independent physician associations, insurance companies, facilities, other business purchasers of such services, and to the general public at large.

WHEREAS, the Executive is currently employed by the Company as its Chief Information Officer pursuant to an Employment and Non-Competition Agreement dated February 25, 2016 (the "Original Date") (the "Prior Agreement"), and the parties hereto desire to enter this Agreement to secure the Executive's continued employment, all on the terms and conditions set forth herein.

WHEREAS, by virtue of the Executive's employment by the Company pursuant to the terms hereof, the Executive will obtain and become familiar with certain valuable confidential and proprietary information relating to the Addus HealthCare Group, its customers and employees.

WHEREAS, the Company desires to protect the goodwill and all proprietary rights and information of the Addus HealthCare Group.

NOW, THEREFORE, in consideration of the mutual covenants and agreements set forth herein, the parties hereto, intending to be legally bound, agree as follows:

1. **Effectiveness; Term of Employment.**

- (a) This Agreement shall automatically become effective on the Effective Date.
- (b) The Company hereby employs the Executive, and the Executive hereby accepts employment by the Company, for the period commencing as of the Original Date and ending on the fourth (4th) anniversary of the Original Date, or on such earlier date as provided pursuant to the terms and conditions of this Agreement (the "Initial Employment Term"). At the end of the Initial Employment Term, this Agreement shall automatically renew for successive one (1) year terms (each, as may be earlier terminated pursuant to the terms and conditions of this Agreement, an "Additional Employment Term" and, together with the Initial Employment Term, as may be earlier terminated pursuant to the terms and conditions of this Agreement, the "Employment Term"), unless either party provides notice to the other of its or his intention not to renew this Agreement at least thirty (30) days prior to the expiration of the Initial

Employment Term or any Additional Employment Term (a “Non-Renewal”). During the Employment Term, the Executive shall (i) devote substantially all of his professional time, loyalty and efforts to discharge his duties hereunder on a timely basis; (ii) use his best efforts to loyally and diligently serve the business and affairs of the Addus HealthCare Group; and (iii) endeavor in all respects to promote, advance and further the Addus HealthCare Group’s interests in all matters.

2. **Employment Duties.**

During the Employment Term, the Company will employ the Executive as its Chief Information Officer, a senior executive position that reports directly to the Chief Executive Officer of the Company. The Executive’s principal duties and responsibilities shall be those reflected in the employment description set forth on Exhibit A hereto.

3. **Compensation.**

The Company will pay the Executive as follows during the Employment Term:

- (a) **Base Salary.** Commencing March 5, 2017, the Company shall pay the Executive a base salary at the annual rate of Three Hundred Forty Thousand Dollars (\$340,000), which shall be paid in accordance with the normal payroll practices of the Company and shall be subject to applicable withholdings and deductions. Thereafter, the Executive’s base salary shall be subject to review and adjustment upward by the compensation committee (the “Compensation Committee”) of the board of directors of Addus HomeCare Corporation (“Addus HomeCare”) (the “Board of Directors”) on or about each anniversary of the Effective Date for each year during the Employment Term (as adjusted from time-to-time, the “Base Salary”).
- (b) **Bonus.** The Executive, at the discretion of the Compensation Committee, shall be eligible (but not entitled) to receive an annual bonus as set forth on Exhibit B hereto. The Compensation Committee, at its sole discretion, may determine the amount of the annual bonus, if any, to which the Executive may become entitled based on the quantitative and qualitative factors described on Exhibit B or any other factors the Compensation Committee may deem appropriate from time to time. All amounts payable pursuant to this Section 3(b), if any, shall be paid within no more than thirty (30) days after completion of Addus HomeCare’s audited financial statements for the most recently completed fiscal year, but in all events, in the fiscal year following the fiscal year in which it was earned, and shall be subject to applicable withholdings and deductions. Bonus is not salary and is earned on the day it is paid. To be eligible to receive the bonus, the Executive must be actively employed and must not have given notice of termination on or prior to such date.

(c) **Options.** The Executive has previously received equity awards pursuant to the Prior Agreement.

4. **Expenses.**

It is recognized that the Executive in the performance of his duties hereunder may be required to expend sums for travel (e.g., airfare, automobile rental, etc.), entertainment and lodging. During the Employment Term, the Company shall reimburse the Executive for reasonable business expenses incurred by him during the Employment Term in connection with the performance of his duties hereunder conditioned upon and subject to the Company's established policies and procedures, including written receipt from the Executive of an itemized accounting in accordance with the Company's regular business expense verification practices. Such policies shall also be in effect for frequent travel by the Executive to the Company's Corporate Center which it is agreed shall be as needed and commensurate with the Executive's duties and responsibilities during his employment hereunder; such time spent onsite at the Corporate Center may vary from time to time depending on the Executive's tenure and the results of the Company.

5. **Benefits.**

During the Employment Term, the Executive shall be entitled to benefits under such plans, programs or arrangements as the Board of Directors may establish or maintain from time to time for similarly-situated employees, and in accordance with its policies, which may change at the sole discretion of the Board of Directors. Benefits as of the Effective Date are:

- (a) Four (4) weeks paid vacation during each year of employment. Subject to the Company's established policies and procedures, vacation may be carried over to a subsequent year of employment, not to exceed eight (8) weeks during any calendar year of employment.
- (b) Five (5) days personal/sick leave per year, with pay. Personal/sick days may be carried over to a subsequent year of employment, not to exceed ten (10) days during any calendar year of employment.
- (c) Six (6) Company holidays, plus two (2) floating holidays, per year.
- (d) Coverage beginning on the Original Date under the health benefit plan provided by the Company to its executives, which may change, at the sole discretion of the Board of Directors, from time to time. The Company will cover the Executive and his dependents, if any, during the Employment Term to the same extent and according to the same terms as the Company's other executives are covered.
- (e) Life insurance policy beginning on the Original Date with a face amount of up to five (5) times the Base Salary, provided that the Company shall not be required to spend greater than three percent (3%) of the Base Salary in purchasing such insurance policy.

-
- (f) Short-term and long-term disability insurance beginning on the Original Date to the same extent and according to the same terms as the Company's other similarly-situated executives are covered, which may change, at the sole discretion of the Board of Directors, from time to time.
 - (g) Tuition reimbursement shall be available for courses relevant to the Executive's position and taken at an accredited institution, subject to prior approval by the Board of Directors.
 - (h) Participation in the Company's 401(k) plan up to the defined Internal Revenue Service limit beginning 30 days after the Original Date. The Company will annually match 6% of the Executive's annual contribution to such plan during the Employment Term, subject to the Company's established policies and procedures.

6. **Termination by Company.**

- (a) The Company may terminate the Executive's employment hereunder at any time for Reasonable Cause. The term "Reasonable Cause" shall be limited to the following:
 - (i) A material breach or omission by the Executive of any of his duties or obligations under this Agreement (except due to Disability, as defined below) that the Executive shall fail to cure after receipt of written notice of such breach or omission from the Company's President and Chief Executive Officer (the "CEO") or Board of Directors, which notice shall designate the period of time within which the breach or omission must be cured to the satisfaction of the CEO or the Board of Directors, as applicable, in order to prevent a termination for Reasonable Cause; provided, however, that the Executive shall only be permitted the opportunity to cure such breaches or omissions a total of two times in any twelve (12)-month rolling period;
 - (ii) The Executive shall willfully engage in any action that materially damages, or that may reasonably be expected to materially damage, the Addus HealthCare Group or the business or goodwill thereof;
 - (iii) The Executive shall breach his fiduciary duty to the Addus HealthCare Group;
 - (iv) The Executive shall commit any act involving fraud, the misuse or misappropriation of money or other property of the Addus HealthCare Group, a felony, habitual use of drugs or other intoxicants or chronic absenteeism;
 - (v) Gross negligence or willful misconduct by the Executive;

(vi) The Executive shall commit acts constituting gross insubordination, such as, without limitation, the intentional disregard of any reasonable directive of the CEO or the Board of Directors;

(vii) The Executive shall fail to perform any material duty in a timely and effective manner and shall fail to cure any such performance deficiency after receipt of written notice of the deficiency from the CEO or Board of Directors, which notice shall designate the period of time within which the performance deficiency must be cured to the satisfaction of the CEO or the Board of Directors, as applicable, in order to prevent a termination for reasonable cause; provided, however, that the Executive shall only be permitted the opportunity to cure performance deficiencies a total of two times in any twelve (12)-month rolling period; or

- (b) The Executive's employment hereunder shall be terminated in the event of his death, and the Company may terminate the Executive's employment hereunder if the Executive suffers a physical or mental disability (a "Disability") so that the Executive is or, in the opinion of an independent physician retained by the Company for purposes of this determination will be, unable to perform his duties in a manner satisfactory to the Company for a period of ninety (90) days out of any one hundred eighty (180) consecutive-day period (in which event the Executive shall be deemed to have suffered a permanent Disability).
- (c) The Company may terminate the Executive's employment hereunder at any time for any other reason, or for no reason.
- (d) Termination of the Executive's employment for any reason shall terminate the Employment Term but shall not affect the Executive's obligations pursuant to Section 9 hereof, which obligations shall remain in effect for the period therein provided.

7. **Termination by the Executive.**

The Executive may terminate his employment with the Company (a) for Good Reason (as defined below) or (b) without Good Reason, in each case, upon not less than thirty (30) days prior written notice to the Company; *provided, however*, that after the receipt of such notice, the Company may, in its discretion accelerate the effective date of such termination at any time by written notice to the Executive. Termination of the Executive's employment by the Executive shall terminate the Employment Term, but shall not affect the Executive's obligations under Section 9 hereof, which obligations shall remain in effect for the period therein provided. As used herein, "Good Reason" means (i) any reduction in the Executive's Base Salary, (ii) any material reduction to the Executive's employment duties and responsibilities, (iii) any willful breach by the Company of any material term of this Agreement, other than a breach which is remedied by the Company within 10 days after receipt of written notice given by the Executive, or (iv) a change in the Executive's direct reporting duty to a person other than the Chief Executive Officer of the Company or the Board of Directors.

8. **Rights and Obligations Upon Termination.**

- (a) If the Executive's employment is terminated by the Company pursuant to Section 6(a) or 6(b) hereof or by the Executive pursuant to Section 7(b) hereof, the Executive or his estate shall have no further rights against the Addus HealthCare Group hereunder, except for the right to receive, with respect to the period prior to the effective date of termination:
- (i) Any unpaid Base Salary under Section 3(a) hereof for any period prior to the effective date of termination;
 - (ii) Any accrued but unpaid benefits under Section 5 hereof for any period prior to the effective date of termination; and
 - (iii) In the case of termination pursuant to Section 6(b), eligibility for life or disability insurance benefits described in Sections 5(e) or (f), as applicable.

Such payments shall be made to the Executive whether or not the Company chooses to utilize the services of the Executive for the required notice period specified in Section 7.

- (b) If the Executive's employment is terminated pursuant to Section 6(c) hereof or Section 7(a) hereof, or as a result of Non-Renewal by the Company, the Executive shall be entitled to, in lieu of any further payments to the Executive for periods subsequent to the date of termination:
- (i) Any unpaid Base Salary under Section 3(a) hereof for any period prior to the effective date of termination;
 - (ii) A pro rata portion of the bonus under Section 3(b) hereof based on what Executive would have been entitled to receive pursuant to the Company's then-effective bonus plan had his employment not been terminated, which shall be payable following the time the Company determines the amount of bonuses payable to its executives following the end of the year in which termination occurs, which determination will be based on the actual performance of the Company;
 - (iii) Any accrued but unpaid benefits under Section 5 hereof for any period prior to the effective date of termination, in accordance with the terms of the applicable plan or arrangement;
 - (iv) Conditioned upon the Executive's strict compliance with the post-employment restrictions described in Section 9 below and subject to applicable withholdings, severance pay ("Base Severance Pay") in an amount equal to the Executive's Base Cash Compensation (as defined below) to be paid in equal installments on the Company's regular pay

dates over the twelve (12) month period following termination of the Executive's employment (subject to applicable withholdings and deductions), plus, if the Executive timely elects to continue his health, dental and/or vision insurance coverage under COBRA, the Executive shall be eligible to receive after-tax cash payments equal to the difference between his COBRA continuation coverage premiums and the amount of premiums paid by similarly-situated active employees of the Company under the Company's health, dental and/or vision insurance plans, for a period of twelve (12) months following the Executive's date of termination of employment, to be paid in equal installments on the Company's regular pay dates (subject to applicable tax withholdings and deductions).

For purposes of this Agreement, "Base Cash Compensation" shall mean the highest annual Base Salary in effect for the Executive.

- (c) Notwithstanding anything to the contrary set forth herein, if the Executive's employment is terminated by the Company pursuant to Section 6(c) within six (6) months prior to, or one (1) year following, a Change in Control (as defined below), the Executive shall be entitled to, in lieu of the payments to be made pursuant to Section 8(b)(iv), an amount equal to the Executive's Annual Cash Compensation (as defined below) (subject to applicable withholdings and deductions), less any payment already received pursuant to Section 8(b)(iv) ("Change of Control Severance Pay" and, together with Base Severance Pay, "Severance Pay"), which shall be payable in accordance with the normal payroll practices of the Company in equal installments on the Company's regular pay dates for one (1) year following termination of the Executive's employment, plus, if the Executive elects to continue his health, dental and/or vision insurance coverage under COBRA, the Executive shall be eligible to receive after-tax cash payments equal to the difference between his COBRA continuation coverage premiums and the amount of premiums paid by similarly-situated active employees of the Company under the Company's health, dental and/or vision insurance plans, payable in equal installments on the Company's regular pay dates (subject to applicable tax withholdings and deductions) until one (1) year following the termination of the Executive's employment. As used herein, a "Change in Control" shall be deemed to have occurred if (i) any "person" (as such term is used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act")), other than a trustee or other fiduciary holding securities under an employee benefit plan of Addus HomeCare, or a corporation owned directly or indirectly by the stockholders of Addus HomeCare in substantially the same proportions as their ownership of stock of Addus HomeCare, becomes the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of Addus HomeCare representing more than 50% of the total voting power represented by Addus HomeCare's then outstanding securities that vote

generally in the election of directors (referred to herein as "Voting Securities"); or (ii) after the date of this Agreement, the stockholders of Addus HomeCare approve (x) a merger or consolidation of Addus HomeCare with any other corporation, other than a merger or consolidation that would result in the Voting Securities of Addus HomeCare outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into Voting Securities of the surviving entity) more than 50% of the total voting power represented by the Voting Securities of Addus HomeCare or such surviving entity outstanding immediately after such merger or consolidation, or (y) a plan of complete liquidation of Addus HomeCare or an agreement for the sale or disposition by Addus HomeCare of (in one transaction or a series of transactions) all or substantially all of Addus HomeCare's assets.

For purposes of this Agreement, "Annual Cash Compensation" shall mean the sum of (a) the highest annual Base Salary in effect for the Executive and (b) the greater of (i) the Executive's bonus for the most recently-completed year, if any, or (ii) the annualized amount of the Executive's target bonus for the then current year.

- (d) The Executive acknowledges and agrees that the Company's obligations to make payments pursuant to Sections 8(b)(iv) and 8(c) above are expressly conditioned on the Executive timely executing, delivering and not revoking a customary general release in form and substance satisfactory to the Company within the period that is sixty (60) days following the date of the Executive's termination of employment or service with the Company. To the extent that such sixty (60) day period spans two (2) calendar years, no payment of any severance amount or benefit that is (i) considered to be nonqualified deferred compensation within the meaning of Section 409A of the Internal Revenue Code of 1986, as amended, and the regulations and guidance promulgated thereunder (collectively, "Code §409A") and (ii) conditioned upon the release, shall be made before the first day of the second calendar year, regardless of when the release is actually executed and returned to the Company.

9. **Covenants of the Executive.**

- (a) **No Conflicts.** The Executive represents and warrants that he is not personally subject to any agreement, order or decree that restricts his acceptance of this Agreement and performance of his duties with the Company hereunder.
- (b) **Non-Competition; Non-Solicitation.** During the Employment Term and during the Restrictive Period (as defined below), the Executive shall not, without the prior written consent of the Company, directly or indirectly, in

any capacity whatsoever, either on his own behalf or on behalf of any other person or entity whom he may manage, control, participate in, consult with, render services for or be employed or associated, compete with the Business (as defined below) in any of the following described manners:

- (i) Engage in, assist or have any interest in, as principal, consultant, advisor, agent, financier or employee, any business entity that is, or that is about to become engaged in, providing goods or services in competition with the Addus HealthCare Group within a geographic radius of fifty (50) miles from any Addus HealthCare Group branch office;
- (ii) Solicit or accept any business (or help any other person solicit or accept any business) from any person or entity that on the Effective Date is a customer of the Addus HealthCare Group or during the Employment Term becomes a customer of the Addus HealthCare Group, other than a customer that does not engage in the Business;
- (iii) Induce or attempt to induce any employee of the Addus HealthCare Group to terminate such employee's relationship with the Addus HealthCare Group or in any way interfere with the relationship between the Addus HealthCare Group and any employee thereof; or
- (iv) Induce or attempt to induce any customer, referral source, supplier, vendor, licensee or other business relation of the Addus HealthCare Group to cease doing business with the Addus HealthCare Group, or in any way interfere with the relationship between any such customer, referral source, supplier, vendor, licensee or business relation, on the one hand, and the Addus HealthCare Group, on the other hand.

For purposes hereof, the term "Business" means the business of providing home care services of the type and nature that the Addus HealthCare Group then performed and/or any other business activity in which the Addus HealthCare Group then performed or program or service then under active development proposed to be performed and/or any other business activity in which the Addus HealthCare Group becomes engaged in on or after the date hereof while the Executive is employed by the Company.

For purposes hereof, the term "Restrictive Period" means the period beginning on the date on which the Executive's employment is terminated by the Company or the Executive for any reason and ending on the first anniversary of such date.

Notwithstanding the foregoing provisions, nothing herein shall prohibit the Executive from owning one percent (1%) or less of any securities of a competitor, if such securities are listed on a nationally recognized securities exchange or traded over-the-counter. If, at the time of

enforcement of this Section 9(b), a court holds that the restrictions stated herein are unreasonable under the circumstances then existing, the parties hereto agree that the maximum period, scope or geographic area reasonable under such circumstances shall be substituted for the stated period, scope or area determined to be reasonable under the circumstances by such court.

- (c) **Non-Disclosure.** The Executive recognizes and acknowledges that he will have access to certain confidential and proprietary information of Addus HealthCare Group, including, but not limited to, Trade Secrets (as defined below) and other proprietary commercial information, and that such information constitutes valuable, special and unique property of Addus HealthCare Group. The Executive agrees that he will not, for any reason or purpose whatsoever, except in the performance of his duties hereunder, or as required by law, disclose any of such confidential information to any person, entity or governmental authority without express authorization of the Company. The Executive further agrees that he shall not, at any time during the Employment Term or thereafter, without the express prior written consent of the Company, directly or indirectly, in any capacity whatsoever, either on his own behalf or on behalf of any other person or entity that he manages, controls, participates in, consults with, renders services for or is employed by or associated with, disclose or use, except when necessary to further the interests of the Business, any Trade Secret of the Addus HealthCare Group, whether such Trade Secret is in the Executive's memory or embodied in writing or other physical form. For purposes of this Agreement, "Trade Secret" means any information, not generally known to, and not readily ascertainable by proper means by, other persons who can obtain economic value from its disclosure or use and is the subject of efforts to maintain its secrecy that are reasonable under the circumstances, including, but not limited to, (i) trade secrets; (ii) information concerning the business or affairs of the Addus HealthCare Group, including its products or services, fees, costs, and pricing structures, charts, manuals and documentation, databases, accounting and business models, designs, analyses, drawings, photographs and reports, computer software, copyrightable works, inventions, devices, new developments, methods and processes, whether patentable or unpatentable and whether or not reduced to practice, sales records and other proprietary commercial information; (iii) information concerning actual and prospective clients and customers of the Addus HealthCare Group, including client and customer lists and other compilations; and (iv) information concerning employees, contractors and vendors of the Addus HealthCare Group, including personal information and information concerning the compensation or other terms of employment of such individuals. "Trade Secret," however, shall not include general "know-how" information acquired by the Executive during the course of his employment that could have been obtained by him from public sources without the expenditure of significant time, effort and expense.

-
- (d) **Covenant Regarding Confidential and Proprietary Information.** The Executive will promptly disclose in writing to the Company each improvement, discovery, idea, invention, and each proposed publication of any kind whatsoever, relating to the Business made or conceived by the Executive either alone or in conjunction with others while employed hereunder if such improvement, discovery, idea, invention or publication results from or was suggested by such employment (whether or not patentable and whether or not made or conceived at the request of or upon the suggestion of the Company, and whether or not during his usual hours of work, whether in or about the premises of the Addus HealthCare Group and whether prior or subsequent to the execution hereof). The Executive will not disclose any such improvement, discovery, idea, invention or publication to any person, entity or governmental authority, except to the Company. Each such improvement, discovery, idea, invention and publication shall be the sole and exclusive property of, and is hereby assigned by the Executive to, the Company, and at the request of the Company, the Executive will assist and cooperate with the Company and any person or entity from time to time designated by the Company to obtain for the Company or its designee the grant of any letters patent in the United States of America and/or such other country or countries as may be designated by the Company, covering any such improvement, discovery, idea, invention or publication and will in connection therewith execute such applications, statements, assignments or other documents, furnish such information and data and take all such other action (including, without limitation, the giving of testimony) as the Company may from time to time reasonably request. The foregoing provisions of this Section 9(d) shall not apply to any improvement, discovery, idea, invention or publication for which no equipment, supplies, facilities or confidential and proprietary information of Addus HealthCare Group was used and that was developed entirely on the Executive's own time, unless (x) the improvement, discovery, idea, invention or publication relates to the Business or the actual or demonstrably anticipated research or development of the Business, or (y) the improvement, discovery, idea, invention or publication results from any work performed by the Executive for the Addus HealthCare Group.
- (e) **Non-Disparagement.** The Executive agrees that, during the Employment Term and the Restrictive Period, he will not make any statement, either in writing or orally, that is communicated publicly or is reasonably likely to be communicated publicly and that is reasonably likely to disparage or otherwise harm the business or reputation of the Addus HealthCare Group, or the reputation of any of its current or former directors, officers, employees or stockholders.
- (f) **Return of Documents and Other Property.** Upon termination of employment, the Executive shall return all originals and copies of books, records, documents, customer lists, sales materials, tapes, keys, credit

cards and other tangible property of Addus HealthCare Group within the Executive's possession or under his control.

- (g) **Remedies for Breach.** In the event of a breach or threat of a breach of the provisions of this Section 9, the Executive hereby acknowledges that such breach or threat of a breach will cause the Company to suffer irreparable harm and that the Company shall be entitled to an injunction restraining the Executive from breaching such provisions; but the foregoing shall not be construed as prohibiting the Company from having available to it to any other remedy, either at law or in equity, for such breach or threatened breach, including, but not limited to, the immediate cessation of employment and any remaining Severance Pay and benefits pursuant to Section 8 and the recovery of damages from the Executive and the notification of any employer or prospective employer of the Executive as to the terms and conditions hereof (without limiting or affecting the Executive's obligations under the other paragraphs of this Section 9).
- (h) **Acknowledgment.** The Executive acknowledges that he will be directly and materially involved as a senior executive in all important policy and operational decisions of Addus HealthCare Group. The Executive further acknowledges that the scope of the foregoing restrictions has been specifically bargained between the Company and the Executive, each being fully informed of all relevant facts. Accordingly, the Executive acknowledges that the foregoing restrictions of this Section 9 are fair and reasonable, are minimally necessary to protect Addus HealthCare Group, its stockholders and the public from the unfair competition of the Executive who, as a result of his employment with the Company, will have had access to the most confidential and important information of Addus HealthCare Group, its Business and future plans. The Executive furthermore acknowledges that no unreasonable harm or injury will be suffered by him from enforcement of the covenants contained herein and that he will be able to earn a reasonable livelihood following termination of his employment notwithstanding enforcement of the covenants contained herein.
- (i) **Right of Set Off.** In the event of a breach by the Executive of the provisions of this Agreement, the Company is hereby authorized at any time and from time to time, to the fullest extent permitted by law, and after ten (10) days prior written notice to the Executive, to set-off and apply any and all amounts at any time held by the Company on behalf of the Executive and all indebtedness at any time owing by the Addus HealthCare Group to the Executive against any and all of the obligations of the Executive now or hereafter existing, to the extent such set-off would not result in a penalty under Code §409A with regard to amounts that are deemed deferred compensation under Code §409A.

10. **Prior Agreement.**

This Agreement supersedes and is in lieu of any and all other employment arrangements between the Executive and the Company or its predecessor or any subsidiary and any and all such employment agreements and arrangements are hereby terminated and deemed of no further force or effect.

11. **Assignment.**

Neither this Agreement nor any rights or duties of the Executive hereunder shall be assignable by the Executive and any such purported assignment by him shall be void. The Company may assign all or any of its rights hereunder.

12. **Notices.**

Unless specified in this Agreement, all notices and other communications hereunder shall be in writing and shall be deemed given upon receipt or refusal thereof if delivered personally, sent by overnight courier service, mailed by registered or certified mail (return receipt requested), postage prepaid, or emailed to the other party's email address on the Company's computer network. Notice to their party hereto, if mailed or sent by overnight courier service, shall be to the following addresses:

- (a) if to the Executive, to:

James "Zeke" Zoccoli
2114 Rheims Drive
Carrollton, TX 75006

- (b) if to the Company, to:

Addus HealthCare, Inc.
6801 Gaylord Parkway
Suite 110
Frisco, TX 75034
Attention: CEO

with a copy, which shall not constitute notice, to:

Bass Berry & Sims PLC
150 Third Avenue South
Suite 2800
Nashville, TN 37201
Attention: David Cox, Esq.
Telephone: (615) 742-6299
Facsimile: (615) 742-2864
E-mail: dcox@bassberry.com

Any party may change its address for notice by giving all other parties notice of such change pursuant to this Section 12.

13. **Amendment.**

This Agreement may not be changed, modified or amended except in writing signed by both parties to this Agreement.

14. **Waiver of Breach.**

The waiver by either party of the breach of any provision of this Agreement shall not operate or be construed as a waiver of any subsequent breach by either party.

15. **Invalidity of Any Provision.**

The provisions of this Agreement are severable, it being the intention of the parties hereto that should any provision hereof be invalid or unenforceable, such invalidity or enforceability of any provisions shall not affect the remaining provisions hereof, but the same shall remain in full force and effect as if such invalid or unenforceable provision or provisions were omitted.

16. **409A Compliance.**

This Agreement is intended to comply with or be exempt from Code §409A, and accordingly, to the maximum extent permitted, this Agreement shall be interpreted to be in compliance with or exempt from Code §409A. Notwithstanding any other provision to the contrary, a termination of employment with the Company shall not be deemed to have occurred for purposes of any provision of this Agreement providing for the payment of “deferred compensation” (as such term is defined in §409A) upon or following a termination of employment unless such termination is also a “separation from service” from the Company within the meaning of Code §409A and Section 1.409A-1(h) of the Treasury Regulations and, for purposes of any such provision of this agreement, references to a “separation,” “termination,” “termination of employment or like terms shall mean “separation from service.” If the Executive is a specified employee within the meaning of that term under Code §409A, then with regard to any payment that is considered non-qualified deferred compensation under Code §409A and payable on account of a separation from service, such payment shall be made on the date which is the earlier of (i) the expiration of the six (6)-month period measured from the date of such separation from service, and (ii) the date of the Executive’s death (the “Delay Period”) to the extent required under Code §409A. Upon the expiration of the Delay Period, all payments delayed shall be paid to the Executive in a lump sum, and all remaining payments due under this Agreement shall be paid or provided for in accordance with the normal payment dates specified herein. To the extent any reimbursements or in-kind benefits under this Agreement constitute non-qualified deferred compensation for purposes of Code §409A, (i) all such expenses or other reimbursements under this Agreement shall be made on or prior to the last day of the taxable year following the taxable year in which such expenses were incurred by the Executive, (ii) any right to such reimbursement or in kind benefits is not subject to liquidation or exchange for another benefit and (iii) no such reimbursement, expenses eligible for reimbursement or in-kind benefits provided in any taxable year shall in any way affect the expenses eligible for reimbursement, or in-kind benefits to be provided, in any other taxable year. For purposes of Code §409A, the Executive’s right to receive any installment payment pursuant to this Agreement shall be treated as a right to receive a series of separate and distinct payments. In no

event shall any payment under this Agreement that constitutes non-qualified deferred compensation for purposes of Code §409A be subject to offset, counterclaim or recoupment by any other amount unless otherwise permitted by Code §409A.

17. **Governing Law.**

This Agreement shall be governed by, and construed, interpreted and enforced in accordance with the laws of the State of Texas as applied to agreements entirely entered into and performed in Texas by Texas residents exclusive of the conflict of laws provisions of any other state.

18. **Arbitration.**

Except as set forth below, any controversy or claim arising out of or relating to this Agreement (including, without limitation, as to arbitrability and any disputes with respect to the Executive's employment with the Company or the termination of such employment), or the breach thereof, shall be settled by arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association in effect as of the date of filing of the arbitration administered by a person authorized to practice law in the State of Texas and mutually selected by the Company and the Executive (the "Arbitrator"). If the Company and the Executive are unable to agree upon the Arbitrator within fifteen (15) days, they shall each select an arbitrator within fifteen (15) days, and the arbitrators selected by the Company and the Executive shall appoint a third arbitrator to act as the Arbitrator within fifteen (15) days (at which point the Arbitrator alone shall judge the controversy or claim). The arbitration hearing shall commence within ninety (90) calendar days after the Arbitrator is selected, unless the Company and the Executive mutually agree to extend this time period. The arbitration shall take place in Dallas, Texas. The Arbitrator will have full power to give directions and make such orders as the Arbitrator deems just. Nonetheless, the Arbitrator explicitly shall not have the authority, power, or right to alter, change, amend, modify, add, or subtract from any provision of this Agreement except pursuant to Section 15. The Arbitrator shall issue a written decision that sets forth the essential findings and conclusions upon which the Arbitrator's award or decision is based within thirty (30) days after the conclusion of the arbitration hearing. The agreement to arbitrate will be specifically enforceable. The award rendered by the Arbitrator shall be final and binding (absent fraud or manifest error), and any arbitration award may be enforced by judgment entered in any court of competent jurisdiction. The Company and the Executive shall each pay one-half (1/2) of the fees of the Arbitrator. Notwithstanding anything set forth above to the contrary, in the event that the Company seeks injunctive relief and/or specific performance to remedy a breach, evasion, violation or threatened violation of this Agreement, the Executive irrevocably waives his right, if any, to have any such dispute decided by arbitration or in any jurisdiction or venue other than a state or federal court in the State of Texas. For any such action, the Executive further irrevocably consents to the personal jurisdiction of the state and federal courts in the State of Texas.

19. **WAIVER OF JURY TRIAL.**

NO PARTY TO THIS AGREEMENT OR ANY ASSIGNEE, SUCCESSOR, HEIR OR PERSONAL REPRESENTATIVE OF A PARTY SHALL SEEK A JURY TRIAL IN ANY

LAWSUIT, PROCEEDING, COUNTERCLAIM, OR ANY OTHER LITIGATION PROCEDURE BASED UPON OR ARISING OUT OF THIS AGREEMENT OR ANY OF THE ANCILLARY AGREEMENTS OR THE DEALINGS OR THE RELATIONSHIP BETWEEN THE PARTIES. NO PARTY WILL SEEK TO CONSOLIDATE ANY SUCH ACTION, IN WHICH A JURY TRIAL HAS BEEN WAIVED, WITH ANY OTHER ACTION IN WHICH A JURY TRIAL CANNOT OR HAS NOT BEEN WAIVED. THE PROVISIONS OF THIS SECTION 19 HAVE BEEN FULLY DISCUSSED BY THE PARTIES HERETO, AND THESE PROVISIONS SHALL BE SUBJECT TO NO EXCEPTIONS. NO PARTY HERETO HAS IN ANY WAY AGREED WITH OR REPRESENTED TO ANY OTHER PARTY HERETO THAT THE PROVISIONS OF THIS SECTION 19 WILL NOT BE FULLY ENFORCED IN ALL INSTANCES.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

ADDUS HEALTHCARE, INC.

By: /s/ R. Dirk Allison
Name: R. Dirk Allison
Title: President & Chief Executive Officer

/s/ James Zoccoli
James Zoccoli

Signature page to Zoccoli Employment Agreement

Exhibit A
Employment Duties

The Executive shall have those duties set forth below in “Chief Information Officer Job Description” and such other duties and responsibilities which are assigned to the Executive by the President and CEO or the Board of Directors and which are appropriate for the position of the Executive.

The Executive shall be subject to the authority of the Board of Directors and shall report directly to the President and CEO of the Company. The Executive shall also perform such further duties as are incidental to or implied from the foregoing, consistent with the background, training, and qualifications of the Executive or which may be reasonably determined by the CEO or the Board of Directors to be in the best interests of the Addus HealthCare Group.

The Executive shall have the authority to recommend and implement appropriate corporate policies and procedures, and execute employment, procurement and other appropriate decisions, in each case, commensurate with his role as Chief Information Officer, subject to oversight by the President and CEO and Board of Directors.

Job Description
Chief Information Officer
Addus HealthCare, Inc.

Position Summary

The Chief Information Officer (“CIO”) will be a visionary that will leverage Information Technology (“IT”) systems to lead the Company to the next stage of its evolution. The CIO will be responsible for providing the strategic vision and leadership for the Company’s information systems function, and directing the development and execution of all IT programs and initiatives. The CIO will direct the planning and implementation of enterprise IT systems in support of business operations, and the development of IT solutions to improve business development, service quality and cost control.

Senior management views IT as a critical competitive advantage and, because of this, the CIO and the information services department are viewed as potentially having a significant impact on the Company’s future growth and success. The CIO will develop an overall information systems plan for the Company that will align information services’ priorities and capabilities with the needs of the business. In carrying out these responsibilities, the CIO will work closely with other Company executives, serve as a key member of the senior management team, and communicate the “vision” for information services within the Company. The CIO must be able to develop and maintain excellent working relationships with the executive team and, in essence, be viewed as a business partner by the users. The CIO will ensure that the Company’s return on the investment in information systems and network-based technologies are maximized. He will also ensure that the IT function is customer service oriented and that solutions implemented are user friendly and employees are well trained in the systems to optimize its benefits.

The CIO will be expected to anticipate changes in the business and routinely identify opportunities to use new information systems technology as a means of maximizing productivity and profitability in all areas. He will serve as a counselor to and catalyst for other senior executives in identifying areas for IT improvement that will result in operational efficiencies, increased productivity and profitable use of evolving information systems and communications technologies. He will work with other executives in the Company to continually prioritize the information systems needs of the Company and will recommend specific new IT enhancement and implementation projects. It will be critical for this individual to maintain an awareness of evolving technologies and be able to determine how they might be utilized to solve overall business problems.

Key Responsibilities

Strategy & Planning

- As a member of the senior executive team, support the Company's strategic and operational governance processes.
- Create a technology vision that establishes the strategic, tactical and philosophical framework for the Information Systems Department functions.
- Lead the Information Systems Department strategic and operational planning process in support of the Company's objectives, promoting innovation, prioritizing initiatives, and coordinating the evaluation, deployment and management of current and future IT systems across the organization.
- Establish annual Information Systems Department objectives, and direct the development and revision of operating policies and procedures.
- Develop and maintain an Information Systems Department organizational structure and a strong team that supports the IT needs of the business.
- Identify opportunities for the appropriate and cost-effective investment of financial resources in IT systems and resources, including staffing, sourcing, purchasing and in-house development.
- As appropriate, assess and recommend on the improvements/re-engineering of the Information Systems organization.
- Develop, monitor and control the Information Systems annual operating and capital budgets, and develop business case justifications and cost/benefit analyses for IT spending and initiatives.
- Direct the development and execution of an enterprise-wide disaster recovery and business continuity plan.

Acquisition, Development & Deployment

-
- Coordinate and facilitate consultation with stakeholders to define business and systems opportunities and requirements for new technology implementations.
 - Approve, prioritize and control projects and the project portfolio as they relate to the selection, acquisition, development and installation of major information systems.
 - Review hardware and software acquisition and maintenance contracts, and pursue master agreements to capitalize on economies of scale.
 - Define and communicate Company plans, policies and standards for acquiring, implementing, and operating IT systems.
 - Document, present, and communicate information system implementation project status and budgets in a clear and concise manner both formally and informally.

Operational Management

- Ensure continuous delivery of IT services through oversight of service level agreements with end users and monitoring of IT systems performance.
- Ensure IT policies, procedures and systems comply with HIPAA and Sarbanes-Oxley requirements, as well as other applicable laws and regulations.
- Establish lines of control for current and proposed information systems.
- Keep current with trends and issues in IT and the healthcare industry, including current and emerging technologies, opportunities and risks pertinent to the current and future interests of the Company. Advise, counsel, and educate executives and management on the competitive or financial impact of these trends and issues.
- Promote and oversee strategic relationships between internal IT resources and external entities, including government, vendors and partner organizations.
- Direct the recruitment, development and retention of Information Systems Department staff in accordance with corporate budgetary objectives and personnel policies.

Exhibit B
Bonus

The Executive is eligible to receive a bonus with a target amount of 75% of the Executive's annual Base Salary during the applicable calendar year (pro-rated for any partial year), based on the Company's evaluation of the Executive's performance compared to established Company and/or individual objectives, in each case, at the discretion of the Compensation Committee of the Board of Directors. The Compensation Committee shall review and establish the objectives and threshold, target and maximum levels with respect to such objectives annually.

**AMENDED AND RESTATED EMPLOYMENT
AND NON-COMPETITION AGREEMENT**

THIS AMENDED AND RESTATED EMPLOYMENT AND NON-COMPETITION AGREEMENT is executed as of the 25th day of April, 2017, by and among Addus HealthCare, Inc., an Illinois corporation (“Company”), and Darby Anderson, an individual domiciled in the State of Illinois (“Executive”).

WHEREAS, the Company, its subsidiaries and affiliates (collectively, the “Addus HealthCare Group”) provide home health staffing, home care services, to individuals, county and state governments, health maintenance organizations, independent physician associations, insurance companies, facilities, other business purchasers of such services, and to the general public at large; and,

WHEREAS, the Addus HealthCare Group is currently engaged in the business of providing paraprofessional and professional home care services under contracts with state and local government agencies and contracts with private payors; and,

WHEREAS, the Executive is currently employed by the Company as its Executive Vice President and Chief Development Officer pursuant to an Amended and Restated Employment and Non-Competition Agreement dated August 27, 2007, as amended by a letter agreement dated September 30, 2009; and,

WHEREAS, the Executive and the Company are desirous of memorializing, in writing, all of their agreements with respect to the Executive’s further employment by the Company; and,

WHEREAS, by virtue of the Executive’s employment by the Company pursuant to the terms hereof, the Executive will obtain and become familiar with certain confidential and proprietary information relating to the Addus HealthCare Group; and

WHEREAS, the Company desires to protect the goodwill and all proprietary rights and information of the Addus HealthCare Group.

NOW, THEREFORE, in consideration of the mutual covenants and agreements set forth herein, the parties hereto, intending to be legally bound, agree as follows:

1. **Term of Employment**. The Company hereby employs the Executive, and the Executive hereby accepts continued employment by the Company, for the period commencing as of the date of this Agreement (“Commencement Date”) and ending on the fourth (4th) anniversary of the Commencement Date, or on such earlier date as provided pursuant to the terms and conditions of this Agreement (the “Initial Employment Term”). At the end of the Initial Employment Term, this Agreement shall automatically renew for successive one (1) year terms (each, an “Additional Employment Term”, and together with the Initial Employment Term, the “Employment Term”) unless the Company provides notice to the Executive of its intention not to renew this Agreement at least thirty (30) days prior to the expiration of the Initial Employment Term or any Additional Employment Term.

During the Employment Term, the Executive shall (i) devote substantially all of his professional time, loyalty and efforts to discharge his duties hereunder on a timely basis; (ii) use his best efforts to loyally and diligently serve the business and affairs of the Addus HealthCare Group; and (iii) endeavor in all respects to promote, advance and further the Addus HealthCare Group's interests in all matters.

2. **Employment Duties.** The Company currently employs the Executive as its Executive Vice President and Chief Development Officer. The Executive's principal duties and responsibilities shall be those duties and responsibilities assigned by the Company's Chief Executive Officer.
3. **Compensation.** The Company will pay the Executive as follows during the Employment Term:
 - (a) **Base Salary.** Commencing March 5, 2017, the Company shall pay the Executive a base salary at the rate of Three Hundred Fifteen Thousand and 00/100 Dollars (\$315,000.00) per annum, which shall be paid in accordance with the normal payroll practices of the Company and shall be subject to withholding for applicable Federal, State and local taxes. Thereafter, the Executive's base salary shall be subject to review and adjustment by the compensation committee (the "Compensation Committee") of the board of directors of Addus HomeCare Corporation ("Addus HomeCare") (the "Board of Directors") on or about January 1, 2019, and annually thereafter for each year during the Employment Term (as adjusted from time-to-time, the "Base Salary").
 - (b) **Bonus.** The Executive, at the discretion of the Compensation Committee, shall be eligible (but not entitled) to receive an annual bonus during each fiscal year in an amount not greater than the amount set forth on Exhibit A attached hereto, which amount may be amended at the sole discretion of the Compensation Committee. All amounts payable pursuant to this Section 3(b) shall be paid within no more than thirty (30) days after completion of Addus HomeCare's audited financial statements for the then current fiscal year, but in all events, in the fiscal year following the fiscal year in which it was earned, and shall be subject to applicable withholding taxes. Bonus is not salary and is earned on the day it is paid. To be eligible to receive the bonus, the Executive must be employed and in good standing and must not have given notice of termination on or prior to such date.
4. **Expenses.** It is recognized that the Executive in the performance of his duties hereunder may be required to expend sums for travel, entertainment and lodging. During the Employment Term, the Company shall reimburse the Executive for reasonable business expenses incurred by him during the Employment Term in connection with the performance of his duties hereunder conditioned upon and subject to the Company's established policies and procedures, including written

receipt from the Executive of an itemized accounting in accordance with the Company's regular business expense verification practices.

5. **Benefits.** During the Employment Term, the Executive shall be entitled to benefits consistent with benefits paid to other similarly situated employees pursuant to the Company's administrative benefit plan, and in accordance with its policies, which may change at the sole discretion of the Board of Directors. Benefits shall be at least:
- (a) Four (4) weeks paid vacation during each year of employment. Vacation may be carried over to a subsequent year of employment, up to a maximum of two (2) full years of accrued vacation time thereafter.
 - (b) Five (5) days personal/sick leave per year, with pay. Personal/sick days may be carried over to a subsequent year of employment, up to a maximum of two (2) full years of accrued personal/sick days.
 - (c) Six Company holidays, plus two floating holidays.
 - (d) Coverage under the Company's Health Benefit Plan, which may change, at the sole discretion of the Company's Board of Directors, from time to time. The Company will cover the Executive and his dependents, if any, to the same extent and according to the same terms as the Company's other executives are covered.
 - (e) Life insurance policy with a face amount of up to five (5) times the Base Salary, provided that the Company shall not be required to spend greater than three percent (3%) of the Base Salary in purchasing such insurance policy.
 - (f) Short-term and long-term disability insurance to the same extent and according to the same terms as the Company's other executives are covered.
6. **Termination by Company.**
- (a) The Company may terminate the Executive's employment hereunder at any time for reasonable cause. The term "reasonable cause" shall be limited to the following:
 - (i) The Executive dies or the Executive is physically or mentally disabled ("Disability") so that the Executive is or, in the opinion of an independent physician retained by the Company for purposes of this determination will be, unable to perform his duties in a manner satisfactory to the Company for a period of ninety (90) days out of any one hundred eighty (180) consecutive-day period (in which event the Executive shall be deemed permanently disabled);

-
- (ii) A material breach or omission by the Executive of any of his duties or obligations under this Agreement (except due to Disability);
 - (iii) The Executive shall engage in any action that materially damages, or that may reasonably be expected to materially damage, the Company or the business or goodwill thereof;
 - (iv) The Executive shall breach his fiduciary duty to the Company;
 - (v) The Executive shall commit any act involving fraud, the misuse or misappropriation of money or other property of the Company, a felony, habitual use of drugs or other intoxicants or chronic absenteeism;
 - (vi) Gross negligence or willful misconduct by the Executive which is materially injurious to the Company;
 - (vii) The Executive shall commit acts constituting gross insubordination, such as, without limitation, the intentional disregard of any reasonable directive of the Company's CEO or Board of Directors;
 - (viii) The Executive shall fail to perform any material duty in a timely and effective manner and shall fail to cure any such performance deficiency after receipt of written notice of the deficiency from the Company's CEO or Board of Directors, which notice shall designate the period of time within which the performance deficiency must be cured to the satisfaction of the Company's CEO or the Board of Directors, as applicable, in order to prevent a termination for reasonable cause; provided, however, that Executive shall only be permitted the opportunity to cure performance deficiency two times in any twelve-month rolling period.

Termination of the Executive's employment for reasonable cause shall terminate the Employment Term but shall not affect the Executive's obligations pursuant to Paragraph 9 hereof, which obligations shall remain in effect for the period therein provided.

- (b) The Company may terminate the Executive's employment hereunder at any time for any reason other than reasonable cause upon not less than thirty (30) days prior written notice. If the Company terminates the Executive's employment hereunder upon less than thirty (30) days prior notice, the Company shall pay the Executive a pro rata portion of his salary and shall continue to provide the benefits described in Section 3 and Section 5, respectively, for the period of deficient notice.

7. **Termination by The Executive.** The Executive may terminate his obligations hereunder upon not less than thirty (30) days prior written notice to the Company. If the Executive terminates his employment hereunder upon less than thirty (30) days prior written notice, the Executive shall pay the Company a pro rated portion

of his salary and benefits described in Section 3 and Section 5, respectively, for the period of deficient notice. The Company (a) at its sole option, may waive all or any portion of such notice requirement and (b) shall waive all or a portion of such notice requirement upon the Executive's payment of that portion of the Executive's annual Base Salary that would otherwise be paid to the Executive during the remaining notice period.

Termination of the Executive's employment by the Executive shall terminate the Employment Term, but shall not affect the Executive's obligations pursuant to Paragraph 9 hereof which obligations shall remain in effect for the period therein provided.

8. Rights and Obligations Upon Termination.

- (a) If the Executive's employment is terminated by the Company pursuant to Paragraph 6 (a) hereof, the Executive shall have no further rights against the Company hereunder, except for the right to receive:
 - (i) Any unpaid Base Salary under Paragraph 3(a) hereof for any period prior to the effective date of termination;
 - (ii) Any accrued but unpaid benefits under Paragraph 5 hereof.
- (b) If the Executive's employment is terminated by the Company pursuant to Paragraph 6(b) hereof, the Executive shall be entitled to, in lieu of any further salary payments to the Executive for periods subsequent to the date of termination;
 - (i) Any unpaid Base Salary under Paragraph 3(a) hereof for any period prior to the effective date of termination;
 - (ii) A pro rata payment for bonus under Paragraph 3(b) hereof for any period prior to the effective date of such termination;
 - (iii) Any accrued but unpaid benefits under Paragraph 5 hereof, in accordance with the terms of the applicable plan or arrangement;
 - (iv) Conditioned upon Executive's strict compliance with the post-employment restrictions described in Section 9 below, Severance Pay in the total amount equal to one (1) times the Executive's Annual Cash Compensation (as hereinafter defined) to be paid in equal installments on the Company's regular pay dates for one (1) year following termination of the Executive's employment by the Company (subject to customary withholding and payroll taxes), plus, if the Executive timely elects to continue his health, dental and/or vision insurance coverage under COBRA, the Executive shall be eligible to receive after-tax cash payments equal to the difference between his COBRA continuation coverage premiums and the amount of premiums paid by similarly-situated active

employees of the Company under the Company's health, dental and/or vision insurance plans, for a period of twelve (12) months following the Executive's date of termination of employment, to be paid in equal installments on the Company's regular pay dates (subject to applicable tax withholdings and deductions).

For purposes of this Agreement, "**Annual Cash Compensation**" shall mean the sum of (a) the highest annual Base Salary in effect for the Executive and (b) the greater of (i) the Executive's last year's bonus, if any, or (ii) the annualized amount of the Executive's current year's bonus; provided however, neither clause (i) nor (ii) shall exceed fifty percent (50%) of the Executive's current annual Base Salary.

- (c) If the Executive's employment is terminated by the Executive pursuant to Section 7 hereof, the Executive or his estate shall have no further rights against the Company, except for the right to receive, with respect to the period prior to the effective date of termination;
 - (i) Any unpaid Base Salary under Paragraph 3(a); and
 - (ii) Any accrued but unpaid benefits under Paragraph 5 hereof. Such Payments shall be made to the Executive whether or not the Company chooses to utilize the services of the Executive for the required notice period.
- (d) The Executive acknowledges and agrees that the Company's obligations to make payments pursuant to Sections 8(b)(ii) and (b)(iv) above are expressly conditioned on the Executive timely executing, delivering and not revoking a customary general release in form and substance satisfactory to the Company within the period that is sixty (60) days following the date of the Executive's termination of employment or service with the Company. To the extent that such sixty (60) day period spans two (2) calendar years, no payment of any severance amount or benefit that is (i) considered to be nonqualified deferred compensation within the meaning of Section 409A of the Internal Revenue Code of 1986, as amended, and the regulations and guidance promulgated thereunder (collectively, "Code §409A") and (ii) conditioned upon the release, shall be made before the first day of the second calendar year, regardless of when the release is actually executed and returned to the Company.

9. Covenants of the Executive.

- (a) **No Conflicts.** The Executive represents and warrants that he is not personally subject to any agreement, order or decree, which restricts his acceptance of this Agreement and performance of his duties with the Company hereunder.

-
- (b) **Non-Competition.** During the Employment Term and for a period of time following the termination of the Employment Term equal to the greater of one (1) year, or the period of time during which Executive receives Severance Pay (the “**Restrictive Period**”), the Executive shall not, without the prior written consent of the Company, directly or indirectly, in any capacity whatsoever, either on his own behalf or on behalf of any other person or entity with whom he may manage, control, participate in, consult with, render services for or be employed or associated, compete with the Business (as hereinafter defined) in any of the following described manners:
- (i) Engage in, assist or have any interest in, as principal, consultant, advisor, agent, financier or employee, any business entity which is, or which is about to become engaged in, providing goods or services in competition with the Addus HealthCare Group within a geographic radius of thirty (30) miles from any Addus HealthCare Group branch office; or
- (ii) Solicit or accept any business (or help any other person solicit or accept any business) from any person or entity which on the date of this Agreement is a customer of the Addus HealthCare Group or which during the Employment Term becomes a customer of the Addus HealthCare Group. For purposes hereof, the term “Business” means the business of providing home care services of the type and nature that the Addus HealthCare Group then performed and/or any other business activity in which the Addus HealthCare Group then performed or program or service then under active development proposed to be performed and/or any other business activity in which the Addus HealthCare Group becomes engaged in on or after the date hereof while the Executive is employed by the Company. Furthermore, during the Restrictive Period, the Executive shall not directly or indirectly, (A) induce or attempt to induce any employee of the Addus HealthCare Group to terminate such employee’s relationship with the Addus HealthCare Group or in any way interfere with the relationship between the Addus HealthCare Group and any employee thereof, or (B) induce or attempt to induce any customer, referral source, supplier, vendor, licensee or other business relation of the Addus HealthCare Group to cease doing business with the Addus HealthCare Group, or in any way interfere with the relationship between any such customer, referral source, supplier, vendor, licensee or business relation, on the one hand, and the Addus HealthCare Group, on the other hand. Notwithstanding the foregoing provisions, nothing herein shall prohibit the Executive from owning 1% or less of any securities of a competitor, if such securities are listed on a nationally recognized securities exchange or traded over-the-counter on the NASDAQ market or otherwise. If, at the time of enforcement of this Section 9(b), a court holds that the restrictions stated herein are unreasonable under the circumstances then existing, the parties agree that the maximum period, scope or geographic area reasonable under such circumstances shall be substituted for the stated

period, scope or area determined to be reasonable under the circumstances by such court.

- (c) **Non-Disclosure.** The Executive shall not disclose or use, except when necessary to further the interests of the Business, any Trade Secret (as hereafter defined) of the Addus HealthCare Group, whether such Trade Secret is in the Executive's memory or embodied in writing or other physical form. For purposes of this Paragraph, "Trade Secret" means any information, not being generally known to, and not being readily ascertainable by proper means by, other persons who can obtain economic value from its disclosure or use and is the subject of efforts to maintain its secrecy that are reasonable under the circumstances, including, but not limited to, (i) trade secrets, (ii) the business or affairs of the Addus HealthCare Group, (iii) client and customer lists, (iv) products or services, (v) fees, costs, and pricing structures, (vi) charts, manuals and documentation, (vii) databases, (viii) accounting and business models, (ix) designs, (x) analyses, (xi) drawings, photographs and reports, (xii) computer software, (xiii) copyrightable works, (xiv) inventions, devices, new developments, methods and processes, whether patentable or unpatentable and whether or not reduced to practice, (xv) sales records and (xvi) other proprietary commercial information. Said term, however, shall not include general "know-how" information acquired by the Executive during the course of his employment which could have been obtained by him from public sources without the expenditure of significant time, effort and expense.
- (d) **Covenant Regarding Confidential and Proprietary Information.**
- (i) The Executive will promptly disclose in writing to the Company each improvement, discovery, idea, invention, and each proposed publication of any kind whatsoever, relating to the Business made or conceived by the Executive either alone or in conjunction with others while employed hereunder if such improvement, discovery, idea, invention or publication results from or was suggested by such employment (whether or not patentable and whether or not made or conceived at the request of or upon the suggestion of the Company, and whether or not during his usual hours of work, whether in or about the premises of the Addus HealthCare Group and whether prior or subsequent to the execution hereof). The Executive will not disclose any such improvement, discovery, idea, invention or publication to any person, entity or governmental authority, except to the Company. Each such improvement, discovery, idea, invention and publication shall be the sole and exclusive property of, and is hereby assigned by the Executive to the Company, and at the request of the Company, the Executive will assist and cooperate with the Company and any person or entity from time to time designated by the Company to obtain for the Company or its designee the grant of any letters patent in the United States of America and/or such

other country or countries as may be designated by the Company, covering any such improvement, discovery, idea, invention or publication and will in connection therewith execute such applications, statements, assignments or other documents, furnish such information and data and take all such other action (including, without limitation, the giving of testimony) as the Company may from time to time reasonably request. The foregoing provisions of this Section 9(d) shall not apply to any improvement, discovery, idea, invention or publication for which no equipment, supplies, facilities or confidential and proprietary information of Addus HealthCare Group was used and which was developed entirely on the Executive's own time, unless (x) the improvement, discovery, idea, invention or publication relates to the Business or the actual or demonstrably anticipated research or development of the Business, or (y) the improvement, discovery, idea, invention or publication results from any work performed by the Executive for the Addus HealthCare Group.

(ii) The Executive recognizes and acknowledges that he will have access to certain confidential and proprietary information of Addus HealthCare Group, including, but not limited to, Trade Secrets and other proprietary commercial information, and that such information constitutes valuable, special and unique property of Addus HealthCare Group. The Executive agrees that he will not, for any reason or purpose whatsoever, except in the performance of his duties hereunder, or as required by law, disclose any of such confidential information to any person, entity or governmental authority without express authorization of the Company.

- (e) **Non-Disparagement.** The Executive agrees that he will not make any statement, either in writing or orally, that is communicated publicly or is reasonably likely to be communicated publicly, and that is reasonably likely to disparage or otherwise harm the business or reputation of the Addus HealthCare Group, or the reputation of any of its current or former directors, officers, employees or stockholders.
- (f) **Return of Documents and Other Property.** Upon termination of employment, the Executive shall return all originals and copies of books, records, documents, customer lists, sales materials, tapes, keys, credit cards and other tangible property of Addus HealthCare Group within the Executive's possession or under his control.

The Company acknowledges that the Executive already had certain research and form files that he brought with him and may be using to perform his duties herein and that he will and has been updating and adding to such files during his employment with the Company. Such research and form files will remain and be the property of the Executive and he shall have the right to remove and take such files with him upon any termination of his employment with the Company; however, such files

do not include any transaction, project, litigation or other general or specific files of the Company.

- (g) **Remedies for Breach.** In the event of a breach or threat of a breach of the provisions of this Section 9, the Executive hereby acknowledges that such breach or threat of a breach will cause the Company to suffer irreparable harm and that the Company shall be entitled to an injunction restraining the Executive from breaching such provisions; but the foregoing shall not be construed as prohibiting the Company from having available to it to any other remedy, either at law or in equity, for such breach or threatened breach, including, but not limited to, the immediate cessation of employment and any remaining Severance Pay and benefits pursuant to Section 8 and the recovery of damages from the Executive and the notification of any employer or prospective employer of the Executive as to the terms and conditions hereof (without limiting or affecting the Executive's obligations under the other paragraphs of this Section 9).
- (h) **Acknowledgement.** The Executive acknowledges that he will be directly and materially involved as a senior executive in all important policy and operational decisions of Addus HealthCare Group. The Executive further acknowledges that the scope of the foregoing restrictions has been specifically bargained between the Company and the Executive, each being fully informed of all relevant facts. Accordingly, the Executive acknowledges that the foregoing restrictions of this Section 9 are fair and reasonable, are minimally necessary to protect Addus HealthCare Group, its stockholders and the public from the unfair competition of the Executive who, as a result of his employment with the Company, will have had unlimited access to the most confidential and important information of Addus HealthCare Group, its Business and future plans. The Executive furthermore acknowledges that no unreasonable harm or injury will be suffered by him from enforcement of the covenants contained herein and that he will be able to earn a reasonable livelihood following termination of his employment notwithstanding enforcement of the covenants contained herein.
- (i) **Right of Set Off.** In the event of a breach by the Executive of the provisions of this Agreement, the Company is hereby authorized at any time and from time to time, to the fullest extent permitted by law, and after ten (10) days prior written notice to the Executive, to set-off and apply any and all amounts at any time held by the Company on behalf of the Executive and all indebtedness at any time owing by the Addus HealthCare Group to the Executive against any and all of the obligations of the Executive now or hereafter existing, to the extent such set-off would not result in a penalty under Code §409A with regard to amounts that are deemed deferred compensation under Code §409A.

-
10. **Prior Agreement.** This Agreement supersedes and is in lieu of any and all other employment arrangements between the Executive and the Company or its predecessor or any subsidiary and any and all such employment agreements and arrangements are hereby terminated and deemed of no further force or effect.
11. **Assignment.** Neither this Agreement nor any rights or duties of the Executive hereunder shall be assignable by the Executive and any such purported assignment by him shall be void. The Company may assign all or any of its rights hereunder.
12. **Notices.** Unless specified in this Agreement, all notices and other communications hereunder shall be in writing and shall be deemed given upon receipt or refusal thereof if delivered personally, sent by overnight courier service, mailed by registered or certified mail (return receipt requested), postage prepaid, or emailed to the other party's email address on the Company's computer network. Notice to their party hereto, if mailed or sent by overnight courier service, shall be to the following addresses:
- (a) if to the Executive, to:
- Darby Anderson
1136 Lathrop Avenue
River Forest, IL 60305
- (b) if to the Company, to:
- Addus HealthCare, Inc.
6801 Gaylord Parkway
Suite 110
Frisco, TX 75034
Attention: CEO
- with a copy, which shall not constitute notice, to:
- Bass Berry & Sims PLC
150 Third Avenue South
Suite 2800
Nashville, TN 37201
Attention: David Cox, Esq.
Telephone: (615) 742-6299
Facsimile: (615) 742-2864
E-mail: dcox@bassberry.com

Any party may change their address for notice by giving all other parties notice of such change pursuant to this Section 12.

13. **Amendment.** This Agreement may not be changed, modified or amended except in writing signed by both parties to this Agreement.

-
14. **Waiver of Breach.** The waiver by either party of the breach of any provision of this Agreement shall not operate or be construed as a waiver of any subsequent breach by either party.
 15. **Invalidity of Any Provision.** The provisions of this Agreement are severable, it being the intention of the parties hereto that should any provision hereof be invalid or unenforceable, such invalidity or enforceability of any provisions shall not effect the remaining provisions hereof, but the same shall remain in full force and effect as if such invalid or unenforceable provision or provisions were omitted.
 16. **Governing Law.** This Agreement shall be governed by, and construed, interpreted and enforced in accordance with the laws of the State of Texas as applied to agreements entirely entered into and performed in Texas by Texas residents exclusive of the conflict of laws provisions of any other state.
 17. **Arbitration.** Any controversy or claim arising out of or relating to this Agreement (including, without limitation, as to arbitrability and any disputes with respect to the Executive's employment with the Company or the termination of such employment), or the breach thereof, shall be settled by individual arbitration (as opposed to class or collective arbitration) administered by a person mutually selected by the Company and the Executive (the "Arbitrator"). If the Company and the Executive are unable to agree upon the Arbitrator within fifteen (15) days, they shall each select an arbitrator within fifteen (15) days, and the arbitrators selected by the Company and the Executive shall appoint a third arbitrator to act as the Arbitrator within fifteen (15) days (at which point the Arbitrator alone shall judge the controversy or claim). The arbitration hearing shall commence within ninety (90) calendar days after the Arbitrator is selected, unless the Company and the Executive mutually agree to extend this time period. The arbitration shall take place in Dallas, Texas. The Arbitrator will have full power to give directions and make such orders as the Arbitrator deems just. Nonetheless, the Arbitrator explicitly shall not have the authority, power, or right to alter, change, amend, modify, add, or subtract from any provision of this Agreement except pursuant to Section 15. The Arbitrator shall issue a written decision that sets forth the essential findings and conclusions upon which the Arbitrator's award or decision is based within thirty (30) days after the conclusion of the arbitration hearing. The agreement to arbitrate will be specifically enforceable. The award rendered by the Arbitrator shall be final and binding (absent fraud or manifest error), and any arbitration award may be enforced by judgment entered in any court of competent jurisdiction. The Company and the Executive shall each pay one-half of the fees of the Arbitrator.
 18. **WAIVER OF JURY TRIAL.** NO PARTY TO THIS AGREEMENT OR ANY ASSIGNEE, SUCCESSOR, HEIR OR PERSONAL REPRESENTATIVE OF A PARTY SHALL SEEK A JURY TRIAL IN ANY LAWSUIT, PROCEEDING, COUNTERCLAIM, OR ANY OTHER LITIGATION PROCEDURE BASED UPON OR ARISING OUT OF THIS AGREEMENT OR ANY OF THE

ANCILLARY AGREEMENTS OR THE DEALINGS OR THE RELATIONSHIP BETWEEN THE PARTIES. NO PARTY WILL SEEK TO CONSOLIDATE ANY SUCH ACTION, IN WHICH A JURY TRIAL HAS BEEN WAIVED, WITH ANY OTHER ACTION IN WHICH A JURY TRIAL CANNOT OR HAS NOT BEEN WAIVED. THE PROVISIONS OF THIS SECTION 18 HAVE BEEN FULLY DISCUSSED BY THE PARTIES HERETO, AND THESE PROVISIONS SHALL BE SUBJECT TO NO EXCEPTIONS. NO PARTY HERETO HAS IN ANY WAY AGREED WITH OR REPRESENTED TO ANY OTHER PARTY HERETO THAT THE PROVISIONS OF THIS SECTION 18 WILL NOT BE FULLY ENFORCED IN ALL INSTANCES.

19. This Agreement is intended to comply with or be exempt from Code §409A, and accordingly, to the maximum extent permitted, this Agreement shall be interpreted to be in compliance with or exempt from Code §409A. Notwithstanding any other provision to the contrary, a termination of employment with the Company shall not be deemed to have occurred for purposes of any provision of this Agreement providing for the payment of “deferred compensation” (as such term is defined in Code §409A) upon or following a termination of employment unless such termination is also a “separation from service” from the Company within the meaning of Code §409A and Section 1.409A-1(h) of the Treasury Regulations and, for purposes of any such provision of this Agreement, references to a “separation,” “termination,” “termination of employment” or like terms shall mean “separation from service. If the Executive is a specified employee within the meaning of that term under Code §409A, then with regard to any payment that is considered non-qualified deferred compensation under Code §409A and payable on account of a separation from service, such payment shall be made on the date which is the earlier of (i) the expiration of the six (6)-month period measured from the date of such separation from service, and (ii) the date of the Executive’s death (the “Delay Period”) to the extent required under Code §409A. Upon the expiration of the Delay Period, all payments delayed shall be paid to the Executive in a lump sum, and all remaining payments due under this Agreement shall be paid or provided for in accordance with the normal payment dates specified herein. To the extent any reimbursements or in-kind benefits under this Agreement constitute non-qualified deferred compensation for purposes of Code §409A, (i) all such expenses or other reimbursements under this Agreement shall be made on or prior to the last day of the taxable year following the taxable year in which such expenses were incurred by the Executive, (ii) any right to such reimbursement or in kind benefits is not subject to liquidation or exchange for another benefit and (iii) no such reimbursement, expenses eligible for reimbursement or in-kind benefits provided in any taxable year shall in any way affect the expenses eligible for reimbursement, or in-kind benefits to be provided, in any other taxable year. For purposes of Code §409A, the Executive’s right to receive any installment payment pursuant to this Agreement shall be treated as a right to receive a series of separate and distinct payments. In no event shall any payment under this Agreement that constitutes non-qualified deferred compensation for purposes of

Code §409A be subject to offset, counterclaim or recoupment by any other amount unless otherwise permitted by Code §409A.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have executed this Agreements as of the date first written above.

ADDUS HEALTHCARE, INC.

By: /s/ R. Dirk Allison

Name: R. Dirk Allison

Title: President & Chief Executive Officer

/s/ Darby Anderson

DARBY ANDERSON

Exhibit A
Bonus

The Executive is eligible to receive a bonus with a target amount of 75% of the Executive's annual Base Salary during the applicable calendar year (pro-rated for any partial year), based on the Company's evaluation of the Executive's performance compared to established Company and/or individual objectives, in each case, at the discretion of the Compensation Committee of the Board of Directors. The Compensation Committee shall review and establish the objectives and threshold, target and maximum levels with respect to such objectives annually.

AMENDED AND RESTATED EMPLOYMENT AND NON-COMPETITION AGREEMENT

This AMENDED AND RESTATED EMPLOYMENT AND NON-COMPETITION AGREEMENT (this "Agreement") is effective as of April 25, 2017 (the "Effective Date"), by and between Addus HealthCare, Inc., an Illinois corporation (the "Company"), and W. Bradley Bickham, an individual domiciled in the State of Texas (the "Executive"). The Company and Executive are hereinafter sometimes referred to individually as a "Party" and collectively as the "Parties."

WHEREAS, the Company, its parent and its subsidiaries (collectively, the "Addus HealthCare Group") provide home care services to individuals, county and state governments, health maintenance organizations, independent physician associations, insurance companies, facilities, other business purchasers of such services, and to the general public at large;

WHEREAS, the Executive is currently employed by the Company Executive as its Executive Vice President and Chief Operating Officer pursuant to an Employment and Non-Competition Agreement dated January 16, 2017 (the "Original Date") (the "Prior Agreement"), and the Parties desire to enter this Agreement to secure the Executive's continued employment, all on the terms and conditions set forth herein;

WHEREAS, by virtue of the Executive's employment by the Company pursuant to the terms hereof, the Executive will obtain and become familiar with certain valuable confidential and proprietary information relating to the Addus HealthCare Group;

NOW, THEREFORE, in consideration of the mutual covenants and agreements set forth herein, the Parties, intending to be legally bound, agree as follows:

1. Effectiveness: Term of Employment.

- (a) This Agreement shall automatically become effective on the Effective Date.
- (b) The Company hereby employs the Executive, and the Executive hereby accepts employment by the Company, for the period commencing as of the Original Date and ending on the first (1st) anniversary of the Original Date, or on such earlier date as provided pursuant to the terms and conditions of this Agreement (the "Initial Employment Term"). At the end of the Initial Employment Term, this Agreement shall automatically renew for successive one (1) year terms (each, as may be earlier terminated pursuant to the terms and conditions of this Agreement, an "Additional Employment Term" and together with the Initial Employment Term, the "Employment Term"), unless either Party provides notice to the other of its or his intention not to renew this Agreement at least thirty (30) days prior to the expiration of the Initial Employment Term or any Additional Employment Term (a "Non-Renewal"). During the Employment Term, the Executive shall (i) devote substantially all of his professional time, loyalty, and efforts to discharge his duties hereunder on a timely basis; (ii) use his best efforts to loyally and diligently serve the business and affairs of the Addus HealthCare Group; and (iii) endeavor in all respects to promote, advance and further the Addus HealthCare Group's interests in all matters. To the extent it does not interfere with Executive's duties

hereunder in any material respect, the Parties agree that this provision should not be construed as limiting Executive's right to serve on up to one (1) board of, or otherwise engage in activities on behalf of, charitable and civic organizations and, upon prior written approval of the Company, one (1) board of a for profit entity that does not compete with the business of the Company.

2. Employment Duties.

During the Employment Term, the Company will employ the Executive as its Executive Vice President and Chief Operating Officer, a senior executive position that reports directly to the Chief Executive Officer ("CEO") of the Company. The Executive's principal duties and responsibilities shall be to oversee and direct the operations of the Addus HealthCare Group including the management and delivery of home care and adult day care services and the performance of such other executive duties and responsibilities as may be assigned to him by the CEO or the Board of Directors and are consistent with the Executive's position as Chief Operating Officer of the Company.

3. Compensation.

The Company will pay the Executive as follows during the Employment Term:

- (a) **Base Salary.** Commencing March 5, 2017, the Company shall pay the Executive a base salary at the annual rate of Three Hundred Fifty Thousand Dollars (\$350,000), which shall be paid in accordance with the normal payroll practices of the Company and shall be subject to applicable withholdings and deductions. Thereafter, the Executive's base salary shall be subject to review and adjustment upward by the compensation committee (the "**Compensation Committee**") of the board of directors of Addus HomeCare Corporation ("**Addus HomeCare**") (the "**Board of Directors**") on or about each anniversary of the Effective Date for each year during the Employment Term (as adjusted from time-to-time, the "**Base Salary**").
- (b) **Bonus.** The Executive, at the discretion of the Compensation Committee, shall be eligible (but not entitled) to receive an annual bonus as set forth on **Exhibit A** hereto. The Compensation Committee, at its sole discretion, may determine the amount of the annual bonus, if any, to which the Executive may become entitled based on the quantitative and qualitative factors described on **Exhibit A** or any other factors the Compensation Committee may deem appropriate from time to time. All amounts payable pursuant to this Section 3(b), if any, shall be paid within no more than thirty (30) days after completion of Addus HomeCare's audited financial statements for the most recently completed fiscal year, but in all events, in the fiscal year following the fiscal year in which it was earned, and shall be subject to applicable withholdings and deductions. Bonus is not salary and is earned on the day it is paid. To be eligible to receive the bonus, the Executive must be actively employed and must not have given notice of termination on or prior to such date.
- (c) **Equity Awards.** The Executive has previously received equity awards pursuant to the Prior Agreement.

4. Expenses.

It is recognized that the Executive, in the performance of his duties hereunder, may be required to expend sums for travel (e.g., airfare, automobile rental, etc.), entertainment, and lodging. During the Employment Term, the Company shall reimburse the Executive for reasonable business expenses incurred by him during the Employment Term in connection with the performance of his duties hereunder conditioned upon and subject to the Company's established policies and procedures, including written receipt from the Executive of an itemized accounting in accordance with the Company's regular business expense verification practices.

5. Benefits.

During the Employment Term, the Executive shall be entitled to benefits under such plans, programs, or arrangements as the Board of Directors may establish or maintain from time to time for similarly-situated employees, and in accordance with its policies, which may change at the sole discretion of the Board of Directors. Benefits as of the Effective Date are:

- (a) Four (4) weeks of paid vacation during each year of employment. Subject to the Company's established policies and procedures, vacation may be carried over to a subsequent year of employment, not to exceed eight (8) weeks during any calendar year of employment.
- (b) Five (5) days personal/sick leave per year, with pay. Personal/sick days may be carried over to a subsequent year of employment, not to exceed ten (10) days during any calendar year of employment.
- (c) Six (6) Company holidays, plus two (2) floating holidays, per year.
- (d) Coverage beginning on the Original Date under the health benefit plan provided by the Company to its executives, which may change, at the sole discretion of the Board of Directors, from time to time. The Company will cover the Executive and his dependents, if any, during the Employment Term to the same extent and according to the same terms as the Company's other executives are covered.
- (e) Life insurance policy beginning on the Original Date with a face amount of up to five (5) times the Base Salary, provided that the Company shall not be required to spend greater than three percent (3%) of the Base Salary in purchasing such insurance policy.
- (f) Short-term and long-term disability insurance beginning on the Original Date to the same extent and according to the same terms as the Company's other similarly-situated executives are covered, which may change, at the sole discretion of the Board of Directors, from time to time.
- (g) Tuition reimbursement shall be available for courses relevant to the Executive's position and taken at an accredited institution, subject to prior approval by the Board of Directors.
- (h) Participation in the Company's 401(k) plan up to the defined Internal Revenue Service limit beginning 30 days after the Original Date. The Company will annually match 6% of

the Executive's annual contribution to such plan during the Employment Term, subject to the Company's established policies and procedures.

6. Termination by the Company.

- (a) The Company may terminate the Executive's employment hereunder at any time for Reasonable Cause. The term "Reasonable Cause" shall be limited to the following:
- (i) A material breach or omission by the Executive of any of his duties or obligations under this Agreement (except due to Disability, as defined below) that the Executive shall fail to cure after receipt of written notice of such breach or omission from the Company's CEO or Board of Directors, which notice shall designate a reasonable period of time, if curable at all, of not less than ten (10) business days within which the breach or omission must be cured to the reasonable satisfaction of the CEO or the Board of Directors, as applicable, in order to prevent a termination for Reasonable Cause; provided, however, that the Executive shall only be permitted the opportunity to cure such breaches or omissions a total of two times in any twelve (12)-month rolling period;
 - (ii) Willfully engaging in any action that materially damages, or that may reasonably be expected to materially damage, the Addus HealthCare Group or the business or goodwill thereof;
 - (iii) Breaching the Executive's fiduciary duty to the Addus HealthCare Group;
 - (iv) Committing any act involving fraud, misusing or misappropriating money or other property of the Addus HealthCare Group, committing a felony, using illegal drugs, misusing or abusing prescriptive or over-the-counter drugs, habitually using other intoxicants, or chronic absenteeism;
 - (v) Gross negligence or willful misconduct by the Executive;
 - (vi) Committing acts constituting gross insubordination, such as, without limitation, the intentional disregard of any reasonable directive of the CEO or the Board of Directors; or
 - (vii) failing to perform any material duty in a timely and effective manner and failing to cure any such performance deficiency after receipt of written notice of the deficiency from the CEO or Board of Directors, which notice shall designate the reasonable period of time, if curable at all, of not less than ten (10) days within which the performance deficiency must be cured to the reasonable satisfaction of the CEO or the Board of Directors, as applicable, in order to prevent a termination for reasonable cause; provided, however, that the Executive shall only be permitted the opportunity to cure such performance deficiencies a total of two times in any twelve (12)-month rolling period.
- (b) The Executive's employment hereunder shall be terminated in the event of his death, and the Company may terminate the Executive's employment hereunder if the Executive suffers a physical or mental disability (a "Disability") so that the Executive is or, in the opinion of an independent physician retained by the Company for purposes of this determination will be, unable to perform his duties in a manner satisfactory to the

Company for a period of ninety (90) days out of any one hundred eighty (180) consecutive-day period (in which event the Executive shall be deemed to have suffered a permanent Disability).

- (c) The Company may terminate the Executive's employment hereunder at any time for any other reason, or for no reason.
- (d) Termination of the Executive's employment for any reason shall terminate the Employment Term but shall not affect the Executive's obligations pursuant to Section 9 hereof, which obligations shall remain in effect for the period therein provided.

7. Termination by the Executive.

The Executive may terminate his employment with the Company (a) for Good Reason (as defined below) or (b) without Good Reason, in each case, upon not less than thirty (30) days prior written notice to the Company; *provided, however*, that after the receipt of such notice, the Company may, in its discretion accelerate the effective date of such termination at any time by written notice to the Executive. Termination of the Executive's employment by the Executive shall terminate the Employment Term but shall not affect the Executive's obligations under Section 9 hereof, which obligations shall remain in effect for the period therein provided. As used herein, "Good Reason" means (i) any reduction in the Executive's Base Salary, (ii) any material reduction to the Executive's employment duties and responsibilities, (iii) any material breach by the Company of any material term of this Agreement, other than a breach which is remedied by the Company within 10 days after receipt of written notice given by the Executive, (iv) a change in the Executive's direct reporting duty to a person other than the CEO of the Company or the Board of Directors; or (v) the relocation of the Executive's principal office to a location more than fifty (50) miles from Frisco, Texas.

8. Rights and Obligations Upon Termination.

- (a) If the Executive's employment is terminated by the Company pursuant to Section 6(a) or 6(b) hereof or by the Executive pursuant to Section 7(b) hereof, the Executive or his estate shall have no further rights against the Addus HealthCare Group hereunder, except for the right to receive, with respect to the period prior to the effective date of termination:
 - (i) Any unpaid Base Salary under Section 3(a) hereof for any period prior to the effective date of termination;
 - (ii) Any accrued but unpaid benefits under Section 5 hereof for any period prior to the effective date of termination; and
 - (iii) In the case of termination pursuant to Section 6(b), eligibility for life or disability insurance benefits described in Sections 5(e) or (f), as applicable.

Such payments shall be made to the Executive whether or not the Company chooses to utilize the services of the Executive for the required notice period specified in Section 7.

-
- (b) If the Executive's employment is terminated pursuant to Section 6(c) hereof or Section 7(a) hereof, or as a result of Non-Renewal by the Company, the Executive shall be entitled to, in lieu of any further payments to the Executive for periods subsequent to the date of termination:
- (i) Any unpaid Base Salary under Section 3(a) hereof for any period prior to the effective date of termination;
 - (ii) A pro rata portion of the bonus under Section 3(b) hereof based on what Executive would have been entitled to receive pursuant to the Company's then-effective bonus plan had his employment not been terminated, which shall be payable following the time the Company determines the amount of bonuses payable to its executives following the end of the year in which termination occurs, which determination will be based on the actual performance of the Company;
 - (iii) Any accrued but unpaid benefits under Section 5 hereof for any period prior to the effective date of termination, in accordance with the terms of the applicable plan or arrangement;
 - (iv) Conditioned upon the Executive's strict compliance with the post-employment restrictions described in Section 9 below and subject to applicable withholdings and deductions, severance pay ("Base Severance Pay") in an amount equal to the Executive's Base Cash Compensation (as defined below) to be paid in equal installments on the Company's regular pay dates over the twelve (12) month period following termination of the Executive's employment (subject to applicable withholdings and deductions), plus, if the Executive timely elects to continue his health, dental, and/or vision insurance coverage under COBRA, the Executive shall be eligible to receive after-tax cash payments equal to the difference between his COBRA continuation coverage premiums and the amount of premiums paid by similarly-situated active employees of the Company under the Company's health, dental, and/or vision insurance plans, for a period of twelve (12) months following the Executive's date of termination of employment, to be paid in equal installments on the Company's regular pay dates (subject to applicable tax withholdings and deductions).
- For purposes of this Agreement, "Base Cash Compensation" shall mean the highest annual Base Salary in effect for the Executive.
- (c) Notwithstanding anything to the contrary set forth herein, if the Executive's employment is terminated by the Company pursuant to Section 6(c) within six (6) months prior to, or one (1) year following, a Change in Control (as defined below), the Executive shall be entitled to, in lieu of the payments to be made pursuant to Section 8(b)(iv), an amount equal to the Executive's Annual Cash Compensation (as defined below) (subject to applicable withholdings and deductions), less any payment already received pursuant to Section 8(b)(iv) ("Change of Control Severance Pay") and, together with Base Severance Pay, "Severance Pay"), which shall be payable in accordance with the normal payroll practices of the Company in equal installments on the Company's regular pay dates for one (1) year following termination of the Executive's employment, plus, if the Executive

elects to continue his health, dental and/or vision insurance coverage under COBRA, the Executive shall be eligible to receive after-tax cash payments equal to the difference between his COBRA continuation coverage premiums and the amount of premiums paid by similarly-situated active employees of the Company under the Company's health, dental and/or vision insurance plans, payable in equal installments on the Company's regular pay dates (subject to applicable tax withholdings and deductions) until one (1) year following the termination of the Executive's employment. As used herein, a "Change in Control" shall be deemed to have occurred if (i) any "person" (as such term is used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act")), other than a trustee or other fiduciary holding securities under an employee benefit plan of Addus HomeCare, or a corporation owned directly or indirectly by the stockholders of Addus HomeCare in substantially the same proportions as their ownership of stock of Addus HomeCare, becomes the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of Addus HomeCare representing more than 50% of the total voting power represented by Addus HomeCare's then outstanding securities that vote generally in the election of directors (referred to herein as "Voting Securities"); or (ii) after the date of this Agreement, the stockholders of Addus HomeCare approve (x) a merger or consolidation of Addus HomeCare with any other corporation, other than a merger or consolidation that would result in the Voting Securities of Addus HomeCare outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into Voting Securities of the surviving entity) more than 50% of the total voting power represented by the Voting Securities of Addus HomeCare or such surviving entity outstanding immediately after such merger or consolidation, or (y) a plan of complete liquidation of Addus HomeCare or an agreement for the sale or disposition by Addus HomeCare of (in one transaction or a series of transactions) all or substantially all of Addus HomeCare's assets.

For purposes of this Agreement, "Annual Cash Compensation" shall mean the sum of (a) the highest annual Base Salary in effect for the Executive and (b) the greater of (i) the Executive's bonus for the most recently-completed year, if any, or (ii) the annualized amount of the Executive's target bonus for the then current year.

- (d) The Executive acknowledges and agrees that the Company's obligations to make payments pursuant to Sections 8(b)(iv) and 8(c) above are expressly conditioned on the Executive timely executing, delivering and not revoking a customary general release in form and substance satisfactory to the Company within the period that is sixty (60) days following the date of the Executive's termination of employment or service with the Company. To the extent that such sixty (60) day period spans two (2) calendar years, no payment of any severance amount or benefit that is (i) considered to be nonqualified deferred compensation within the meaning of Section 409A of the Internal Revenue Code of 1986, as amended, and the regulations and guidance promulgated thereunder (collectively, "Code §409A") and (ii) conditioned upon the release, shall be made before the first day of the second calendar year, regardless of when the release is actually executed and returned to the Company.

9. Covenants of the Executive.

- (a) **No Conflicts.** The Executive represents and warrants that he is not personally subject to any agreement, order, or decree that restricts his acceptance of this Agreement and performance of his duties with the Company hereunder.
- (b) **Non-Competition; Non-Solicitation.** During the Employment Term and during the Restrictive Period (as defined below), the Executive shall not, without the prior written consent of the Company, directly or indirectly, in any capacity whatsoever, either on his own behalf or on behalf of any other person or entity whom he may manage, control, participate in, consult with, render services for, or be employed by or associated with, compete with the Business (as defined below) in any of the following described manners:
- (i) Engage in, assist, or have any interest in, as principal, consultant, advisor, agent, financier, or employee, any business entity that is, or that is about to become engaged in, providing goods or services in competition with the Addus HealthCare Group within a geographic radius of fifty (50) miles from any Addus HealthCare Group branch office;
 - (ii) Solicit or accept any business (or help any other person solicit or accept any business) from any person or entity that on the Effective Date is a customer of the Addus HealthCare Group, or during the Employment Term becomes a customer of the Addus HealthCare Group, other than a customer that does not engage in the Business;
 - (iii) Induce or attempt to induce any employee of the Addus HealthCare Group to terminate such employee's relationship with the Addus HealthCare Group or in any way interfere with the relationship between the Addus HealthCare Group and any employee thereof; or
 - (iv) Induce or attempt to induce any customer, referral source, supplier, vendor, licensee, or other business relation of the Addus HealthCare Group to cease doing business with the Addus HealthCare Group, or in any way interfere with the relationship between any such customer, referral source, supplier, vendor, licensee, or business relation, on the one hand, and the Addus HealthCare Group, on the other hand.

For purposes hereof, the term "Business" means the business of providing home care services of the type and nature that the Addus HealthCare Group performs and/or any other business activity in which the Addus HealthCare Group performs or program or service under active development proposed to be performed and/or any other business activity in which the Addus HealthCare Group becomes engaged in on or after the date hereof while the Executive is employed by the Company.

For purposes hereof, the term "Restricted Period" means the period beginning on the date on which the Executive's employment is terminated by the Company or the Executive for any reason and ending on the first (1st) anniversary of such date.

Notwithstanding the foregoing provisions, nothing herein shall prohibit the Executive from owning one percent (1%) or less of any securities of an Addus HealthCare Group competitor, if such securities are listed on a nationally recognized securities exchange or

traded over-the-counter. If, at the time of enforcement of this Section 9(b), a court holds that the restrictions stated herein are unreasonable under the circumstances then existing, the Parties agree that the maximum period, scope or geographic area reasonable under such circumstances shall be substituted for the stated period, scope or area determined to be reasonable under the circumstances by such court.

- (c) **Non-Disclosure.** The Executive recognizes and acknowledges that he will have access to certain confidential and proprietary information of Addus HealthCare Group, including, but not limited to, Trade Secrets (as defined below) and other proprietary commercial information, and that such information constitutes valuable, special, and unique property of Addus HealthCare Group. The Executive agrees that he will not, for any reason or purpose whatsoever, except in the performance of his duties hereunder, or as required by law, disclose any of such confidential information to any person, entity, or governmental authority without express authorization of the Company. This restriction shall not, however, prohibit the Executive from communicating with any Government Agency or otherwise participating in any investigation or proceeding that may be conducted by any Government Agency, including providing Company documents or other information, without consent of the Company. The Executive further agrees that he shall not, at any time during the Employment Term or thereafter, without the express prior written consent of the Company, directly or indirectly, in any capacity whatsoever, either on his own behalf or on behalf of any other person or entity that he manages, controls, participates in, consults with, renders services for, or is employed by or associated with, disclose or use, except when necessary to further the interests of the Business, any Trade Secret of the Addus HealthCare Group, whether such Trade Secret is in the Executive's memory or embodied in writing or other physical form. For purposes of this Agreement, "Trade Secret" means any information, not generally known to, and not readily ascertainable by proper means by, other persons who can obtain economic value from its disclosure or use and is the subject of efforts to maintain its secrecy that are reasonable under the circumstances, including, but not limited to, (i) trade secrets; (ii) information concerning the business or affairs of the Addus HealthCare Group, including its products or services, fees, costs, and pricing structures, charts, manuals and documentation, databases, accounting and business models, designs, analyses, drawings, photographs and reports, computer software, copyrightable works, inventions, devices, new developments, methods and processes, whether patentable or unpatentable and whether or not reduced to practice, sales records, and other proprietary commercial information; (iii) information concerning actual and prospective clients and customers of the Addus HealthCare Group, including client and customer lists and other compilations; and (iv) information concerning employees, contractors, and vendors of the Addus HealthCare Group, including personal information and information concerning the compensation or other terms of employment of such individuals. "Trade Secret," however, shall not include general "know-how" information acquired by the Executive during the course of his employment that could have been obtained by him from public sources without the expenditure of significant time, effort, and expense.
- (d) **Covenant Regarding Confidential and Proprietary Information.** The Executive will promptly disclose in writing to the Company each improvement, discovery, idea, invention, and each proposed publication of any kind whatsoever, relating to the Business

made or conceived by the Executive either alone or in conjunction with others while employed hereunder if such improvement, discovery, idea, invention, or publication results from or was suggested by such employment (whether or not patentable and whether or not made or conceived at the request of or upon the suggestion of the Company, and whether or not during his usual hours of work, whether in or about the premises of the Addus HealthCare Group and whether prior or subsequent to the execution hereof). The Executive will not disclose any such improvement, discovery, idea, invention or publication to any person, entity, or governmental authority, except to the Company. Each such improvement, discovery, idea, invention, and publication shall be the sole and exclusive property of, and is hereby assigned by the Executive to, the Company, and at the request of the Company, the Executive will assist and cooperate with the Company and any person or entity from time to time designated by the Company to obtain for the Company or its designee the grant of any letters patent in the United States of America and/or such other country or countries as may be designated by the Company, covering any such improvement, discovery, idea, invention, or publication and will in connection therewith execute such applications, statements, assignments, or other documents, furnish such information and data, and take all such other action (including, without limitation, the giving of testimony) as the Company may from time to time reasonably request. The foregoing provisions of this Section 9(d) shall not apply to any improvement, discovery, idea, invention, or publication for which no equipment, supplies, facilities, or confidential and proprietary information of Addus HealthCare Group was used and that was developed entirely on the Executive's own time, unless (x) the improvement, discovery, idea, invention, or publication relates to the Business or the actual or demonstrably anticipated research or development of the Business, or (y) the improvement, discovery, idea, invention, or publication results from any work performed by the Executive for the Addus HealthCare Group.

- (e) **Non-Disparagement.** The Executive agrees that, during the Employment Term and the Restrictive Period, he will not make any statement, either in writing or orally, that is communicated publicly or is reasonably likely to be communicated publicly and that is reasonably likely to disparage or otherwise harm the business or reputation of the Addus HealthCare Group, or the reputation of any of its current or former directors, officers, employees, or stockholders.
- (f) **Return of Documents and Other Property.** Upon termination of employment, the Executive shall return all originals and copies of books, records, documents, customer lists, sales materials, tapes, keys, credit cards and other tangible property of Addus HealthCare Group within the Executive's possession or under his control.
- (g) **Remedies for Breach.** In the event of a breach or threat of a breach of the provisions of this Section 9, the Executive hereby acknowledges that such breach or threat of a breach will cause the Company to suffer irreparable harm and that the Company shall be entitled to an injunction restraining the Executive from breaching such provisions. The foregoing shall not, however, be construed as prohibiting the Company from having available to it any other remedy, either at law or in equity, for such breach or threatened breach, including, but not limited to, the immediate cessation of employment and any remaining Severance Pay and benefits pursuant to Section 8, the recovery of damages from the

Executive, and the notification of any employer or prospective employer of the Executive as to the limitations and restrictions contained in this Agreement (without limiting or affecting the Executive's obligations under the other paragraphs of this Section 9). In addition, the Executive also expressly acknowledges and agrees that, in addition to the foregoing rights and remedies, the Executive shall reimburse the Company for all attorneys' fees, costs, and expenses incurred by Company to enforce the provisions of this Section 9.

- (h) **Acknowledgement.** The Executive acknowledges that he will be directly and materially involved as a senior executive in all important policy and operational decisions of Addus HealthCare Group. The Executive further acknowledges that the scope of the foregoing restrictions has been specifically bargained between the Company and the Executive, each being fully informed of all relevant facts. Accordingly, the Executive acknowledges that the foregoing restrictions of this Section 9 are fair and reasonable, are minimally necessary to protect Addus HealthCare Group, its stockholders, and the public from the unfair competition of the Executive who, as a result of his employment with the Company, will have had access to the most confidential and important information of Addus HealthCare Group, its Business, and future plans. The Executive furthermore acknowledges that no unreasonable harm or injury will be suffered by him from enforcement of the covenants contained herein and that he will be able to earn a reasonable livelihood following termination of his employment notwithstanding enforcement of the covenants contained herein.
- (i) **Right of Set Off.** In the event of a breach by the Executive of the provisions of this Agreement, the Company is hereby authorized at any time and from time to time, to the fullest extent permitted by law, and after ten (10) days prior written notice to the Executive, to set-off and apply any and all amounts at any time held by the Company on behalf of the Executive and all indebtedness at any time owing by the Addus HealthCare Group to the Executive against any and all of the obligations of the Executive now or hereafter existing, to the extent such set-off would not result in a penalty under Code §409A with regard to amounts that are deemed deferred compensation under Code §409A.

10. Prior Agreement.

This Agreement contains the entire understanding of the Parties with respect to the matters set forth herein. Each Party acknowledges that there are no warranties, representations, promises, covenants, or understandings of any kind except those that are expressly set forth in this Agreement. This Agreement supersedes and is in lieu of any and all other agreements between the Executive and the Company or its predecessor or any subsidiary, and any and all such employment agreements or arrangements are hereby terminated and deemed of no further force or effect.

11. Assignment.

Neither this Agreement, nor any rights or duties of the Executive hereunder shall be assignable by the Executive, and any such purported assignment by him shall be void. The Company may assign all or any of its rights hereunder.

12. Notices.

Unless specified in this Agreement, all notices and other communications hereunder shall be in writing and shall be deemed given upon receipt or refusal thereof if delivered personally, sent by overnight courier service, mailed by registered or certified mail (return receipt requested), postage prepaid, or emailed to the other Party's email address on the Company's computer network (except that email shall not be deemed given upon refusal thereof). Notice to each Party, if mailed or sent by overnight courier service, shall be to the following addresses:

- (a) If to the Executive, to:

W. Bradley Bickham
613 Swan Drive
Coppell, TX 75019

- (b) If to the Company, to:

Addus HealthCare, Inc.
6801 Gaylord Parkway
Suite 110
Frisco, TX 75034
Attention: CEO

With a copy, which shall not constitute notice, to:

Bass Berry & Sims PLC
150 Third Avenue South
Suite 2800
Nashville, TN 37201
Attention: David Cox, Esq.
Telephone: (615) 742-6299
Facsimile: (615) 742-2864
E-mail: dcox@bassberry.com

Any Party may change its address for notice by giving all other Parties notice of such change pursuant to this Section 12.

13. Amendment.

This Agreement may not be changed, modified, or amended except in writing signed by both Parties to this Agreement.

14. Waiver of Breach.

The waiver by either Party of the breach of any provision of this Agreement shall not operate or be construed as a waiver of any subsequent breach by either Party.

15. Invalidity of Any Provision.

The provisions of this Agreement are severable, it being the intention of the parties hereto that should any provision hereof be invalid or unenforceable, such invalidity or enforceability of any provisions shall not affect the remaining provisions hereof, but the same shall remain in full force and effect as if such invalid or unenforceable provision or provisions were omitted.

16. 409A Compliance.

This Agreement is intended to comply with or be exempt from Code §409A, and accordingly, to the maximum extent permitted, this Agreement shall be interpreted to be in compliance with or exempt from Code §409A. Notwithstanding any other provision to the contrary, a termination of employment with the Company shall not be deemed to have occurred for purposes of any provision of this Agreement providing for the payment of “deferred compensation” (as such term is defined in §409A) upon or following a termination of employment unless such termination is also a “separation from service” from the Company within the meaning of Code §409A and Section 1.409A-1(h) of the Treasury Regulations and, for purposes of any such provision of this agreement, references to a “separation,” “termination,” “termination of employment or like terms shall mean “separation from service.” If the Executive is a specified employee within the meaning of that term under Code §409A, then with regard to any payment that is considered non-qualified deferred compensation under Code §409A and payable on account of a separation from service, such payment shall be made on the date which is the earlier of (i) the expiration of the six (6)-month period measured from the date of such separation from service, and (ii) the date of the Executive’s death (the “Delay Period”) to the extent required under Code §409A. Upon the expiration of the Delay Period, all payments delayed shall be paid to the Executive in a lump sum, and all remaining payments due under this Agreement shall be paid or provided for in accordance with the normal payment dates specified herein. To the extent any reimbursements or in-kind benefits under this Agreement constitute non-qualified deferred compensation for purposes of Code §409A, (i) all such expenses or other reimbursements under this Agreement shall be made on or prior to the last day of the taxable year following the taxable year in which such expenses were incurred by the Executive, (ii) any right to such reimbursement or in kind benefits is not subject to liquidation or exchange for another benefit, and (iii) no such reimbursement, expenses eligible for reimbursement, or in-kind benefits provided in any taxable year shall in any way affect the expenses eligible for reimbursement, or in-kind benefits to be provided, in any other taxable year. For purposes of Code §409A, the Executive’s right to receive any installment payment pursuant to this Agreement shall be treated as a right to receive a series of separate and distinct payments. In no event shall any payment under this Agreement that constitutes non-qualified deferred compensation for purposes of Code §409A be subject to offset, counterclaim, or recoupment by any other amount unless otherwise permitted by Code §409A.

17. Governing Law.

This Agreement shall be governed by, and construed, interpreted and enforced in accordance with the laws of the State of Texas as applied to agreements entirely entered into and performed in Texas by Texas residents exclusive of the conflict of laws provisions of any other state.

18. Survival.

Obligations under this Agreement which by their nature would continue beyond the termination of this Agreement, including without limitation Sections 8 and 9, shall survive termination of this Agreement for any reason.

19. Arbitration.

Except as set forth below, any controversy or claim arising out of or relating to this Agreement (including, without limitation, as to arbitrability and any disputes with respect to the Executive's employment with the Company or the termination of such employment), or the breach thereof, shall be settled by arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association in effect as of the date of filing of the arbitration administered by a person authorized to practice law in the State of Texas and mutually selected by the Company and the Executive (the "Arbitrator"). If the Company and the Executive are unable to agree upon the Arbitrator within fifteen (15) days, they shall each select an arbitrator within fifteen (15) days, and the arbitrators selected by the Company and the Executive shall appoint a third arbitrator to act as the Arbitrator within fifteen (15) days (at which point the Arbitrator alone shall judge the controversy or claim). The arbitration hearing shall commence within ninety (90) calendar days after the Arbitrator is selected, unless the Company and the Executive mutually agree to extend this time period. The arbitration shall take place in Dallas, Texas. The Arbitrator will have full power to give directions and make such orders as the Arbitrator deems just. Nonetheless, the Arbitrator explicitly shall not have the authority, power, or right to alter, change, amend, modify, add, or subtract from any provision of this Agreement except pursuant to Section 15. The Arbitrator shall issue a written decision that sets forth the essential findings and conclusions upon which the Arbitrator's award or decision is based within thirty (30) days after the conclusion of the arbitration hearing. The agreement to arbitrate will be specifically enforceable. The award rendered by the Arbitrator shall be final and binding (absent fraud or manifest error), and any arbitration award may be enforced by judgment entered in any court of competent jurisdiction. The Company and the Executive shall each pay one-half (1/2) of the fees of the Arbitrator. Notwithstanding anything set forth above to the contrary, in the event that the Company seeks injunctive relief and/or specific performance to remedy a breach, evasion, violation or threatened violation of this Agreement, the Executive irrevocably waives his right, if any, to have any such dispute decided by arbitration or in any jurisdiction or venue other than a state or federal court in the State of Texas. For any such action, the Executive further irrevocably consents to the personal jurisdiction of the state and federal courts in the State of Texas.

20. WAIVER OF JURY TRIAL.

NO PARTY TO THIS AGREEMENT OR ANY ASSIGNEE, SUCCESSOR, HEIR OR PERSONAL REPRESENTATIVE OF A PARTY SHALL SEEK A JURY TRIAL IN ANY LAWSUIT, PROCEEDING, COUNTERCLAIM, OR ANY OTHER LITIGATION PROCEDURE BASED UPON OR ARISING OUT OF THIS AGREEMENT OR ANY OF THE ANCILLARY AGREEMENTS OR THE DEALINGS OR THE RELATIONSHIP BETWEEN THE PARTIES. NO PARTY WILL SEEK TO CONSOLIDATE ANY SUCH ACTION, IN WHICH A JURY TRIAL HAS BEEN WAIVED, WITH ANY OTHER ACTION IN WHICH A JURY TRIAL CANNOT OR HAS NOT BEEN WAIVED. THE PROVISIONS OF THIS SECTION 20 HAVE BEEN FULLY DISCUSSED BY THE PARTIES HERETO, AND THESE PROVISIONS SHALL BE SUBJECT TO NO EXCEPTIONS. NO PARTY HERETO HAS IN ANY WAY AGREED WITH OR REPRESENTED TO ANY OTHER PARTY HERETO THAT THE PROVISIONS OF THIS SECTION 20 WILL NOT BE FULLY ENFORCED IN ALL INSTANCES.

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the date first written above.

ADDUS HEALTHCARE, INC.

By: /s/ R. Dirk Allison
Name: R. Dirk Allison
Title: President and Chief Executive Officer

/s/ W. Bradley Bickham
W. Bradley Bickham

Exhibit A
Bonus

The Executive is eligible to receive a bonus with a target amount of 75% of the Executive's annual Base Salary during the applicable calendar year (pro-rated for any partial year), based on the Company's evaluation of the Executive's performance compared to established Company and/or individual objectives, in each case, at the discretion of the Compensation Committee of the Board of Directors. The Compensation Committee shall review and establish the objectives and threshold, target and maximum levels with respect to such objectives annually.

**AMENDED AND RESTATED EMPLOYMENT AND NON-COMPETITION
AGREEMENT**

This AMENDED AND RESTATED EMPLOYMENT AND NON-COMPETITION AGREEMENT (this "Agreement") is effective as of April 25, 2017 (the "Effective Date"), by and between Addus HealthCare, Inc., an Illinois corporation (the "Company"), and Brenda Belger, an individual domiciled in the State of Texas (the "Executive").

WHEREAS, the Company, its parent and its subsidiaries (collectively, the "Addus HealthCare Group") provide home care services to individuals, county and state governments, health maintenance organizations, independent physician associations, insurance companies, facilities, other business purchasers of such services, and to the general public at large.

WHEREAS, the Executive is currently employed by the Company as its Chief Human Resources Officer pursuant to an Employment and Non-Competition Agreement dated June 1, 2016 (the "Original Date") (the "Prior Agreement"), and the parties hereto desire to enter this Agreement to secure the Executive's continued employment, all on the terms and conditions set forth herein.

WHEREAS, by virtue of the Executive's employment by the Company pursuant to the terms hereof, the Executive will obtain and become familiar with certain valuable confidential and proprietary information relating to the Addus HealthCare Group, its customers and employees.

WHEREAS, the Company desires to protect the goodwill and all proprietary rights and information of the Addus HealthCare Group.

NOW, THEREFORE, in consideration of the mutual covenants and agreements set forth herein, the parties hereto, intending to be legally bound, agree as follows:

1. **Effectiveness; Term of Employment.**

- (a) This Agreement shall automatically become effective on the Effective Date.
- (b) The Company hereby employs the Executive, and the Executive hereby accepts employment by the Company, for the period commencing as of the Original Date and ending on the fourth (4th) anniversary of the Original Date, or on such earlier date as provided pursuant to the terms and conditions of this Agreement (the "Initial Employment Term"). At the end of the Initial Employment Term, this Agreement shall automatically renew for successive one (1) year terms (each, as may be earlier terminated pursuant to the terms and conditions of this Agreement, an "Additional Employment Term" and, together with the Initial Employment Term, as may be earlier terminated pursuant to the terms and conditions of this Agreement, the "Employment Term"), unless either party provides notice to the other of its or her intention not to renew this Agreement at least thirty (30) days prior to the expiration of the Initial

Employment Term or any Additional Employment Term (a “Non-Renewal”). During the Employment Term, the Executive shall (i) devote substantially all of her professional time, loyalty and efforts to discharge her duties hereunder on a timely basis; (ii) use her best efforts to loyally and diligently serve the business and affairs of the Addus HealthCare Group; and (iii) endeavor in all respects to promote, advance and further the Addus HealthCare Group’s interests in all matters.

2. **Employment Duties.**

During the Employment Term, the Company will employ the Executive as its Chief Human Resources Officer, a senior executive position that reports directly to the President and Chief Executive Officer (the “CEO”) of the Company. The Executive’s principal duties and responsibilities shall be those reflected in the employment description set forth on Exhibit A hereto.

3. **Compensation.**

The Company will pay the Executive as follows during the Employment Term:

- (a) **Base Salary.** Commencing March 5, 2017, the Company shall pay the Executive a base salary at the annual rate of Two Hundred Seventy Five Thousand Dollars (\$275,000), which shall be paid in accordance with the normal payroll practices of the Company and shall be subject to applicable withholdings and deductions. Thereafter, the Executive’s base salary shall be subject to review and adjustment upward by the compensation committee (the “Compensation Committee”) of the board of directors of Addus HomeCare Corporation (“Addus HomeCare”) (the “Board of Directors”) on or about each anniversary of the Effective Date for each year during the Employment Term (as adjusted from time-to-time, the “Base Salary”).
- (b) **Bonus.** The Executive, at the discretion of the Compensation Committee, shall be eligible (but not entitled) to receive an annual bonus as set forth on Exhibit B hereto. The Compensation Committee, at its sole discretion, may determine the amount of the annual bonus, if any, to which the Executive may become entitled based on the quantitative and qualitative factors described on Exhibit B or any other factors the Compensation Committee may deem appropriate from time to time. All amounts payable pursuant to this Section 3(b), if any, shall be paid within no more than thirty (30) days after completion of Addus HomeCare’s audited financial statements for the most recently completed fiscal year, but in all events, in the fiscal year following the fiscal year in which it was earned, and shall be subject to applicable withholdings and deductions. Bonus is not salary and is earned on the day it is paid. To be eligible to receive the bonus, the Executive must be actively employed and must not have given notice of termination on or prior to such date.

(c) **Options.** The Executive has previously received equity awards pursuant to the Prior Agreement.

4. **Expenses.**

It is recognized that the Executive in the performance of her duties hereunder may be required to expend sums for travel (e.g., airfare, automobile rental, etc.), entertainment and lodging. During the Employment Term, the Company shall reimburse the Executive for reasonable business expenses incurred by her during the Employment Term in connection with the performance of her duties hereunder conditioned upon and subject to the Company's established policies and procedures, including written receipt from the Executive of an itemized accounting in accordance with the Company's regular business expense verification practices. Such policies shall also be in effect for frequent travel by the Executive to the Company's Corporate Center which it is agreed shall be as needed and commensurate with the Executive's duties and responsibilities during her employment hereunder; such time spent onsite at the Corporate Center may vary from time to time depending on the Executive's tenure and the results of the Company.

5. **Benefits.**

During the Employment Term, the Executive shall be entitled to benefits under such plans, programs or arrangements as the Board of Directors may establish or maintain from time to time for similarly-situated employees, and in accordance with its policies, which may change at the sole discretion of the Board of Directors. Benefits as of the Effective Date are:

- (a) Four (4) weeks paid vacation during each year of employment. Subject to the Company's established policies and procedures, vacation may be carried over to a subsequent year of employment, not to exceed eight (8) weeks during any calendar year of employment.
- (b) Five (5) days personal/sick leave per year, with pay. Personal/sick days may be carried over to a subsequent year of employment, not to exceed ten (10) days during any calendar year of employment.
- (c) Six (6) Company holidays, plus two (2) floating holidays, per year.
- (d) Coverage beginning on the Original Date under the health benefit plan provided by the Company to its executives, which may change, at the sole discretion of the Board of Directors, from time to time. The Company will cover the Executive and her dependents, if any, during the Employment Term to the same extent and according to the same terms as the Company's other executives are covered.
- (e) Life insurance policy beginning on the Original Date with a face amount of up to five (5) times the Base Salary, provided that the Company shall not be required to spend greater than three percent (3%) of the Base Salary in purchasing such insurance policy.

-
- (f) Short-term and long-term disability insurance beginning on the Original Date to the same extent and according to the same terms as the Company's other similarly-situated executives are covered, which may change, at the sole discretion of the Board of Directors, from time to time.
 - (g) Tuition reimbursement shall be available for courses relevant to the Executive's position and taken at an accredited institution, subject to prior approval by the Board of Directors.
 - (h) Participation in the Company's 401(k) plan up to the defined Internal Revenue Service limit beginning 30 days after the Original Date. The Company will annually match 6% of the Executive's annual contribution to such plan during the Employment Term, subject to the Company's established policies and procedures.

6. **Termination by Company.**

- (a) The Company may terminate the Executive's employment hereunder at any time for Reasonable Cause. The term "Reasonable Cause" shall be limited to the following:
 - (i) A material breach or omission by the Executive of any of her duties or obligations under this Agreement (except due to Disability, as defined below) that the Executive shall fail to cure after receipt of written notice of such breach or omission from the Company's CEO or Board of Directors, which notice shall designate the period of time within which the breach or omission must be cured to the satisfaction of the CEO or the Board of Directors, as applicable, in order to prevent a termination for Reasonable Cause; provided, however, that the Executive shall only be permitted the opportunity to cure such breaches or omissions a total of two times in any twelve (12)-month rolling period;
 - (ii) The Executive shall willfully engage in any action that materially damages, or that may reasonably be expected to materially damage, the Addus HealthCare Group or the business or goodwill thereof;
 - (iii) The Executive shall breach her fiduciary duty to the Addus HealthCare Group;
 - (iv) The Executive shall commit any act involving fraud, the misuse or misappropriation of money or other property of the Addus HealthCare Group, a felony, habitual use of drugs or other intoxicants or chronic absenteeism;
 - (v) Gross negligence or willful misconduct by the Executive;

(vi) The Executive shall commit acts constituting gross insubordination, such as, without limitation, the intentional disregard of any reasonable directive of the CEO or the Board of Directors;

(vii) The Executive shall fail to perform any material duty in a timely and effective manner and shall fail to cure any such performance deficiency after receipt of written notice of the deficiency from the CEO or Board of Directors, which notice shall designate the period of time within which the performance deficiency must be cured to the satisfaction of the CEO or the Board of Directors, as applicable, in order to prevent a termination for reasonable cause; provided, however, that the Executive shall only be permitted the opportunity to cure performance deficiencies a total of two times in any twelve (12)-month rolling period; or

- (b) The Executive's employment hereunder shall be terminated in the event of her death, and the Company may terminate the Executive's employment hereunder if the Executive suffers a physical or mental disability (a "Disability") so that the Executive is or, in the opinion of an independent physician retained by the Company for purposes of this determination will be, unable to perform her duties in a manner satisfactory to the Company for a period of ninety (90) days out of any one hundred eighty (180) consecutive-day period (in which event the Executive shall be deemed to have suffered a permanent Disability).
- (c) The Company may terminate the Executive's employment hereunder at any time for any other reason, or for no reason.
- (d) Termination of the Executive's employment for any reason shall terminate the Employment Term but shall not affect the Executive's obligations pursuant to Section 9 hereof, which obligations shall remain in effect for the period therein provided.

7. Termination by the Executive.

The Executive may terminate her employment with the Company (a) for Good Reason (as defined below) or (b) without Good Reason, in each case, upon not less than thirty (30) days prior written notice to the Company; provided, however, that after the receipt of such notice, the Company may, in its discretion accelerate the effective date of such termination at any time by written notice to the Executive. Termination of the Executive's employment by the Executive shall terminate the Employment Term, but shall not affect the Executive's obligations under Section 9 hereof, which obligations shall remain in effect for the period therein provided. As used herein, "Good Reason" means (i) any reduction in the Executive's Base Salary, (ii) any material reduction to the Executive's employment duties and responsibilities, (iii) any willful breach by the Company of any material term of this Agreement, other than a breach which is remedied by the Company within 10 days after receipt of written notice given by the Executive, or (iv) a change in the Executive's direct reporting duty to a person other than the Chief Executive Officer of the Company or the Board of Directors.

8. **Rights and Obligations Upon Termination.**

- (a) If the Executive's employment is terminated by the Company pursuant to Section 6(a) or 6(b) hereof or by the Executive pursuant to Section 7(b) hereof, the Executive or her estate shall have no further rights against the Addus HealthCare Group hereunder, except for the right to receive, with respect to the period prior to the effective date of termination:
- (i) Any unpaid Base Salary under Section 3(a) hereof for any period prior to the effective date of termination;
 - (ii) Any accrued but unpaid benefits under Section 5 hereof for any period prior to the effective date of termination; and
 - (iii) In the case of termination pursuant to Section 6(b), eligibility for life or disability insurance benefits described in Sections 5(e) or (f), as applicable.

Such payments shall be made to the Executive whether or not the Company chooses to utilize the services of the Executive for the required notice period specified in Section 7.

- (b) If the Executive's employment is terminated pursuant to Section 6(c) hereof or Section 7(a) hereof, or as a result of Non-Renewal by the Company, the Executive shall be entitled to, in lieu of any further payments to the Executive for periods subsequent to the date of termination:
- (i) Any unpaid Base Salary under Section 3(a) hereof for any period prior to the effective date of termination;
 - (ii) A pro rata portion of the bonus under Section 3(b) hereof based on what Executive would have been entitled to receive pursuant to the Company's then-effective bonus plan had her employment not been terminated, which shall be payable following the time the Company determines the amount of bonuses payable to its executives following the end of the year in which termination occurs, which determination will be based on the actual performance of the Company;
 - (iii) Any accrued but unpaid benefits under Section 5 hereof for any period prior to the effective date of termination, in accordance with the terms of the applicable plan or arrangement;
 - (iv) Conditioned upon the Executive's strict compliance with the post-employment restrictions described in Section 9 below and subject to applicable withholdings and deductions, severance pay ("Base Severance Pay") in an amount equal to the Executive's Base Cash Compensation (as defined below) to be paid in equal installments on the Company's regular

pay dates over the twelve (12) month period following termination of the Executive's employment (subject to applicable withholdings and deductions), plus, if the Executive timely elects to continue her health, dental and/or vision insurance coverage under COBRA, the Executive shall be eligible to receive after-tax cash payments equal to the difference between her COBRA continuation coverage premiums and the amount of premiums paid by similarly-situated active employees of the Company under the Company's health, dental and/or vision insurance plans, for a period of twelve (12) months following the Executive's date of termination of employment, to be paid in equal installments on the Company's regular pay dates (subject to applicable tax withholdings and deductions).

For purposes of this Agreement, "Base Cash Compensation" shall mean the highest annual Base Salary in effect for the Executive.

- (c) Notwithstanding anything to the contrary set forth herein, if the Executive's employment is terminated by the Company pursuant to Section 6(c) within six (6) months prior to, or one (1) year following, a Change in Control (as defined below), the Executive shall be entitled to, in lieu of the payments to be made pursuant to Section 8(b)(iv), an amount equal to the Executive's Annual Cash Compensation (as defined below) (subject to applicable withholdings and deductions), less any payment already received pursuant to Section 8(b)(iv) ("Change of Control Severance Pay" and, together with Base Severance Pay, "Severance Pay"), which shall be payable in accordance with the normal payroll practices of the Company in equal installments on the Company's regular pay dates for one (1) year following termination of the Executive's employment, plus, if the Executive elects to continue her health, dental and/or vision insurance coverage under COBRA, the Executive shall be eligible to receive after-tax cash payments equal to the difference between her COBRA continuation coverage premiums and the amount of premiums paid by similarly-situated active employees of the Company under the Company's health, dental and/or vision insurance plans, payable in equal installments on the Company's regular pay dates (subject to applicable tax withholdings and deductions) until one (1) year following the termination of the Executive's employment. As used herein, a "Change in Control" shall be deemed to have occurred if (i) any "person" (as such term is used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act")), other than a trustee or other fiduciary holding securities under an employee benefit plan of Addus HomeCare, or a corporation owned directly or indirectly by the stockholders of Addus HomeCare in substantially the same proportions as their ownership of stock of Addus HomeCare, becomes the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of Addus HomeCare representing more than 50% of the total voting power represented by Addus HomeCare's then outstanding securities that vote

generally in the election of directors (referred to herein as “Voting Securities”); or (ii) after the date of this Agreement, the stockholders of Addus HomeCare approve (x) a merger or consolidation of Addus HomeCare with any other corporation, other than a merger or consolidation that would result in the Voting Securities of Addus HomeCare outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into Voting Securities of the surviving entity) more than 50% of the total voting power represented by the Voting Securities of Addus HomeCare or such surviving entity outstanding immediately after such merger or consolidation, or (y) a plan of complete liquidation of Addus HomeCare or an agreement for the sale or disposition by Addus HomeCare of (in one transaction or a series of transactions) all or substantially all of Addus HomeCare’s assets.

For purposes of this Agreement, “Annual Cash Compensation” shall mean the sum of (a) the highest annual Base Salary in effect for the Executive and (b) the greater of (i) the Executive’s bonus for the most recently-completed year, if any, or (ii) the annualized amount of the Executive’s target bonus for the then current year.

- (d) The Executive acknowledges and agrees that the Company’s obligations to make payments pursuant to Sections 8(b)(iv) and 8(c) above are expressly conditioned on the Executive timely executing, delivering and not revoking a customary general release in form and substance satisfactory to the Company within the period that is sixty (60) days following the date of the Executive’s termination of employment or service with the Company. To the extent that such sixty (60) day period spans two (2) calendar years, no payment of any severance amount or benefit that is (i) considered to be nonqualified deferred compensation within the meaning of Section 409A of the Internal Revenue Code of 1986, as amended, and the regulations and guidance promulgated thereunder (collectively, “Code §409A”) and (ii) conditioned upon the release, shall be made before the first day of the second calendar year, regardless of when the release is actually executed and returned to the Company.

9. **Covenants of the Executive.**

- (a) **No Conflicts.** The Executive represents and warrants that she is not personally subject to any agreement, order or decree that restricts her acceptance of this Agreement and performance of her duties with the Company hereunder.
- (b) **Non-Competition; Non-Solicitation.** During the Employment Term and during the Restrictive Period (as defined below), the Executive shall not, without the prior written consent of the Company, directly or indirectly, in

any capacity whatsoever, either on her own behalf or on behalf of any other person or entity whom she may manage, control, participate in, consult with, render services for or be employed or associated, compete with the Business (as defined below) in any of the following described manners:

- (i) Engage in, assist or have any interest in, as principal, consultant, advisor, agent, financier or employee, any business entity that is, or that is about to become engaged in, providing goods or services in competition with the Addus HealthCare Group within a geographic radius of fifty (50) miles from any Addus HealthCare Group branch office;
- (ii) Solicit or accept any business (or help any other person solicit or accept any business) from any person or entity that on the Effective Date is a customer of the Addus HealthCare Group or during the Employment Term becomes a customer of the Addus HealthCare Group, other than a customer that does not engage in the Business;
- (iii) Induce or attempt to induce any employee of the Addus HealthCare Group to terminate such employee's relationship with the Addus HealthCare Group or in any way interfere with the relationship between the Addus HealthCare Group and any employee thereof; or
- (iv) Induce or attempt to induce any customer, referral source, supplier, vendor, licensee or other business relation of the Addus HealthCare Group to cease doing business with the Addus HealthCare Group, or in any way interfere with the relationship between any such customer, referral source, supplier, vendor, licensee or business relation, on the one hand, and the Addus HealthCare Group, on the other hand.

For purposes hereof, the term "Business" means the business of providing home care services of the type and nature that the Addus HealthCare Group then performed and/or any other business activity in which the Addus HealthCare Group then performed or program or service then under active development proposed to be performed and/or any other business activity in which the Addus HealthCare Group becomes engaged in on or after the date hereof while the Executive is employed by the Company.

For purposes hereof, the term "Restrictive Period" means the period beginning on the date on which the Executive's employment is terminated by the Company or the Executive for any reason and ending on the first anniversary of such date.

Notwithstanding the foregoing provisions, nothing herein shall prohibit the Executive from owning one percent (1%) or less of any securities of a competitor, if such securities are listed on a nationally recognized securities exchange or traded over-the-counter. If, at the time of

enforcement of this Section 9(b), a court holds that the restrictions stated herein are unreasonable under the circumstances then existing, the parties hereto agree that the maximum period, scope or geographic area reasonable under such circumstances shall be substituted for the stated period, scope or area determined to be reasonable under the circumstances by such court.

- (c) **Non-Disclosure.** The Executive recognizes and acknowledges that she will have access to certain confidential and proprietary information of Addus HealthCare Group, including, but not limited to, Trade Secrets (as defined below) and other proprietary commercial information, and that such information constitutes valuable, special and unique property of Addus HealthCare Group. The Executive agrees that she will not, for any reason or purpose whatsoever, except in the performance of her duties hereunder, or as required by law, disclose any of such confidential information to any person, entity or governmental authority without express authorization of the Company. The Executive further agrees that she shall not, at any time during the Employment Term or thereafter, without the express prior written consent of the Company, directly or indirectly, in any capacity whatsoever, either on her own behalf or on behalf of any other person or entity that she manages, controls, participates in, consults with, renders services for or is employed by or associated with, disclose or use, except when necessary to further the interests of the Business, any Trade Secret of the Addus HealthCare Group, whether such Trade Secret is in the Executive's memory or embodied in writing or other physical form. For purposes of this Agreement, "Trade Secret" means any information, not generally known to, and not readily ascertainable by proper means by, other persons who can obtain economic value from its disclosure or use and is the subject of efforts to maintain its secrecy that are reasonable under the circumstances, including, but not limited to, (i) trade secrets; (ii) information concerning the business or affairs of the Addus HealthCare Group, including its products or services, fees, costs, and pricing structures, charts, manuals and documentation, databases, accounting and business models, designs, analyses, drawings, photographs and reports, computer software, copyrightable works, inventions, devices, new developments, methods and processes, whether patentable or unpatentable and whether or not reduced to practice, sales records and other proprietary commercial information; (iii) information concerning actual and prospective clients and customers of the Addus HealthCare Group, including client and customer lists and other compilations; and (iv) information concerning employees, contractors and vendors of the Addus HealthCare Group, including personal information and information concerning the compensation or other terms of employment of such individuals. "Trade Secret." however, shall not include general "know-how" information acquired by the Executive during the course of her employment that could have been obtained

by her from public sources without the expenditure of significant time, effort and expense.

- (d) **Covenant Regarding Confidential and Proprietary Information.** The Executive will promptly disclose in writing to the Company each improvement, discovery, idea, invention, and each proposed publication of any kind whatsoever, relating to the Business made or conceived by the Executive either alone or in conjunction with others while employed hereunder if such improvement, discovery, idea, invention or publication results from or was suggested by such employment (whether or not patentable and whether or not made or conceived at the request of or upon the suggestion of the Company, and whether or not during her usual hours of work, whether in or about the premises of the Addus HealthCare Group and whether prior or subsequent to the execution hereof). The Executive will not disclose any such improvement, discovery, idea, invention or publication to any person, entity or governmental authority, except to the Company. Each such improvement, discovery, idea, invention and publication shall be the sole and exclusive property of, and is hereby assigned by the Executive to, the Company, and at the request of the Company, the Executive will assist and cooperate with the Company and any person or entity from time to time designated by the Company to obtain for the Company or its designee the grant of any letters patent in the United States of America and/or such other country or countries as may be designated by the Company, covering any such improvement, discovery, idea, invention or publication and will in connection therewith execute such applications, statements, assignments or other documents, furnish such information and data and take all such other action (including, without limitation, the giving of testimony) as the Company may from time to time reasonably request. The foregoing provisions of this Section 9(d) shall not apply to any improvement, discovery, idea, invention or publication for which no equipment, supplies, facilities or confidential and proprietary information of Addus HealthCare Group was used and that was developed entirely on the Executive's own time, unless (x) the improvement, discovery, idea, invention or publication relates to the Business or the actual or demonstrably anticipated research or development of the Business, or (y) the improvement, discovery, idea, invention or publication results from any work performed by the Executive for the Addus HealthCare Group.
- (e) **Non-Disparagement.** The Executive agrees that, during the Employment Term and the Restrictive Period, she will not make any statement, either in writing or orally, that is communicated publicly or is reasonably likely to be communicated publicly and that is reasonably likely to disparage or otherwise harm the business or reputation of the Addus HealthCare Group, or the reputation of any of its current or former directors, officers, employees or stockholders.

-
- (f) **Return of Documents and Other Property.** Upon termination of employment, the Executive shall return all originals and copies of books, records, documents, customer lists, sales materials, tapes, keys, credit cards and other tangible property of Addus HealthCare Group within the Executive's possession or under her control.
- (g) **Remedies for Breach.** In the event of a breach or threat of a breach of the provisions of this Section 9, the Executive hereby acknowledges that such breach or threat of a breach will cause the Company to suffer irreparable harm and that the Company shall be entitled to an injunction restraining the Executive from breaching such provisions; but the foregoing shall not be construed as prohibiting the Company from having available to it to any other remedy, either at law or in equity, for such breach or threatened breach, including, but not limited to, the immediate cessation of employment and any remaining Severance Pay and benefits pursuant to Section 8 and the recovery of damages from the Executive and the notification of any employer or prospective employer of the Executive as to the terms and conditions hereof (without limiting or affecting the Executive's obligations under the other paragraphs of this Section 9).
- (h) **Acknowledgment.** The Executive acknowledges that she will be directly and materially involved as a senior executive in all important policy and operational decisions of Addus HealthCare Group. The Executive further acknowledges that the scope of the foregoing restrictions has been specifically bargained between the Company and the Executive, each being fully informed of all relevant facts. Accordingly, the Executive acknowledges that the foregoing restrictions of this Section 9 are fair and reasonable, are minimally necessary to protect Addus HealthCare Group, its stockholders and the public from the unfair competition of the Executive who, as a result of her employment with the Company, will have had access to the most confidential and important information of Addus HealthCare Group, its Business and future plans. The Executive furthermore acknowledges that no unreasonable harm or injury will be suffered by her from enforcement of the covenants contained herein and that she will be able to earn a reasonable livelihood following termination of her employment notwithstanding enforcement of the covenants contained herein.
- (i) **Right of Set Off.** In the event of a breach by the Executive of the provisions of this Agreement, the Company is hereby authorized at any time and from time to time, to the fullest extent permitted by law, and after ten (10) days prior written notice to the Executive, to set-off and apply any and all amounts at any time held by the Company on behalf of the Executive and all indebtedness at any time owing by the Addus HealthCare Group to the Executive against any and all of the obligations of the Executive now or hereafter existing, to the extent such set-off would

not result in a penalty under Code §409A with regard to amounts that are deemed deferred compensation under Code §409A.

10. **Prior Agreement.**

This Agreement supersedes and is in lieu of any and all other employment arrangements between the Executive and the Company or its predecessor or any subsidiary and any and all such employment agreements and arrangements are hereby terminated and deemed of no further force or effect.

11. **Assignment.**

Neither this Agreement nor any rights or duties of the Executive hereunder shall be assignable by the Executive and any such purported assignment by her shall be void. The Company may assign all or any of its rights hereunder.

12. **Notices.**

Unless specified in this Agreement, all notices and other communications hereunder shall be in writing and shall be deemed given upon receipt or refusal thereof if delivered personally, sent by overnight courier service, mailed by registered or certified mail (return receipt requested), postage prepaid, or emailed to the other party's email address on the Company's computer network. Notice to their party hereto, if mailed or sent by overnight courier service, shall be to the following addresses:

(a) if to the Executive, to:

Brenda Belger
165 Lake View Circle
Montgomery, Texas 77356

(b) if to the Company, to:

Addus HealthCare, Inc.
6801 Gaylord Parkway
Suite 110
Frisco, TX 75034
Attention: CEO

with a copy, which shall not constitute notice, to:

Bass Berry & Sims PLC
150 Third Avenue South
Suite 2800
Nashville, TN 37201
Attention: David Cox, Esq.
Telephone: (615) 742-6299
Facsimile: (615) 742-2864
E-mail: dcox@bassberry.com

Any party may change its address for notice by giving all other parties notice of such change pursuant to this Section 12.

13. **Amendment.**

This Agreement may not be changed, modified or amended except in writing signed by both parties to this Agreement.

14. **Waiver of Breach.**

The waiver by either party of the breach of any provision of this Agreement shall not operate or be construed as a waiver of any subsequent breach by either party.

15. **Invalidity of Any Provision.**

The provisions of this Agreement are severable, it being the intention of the parties hereto that should any provision hereof be invalid or unenforceable, such invalidity or enforceability of any provisions shall not affect the remaining provisions hereof, but the same shall remain in full force and effect as if such invalid or unenforceable provision or provisions were omitted.

16. **409A Compliance.**

This Agreement is intended to comply with or be exempt from Code §409A, and accordingly, to the maximum extent permitted, this Agreement shall be interpreted to be in compliance with or exempt from Code §409A. Notwithstanding any other provision to the contrary, a termination of employment with the Company shall not be deemed to have occurred for purposes of any provision of this Agreement providing for the payment of “deferred compensation” (as such term is defined in §409A) upon or following a termination of employment unless such termination is also a “separation from service” from the Company within the meaning of Code §409A and Section 1.409A-1(h) of the Treasury Regulations and, for purposes of any such provision of this agreement, references to a “separation,” “termination,” “termination of employment or like terms shall mean “separation from service.” If the Executive is a specified employee within the meaning of that term under Code §409A, then with regard to any payment that is considered non-qualified deferred compensation under Code §409A and payable on account of a separation from service, such payment shall be made on the date which is the earlier of (i) the expiration of the six (6)-month period measured from the date of such separation from service, and (ii) the date of the Executive’s death (the “Delay Period”) to the extent required under Code §409A. Upon the expiration of the Delay Period, all payments delayed shall be paid to the Executive in a lump sum, and all remaining payments due under this

Agreement shall be paid or provided for in accordance with the normal payment dates specified herein. To the extent any reimbursements or in-kind benefits under this Agreement constitute non-qualified deferred compensation for purposes of Code §409A, (i) all such expenses or other reimbursements under this Agreement shall be made on or prior to the last day of the taxable year following the taxable year in which such expenses were incurred by the Executive, (ii) any right to such reimbursement or in kind benefits is not subject to liquidation or exchange for another benefit and (iii) no such reimbursement, expenses eligible for reimbursement or in-kind benefits provided in any taxable year shall in any way affect the expenses eligible for reimbursement, or in-kind benefits to be provided, in any other taxable year. For purposes of Code §409A, the Executive's right to receive any installment payment pursuant to this Agreement shall be treated as a right to receive a series of separate and distinct payments. In no event shall any payment under this Agreement that constitutes non-qualified deferred compensation for purposes of Code §409A be subject to offset, counterclaim or recoupment by any other amount unless otherwise permitted by Code §409A.

17. **Governing Law.**

This Agreement shall be governed by, and construed, interpreted and enforced in accordance with the laws of the State of Texas as applied to agreements entirely entered into and performed in Texas by Texas residents exclusive of the conflict of laws provisions of any other state.

18. **Arbitration.**

Except as set forth below, any controversy or claim arising out of or relating to this Agreement (including, without limitation, as to arbitrability and any disputes with respect to the Executive's employment with the Company or the termination of such employment), or the breach thereof, shall be settled by arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association in effect as of the date of filing of the arbitration administered by a person authorized to practice law in the State of Texas and mutually selected by the Company and the Executive (the "Arbitrator"). If the Company and the Executive are unable to agree upon the Arbitrator within fifteen (15) days, they shall each select an arbitrator within fifteen (15) days, and the arbitrators selected by the Company and the Executive shall appoint a third arbitrator to act as the Arbitrator within fifteen (15) days (at which point the Arbitrator alone shall judge the controversy or claim). The arbitration hearing shall commence within ninety (90) calendar days after the Arbitrator is selected, unless the Company and the Executive mutually agree to extend this time period. The arbitration shall take place in Dallas, Texas. The Arbitrator will have full power to give directions and make such orders as the Arbitrator deems just. Nonetheless, the Arbitrator explicitly shall not have the authority, power, or right to alter, change, amend, modify, add, or subtract from any provision of this Agreement except pursuant to Section 15. The Arbitrator shall issue a written decision that sets forth the essential findings and conclusions upon which the Arbitrator's award or decision is based within thirty (30) days after the conclusion of the arbitration hearing. The agreement to arbitrate will be specifically enforceable. The award rendered by the Arbitrator shall be final and binding (absent fraud or manifest error), and any arbitration award may be enforced by judgment entered in any court of competent jurisdiction. The Company and the Executive shall each pay one-half (1/2) of the fees of the Arbitrator. Notwithstanding anything set forth above to the contrary, in the event

that the Company seeks injunctive relief and/or specific performance to remedy a breach, evasion, violation or threatened violation of this Agreement, the Executive irrevocably waives her right, if any, to have any such dispute decided by arbitration or in any jurisdiction or venue other than a state or federal court in the State of Texas. For any such action, the Executive further irrevocably consents to the personal jurisdiction of the state and federal courts in the State of Texas.

19. **WAIVER OF JURY TRIAL.**

NO PARTY TO THIS AGREEMENT OR ANY ASSIGNEE, SUCCESSOR, HEIR OR PERSONAL REPRESENTATIVE OF A PARTY SHALL SEEK A JURY TRIAL IN ANY LAWSUIT, PROCEEDING, COUNTERCLAIM, OR ANY OTHER LITIGATION PROCEDURE BASED UPON OR ARISING OUT OF THIS AGREEMENT OR ANY OF THE ANCILLARY AGREEMENTS OR THE DEALINGS OR THE RELATIONSHIP BETWEEN THE PARTIES. NO PARTY WILL SEEK TO CONSOLIDATE ANY SUCH ACTION, IN WHICH A JURY TRIAL HAS BEEN WAIVED, WITH ANY OTHER ACTION IN WHICH A JURY TRIAL CANNOT OR HAS NOT BEEN WAIVED. THE PROVISIONS OF THIS SECTION 19 HAVE BEEN FULLY DISCUSSED BY THE PARTIES HERETO, AND THESE PROVISIONS SHALL BE SUBJECT TO NO EXCEPTIONS. NO PARTY HERETO HAS IN ANY WAY AGREED WITH OR REPRESENTED TO ANY OTHER PARTY HERETO THAT THE PROVISIONS OF THIS SECTION 19 WILL NOT BE FULLY ENFORCED IN ALL INSTANCES.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

ADDUS HEALTHCARE, INC.

By: /s/ R. Dirk Allison
Name: R. Dirk Allison
Title: President & Chief Executive Officer

/s/ Brenda Belger
Brenda Belger

Signature page to Belger Employment Agreement

Exhibit A
Employment Duties

The Executive shall have those duties set forth below in “Chief Human Resource Officer Job Description” and such other duties and responsibilities which are assigned to the Executive by the President and CEO or the Board of Directors and which are appropriate for the position of the Executive.

The Executive shall be subject to the authority of the Board of Directors and shall report directly to the President and CEO of the Company. The Executive shall also perform such further duties as are incidental to or implied from the foregoing, consistent with the background, training, and qualifications of the Executive or which may be reasonably determined by the CEO or the Board of Directors to be in the best interests of the Addus HealthCare Group.

The Executive shall have the authority to recommend and implement appropriate corporate policies and procedures, and execute employment, procurement and other appropriate decisions, in each case, commensurate with her role as Chief Human Resource Officer, subject to oversight by the President and CEO and the Board of Directors.

Job Description
Chief Human Resources Officer
Addus HealthCare, Inc.

Position Summary

The Chief Human Resource Officer (“CHRO”) will be a visionary that will leverage our Human Resources (“HR”) to lead the Company to the next stage of its evolution. The CHRO will be responsible for providing the strategic vision and leadership for the Company’s human resource function, and directing the development and execution of all HR programs and initiatives. The CHRO will direct the planning and implementation of enterprise HR systems in support of business operations, and the development of HR solutions to improve business development, service quality and cost control.

Senior management views HR as a critical competitive advantage and, because of this, the CHRO and the information services department are viewed as potentially having a significant impact on the Company’s future growth and success. The CHRO will develop an overall HR plan for the Company that will align HR priorities and capabilities with the needs of the business. In carrying out these responsibilities, the CHRO will work closely with other Company executives, serve as a key member of the senior management team, and communicate the “vision” for human resource services within the Company. The CHRO must be able to develop and maintain excellent working relationships with the executive team and, in essence, be viewed as a business partner by the users.

The CHRO will be expected to anticipate changes in the business and routinely identify opportunities in human resources to maximize productivity and profitability in all areas. She will serve as a counselor to and catalyst for other senior executives in identifying areas for HR improvement that will result in operational efficiencies, increased productivity and communications. She will work with other executives in the Company to continually prioritize

the human resource needs of the Company and will recommend specific new HR enhancement and implementation projects.

Key Responsibilities

Strategy & Planning

- As a member of the senior executive team, support the Company's strategic and operational governance processes.
- Lead the Humans Resource Department strategic and operational planning process in support of the Company's objectives, promoting innovation, prioritizing initiatives, and coordinating the evaluation, deployment and management of current and future HR systems across the organization.
- Establish annual Humans Resource Department objectives, and direct the development and revision of operating policies and procedures.
- Develop and maintain an Humans Resource Department organizational structure and a strong team that supports the HR needs of the business.
- Identify opportunities for the appropriate and cost-effective investment of financial resources in HR systems and resources, including staffing, sourcing, purchasing and in-house development.
- As appropriate, assess and recommend on the improvements/re-engineering of the Humans Resource organization.
- Develop, monitor and control the Humans Resource annual operating and capital budgets, and develop business case justifications and cost/benefit analyses for HR spending and initiatives.

Acquisition, Development & Deployment

- Coordinate and facilitate consultation with stakeholders to define business and systems opportunities and requirements for new technology implementations.
- Define and communicate Company plans, policies and standards for acquiring, implementing, and operating HR systems.
- Document, present, and communicate human resource project status and budgets in a clear and concise manner both formally and informally.

Operational Management

- Ensure continuous delivery of HR services through oversight of service level agreements with end users and monitoring of HR systems performance.

-
- Ensure HR policies, procedures and systems comply with HIPAA and Sarbanes-Oxley requirements, as well as other applicable laws and regulations.
 - Establish lines of control for current and proposed human resource.
 - Keep current with trends and issues in HR and the healthcare industry, including current and emerging human resource opportunities and risks pertinent to the current and future interests of the Company. Advise, counsel, and educate executives and management on the competitive or financial impact of these trends and issues.
 - Promote and oversee strategic relationships between internal HR resources and external entities, including government, vendors and partner organizations.
 - Direct the recruitment, development and retention of Humans Resource Department staff in accordance with corporate budgetary objectives and personnel policies.

Exhibit B
Bonus

The Executive is eligible to receive a bonus with a target amount of 75% of the Executive's annual Base Salary during the applicable calendar year (pro-rated for any partial year), based on the Company's evaluation of the Executive's performance compared to established Company and/or individual objectives, in each case, at the discretion of the Compensation Committee of the Board of Directors. The Compensation Committee shall review and establish the objectives and threshold, target and maximum levels with respect to such objectives annually.

**CERTIFICATIONS OF CHIEF EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, R. Dirk Allison, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Addus HomeCare Corporation;
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(s) 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(s) 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: August 8, 2017

By: /s/ R. Dirk Allison
R. Dirk Allison
President and Chief Executive Officer

**CERTIFICATIONS OF CHIEF FINANCIAL OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Brian Poff, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Addus HomeCare Corporation;
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(s) 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(s) 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: August 8, 2017

By: /s/ Brian Poff
Brian Poff
Chief Financial Officer

**CERTIFICATION 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)**

In connection with the Quarterly Report on Form 10-Q for the fiscal quarter ended June 30, 2017 of Addus HomeCare Corporation (the "Company") as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, R. Dirk Allison, President and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; 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: August 8, 2017

By: /s/ R. Dirk Allison
R. Dirk Allison
President and Chief Executive Officer

**CERTIFICATION OF CHIEF FINANCIAL OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350
(AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002)**

In connection with the Quarterly Report on Form 10-Q for the fiscal quarter ended June 30, 2017 of Addus HomeCare Corporation (the "Company") as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Brian Poff, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; 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: August 8, 2017

By: /s/ Brian Poff
Brian Poff
Chief Financial Officer