
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

**Pursuant to Section 13 or 15(d) of
the Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported): September 2, 2010

ADDUS HOMECARE CORPORATION

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation)

001-34504
(Commission
File Number)

20-5340172
(IRS Employer
Identification Number)

2401 South Plum Grove Road, Palatine, Illinois
(Address of principal executive offices)

60067
(Zip Code)

(847) 303-5300
(Registrant's telephone number, including area code)

N/A
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 1.01. Entry into a Material Definitive Agreement.

On September 2, 2010, Addus HealthCare, Inc. (“Addus HealthCare”), a wholly-owned subsidiary of Addus HomeCare Corporation (together with Addus HealthCare, the “Company”), entered into a Separation Agreement and General Release (the “Separation Agreement”) with Francis J. Leonard, in connection with Mr. Leonard’s previously-announced decision on August 23, 2010 (the “Notice Date”) to resign as Chief Financial Officer of the Company to pursue other interests.

Pursuant to the terms of the Separation Agreement, the parties agreed that Mr. Leonard’s employment with the Company will terminate effective November 30, 2010 (the “Separation Date”). During the period between the Notice Date and the Separation Date (the “Transition Period”), Mr. Leonard has agreed to continue performing such duties as the Company may reasonably request, including as may be required in connection with the transition of work to his successor(s). During the Transition Period, Mr. Leonard will continue to be paid his base salary and to receive benefits at the same levels as existed prior to commencement of the Transition Period.

Pursuant to the Separation Agreement, the Company has agreed to indemnify Mr. Leonard and hold him harmless in connection with the defense of any proceeding arising out of his duties as an employee of the Company.

In consideration of Mr. Leonard’s execution of a release of claims in favor of the Company upon the Separation Date, Mr. Leonard will receive (i) \$266,958 payable in equal installments in accordance with the Company’s customary payroll practices between December 1, 2010 and November 30, 2011 (the “Benefits Period”) and (ii) continuation of benefits during the Benefits Period at the same level as existed prior to commencement of the Transition Period (collectively, the “Separation Benefits”); *provided*, that such Separation Benefits will terminate upon Mr. Leonard’s commencement of employment with a new employer. Pursuant to the Separation Agreement, Mr. Leonard forfeited all 59,951 options previously granted to him by the Company.

Pursuant to the Separation Agreement, Mr. Leonard released the Company and its affiliates and related persons from all claims existing or arising through the date of the Separation Agreement, except as otherwise expressly stated otherwise in the Separation Agreement.

Pursuant to the terms of the Separation Agreement, Mr. Leonard is subject to certain restrictive covenants, including restrictions on his ability to compete with the Company, its subsidiaries and affiliates, solicit the employees, customers or other business relationships thereof, disclose confidential information or disparage the Company, its subsidiaries, affiliates, directors, officers, employees or stockholders.

In accordance with applicable law, Mr. Leonard has the right to revoke the Separation Agreement for a period of seven days after the date on which it was executed, and the Separation Agreement will not become effective or enforceable until after the expiration of such seven-day revocation period.

Further details regarding the agreement between Mr. Leonard and the Company are contained in the Separation Agreement, which is attached hereto as Exhibit 99.1 and incorporated herein by reference. This description of the Separation Agreement does not purport to be complete and is qualified in its entirety by reference to the actual terms of the Separation Agreement.

Item 1.02. Termination of a Material Definitive Agreement.

Pursuant to the Separation Agreement, Mr. Leonard and the Company agreed that the Employment Agreement, dated as of July 16, 2008 and amended as of September 30, 2009, between Mr. Leonard and the Company (as amended, the “Employment Agreement”), has been superseded by the Separation Agreement and has been terminated effective September 2, 2010. The disclosure set forth in Item 1.01 above is incorporated by reference herein.

Pursuant to the Employment Agreement, the initial term of Mr. Leonard’s agreement was four years from July 16, 2008. Under the Employment Agreement, Mr. Leonard’s base salary was originally \$215,000 per year. In addition, Mr. Leonard was eligible to receive a target bonus of up to 20% of his base salary. In addition, under the Employment Agreement, Mr. Leonard was entitled to participate in health, disability and vacation plans, as well as a life insurance policy with a death benefit of up to five times his base salary, although the Company was not required to pay more than 3% of Mr. Leonard’s base salary for such insurance policy. Under the Employment Agreement, if Mr. Leonard’s employment was terminated other than for reasonable cause (as defined in the Employment Agreement), Mr. Leonard was entitled to receive (i) unpaid base salary for any period prior to the effective date of termination, (ii) accrued but unpaid benefits and (iii) certain severance pay and benefits generally based on annual cash compensation. Under the Employment Agreement, Mr. Leonard also agreed to certain post-employment restrictive covenants similar to those included in the Separation Agreement.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibit:

<u>Exhibit No.</u>	<u>Description</u>
99.1	Separation Agreement and General Release, dated as of September 2, 2010, between Addus HealthCare, Inc. and Frank Leonard

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 hereunto duly authorized.

ADDUS HOMECARE CORPORATION

Dated: September 7, 2010

By: /s/ MARK S. HEANEY

Name: **Mark S. Heaney**

Title: **Chief Executive Officer**

Exhibit Index

<u>Exhibit No.</u>	<u>Description</u>
99.1	Separation Agreement and General Release, dated as of September 2, 2010, between Addus HealthCare, Inc. and Frank Leonard

SEPARATION AGREEMENT AND GENERAL RELEASE

This SEPARATION AGREEMENT AND GENERAL RELEASE (the "Agreement") is made and entered into as of this second day of September, 2010, by and between Frank Leonard ("Executive") and Addus HealthCare, Inc., an Illinois corporation (the "Company") (each a "Party," and, collectively, the "Parties").

WHEREAS, Executive and the Company are parties to an Employment Agreement dated as of July 16, 2008, amended as of September 30, 2009 (the "Employment Agreement," a copy of which is attached hereto);

WHEREAS, Executive was granted certain stock options pursuant to an Addus Holding Corporation 2006 Stock Incentive Plan Non-Qualified Stock Option Certificate dated as of July 16, 2008 (the "Option Certificate," a copy of which is attached hereto);

WHEREAS, Executive and the Company desire to enter into a new agreement that supersedes all prior agreements between them, including without limitation the Employment Agreement, as well as all promises, covenants, arrangements, understandings, communications, representations or warranties, whether oral or written, by either Party, or any officer, director, employee, representative or agent thereof, such that any prior agreement between the Parties is hereby terminated;

WHEREAS, the Parties understand that they are waiving legal rights by signing this Agreement, and enter into this Agreement voluntarily, with a full understanding of and agreement with all of its terms;

NOW, THEREFORE, in consideration of the promises and mutual covenants and agreements set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties, intending to be legally bound, agree as follows:

1. Separation from Employment; Transition Period; Cooperation.

(a) On August 23, 2010 (the "Notice Date"), the Parties agreed that Executive's employment with the Company will terminate, effective November 30, 2010 (the "Separation Date"). During the period between the Notice Date and the Separation Date (the "Transition Period"), Executive will continue to be paid his base salary, less applicable deductions and withholdings, in accordance with the Company's usual and customary payroll procedures, and to receive benefits at the same level offered to and enrolled in by Executive prior to commencement of the Transition Period.

(b) During the Transition Period, Executive will continue to devote substantially all of his professional time, loyalty and efforts to performing such duties as the Company may reasonably request, including without limitation as may be required in connection with the transition of work to his successor(s) and/or to other employees of the Company. Executive further agrees that, during the Transition Period, the Company may, in its sole discretion, (i) assign no, reduced or alternative duties to Executive (provided that any such alternative duties are not inconsistent with Executive's regular duties as an employee of the Company), (ii) exclude Executive from the Company's premises, and/or (iii) prohibit Executive from communicating with the Company's officers, directors, employees, agents, vendors, clients and customers concerning the business or affairs of the Company.

(c) Throughout the Transition Period and thereafter, Executive agrees to make himself available, at the Company's request, at reasonable times and in reasonable places, to cooperate with and to assist management of the Company and/or its counsel in prosecuting or defending against any lawsuit, complaint, claim, charge or investigation arising out of any transactions or conduct of which he may have knowledge. Executive further agrees that, for one year following the Separation Date, he will provide such assistance to the Company at no charge; provided, however, that Executive will be entitled to reimbursement for his reasonable business expenses incurred in connection with such assistance, subject to and in accordance with the Company's usual and customary policies and procedures concerning reimbursement of business expenses.

(d) Throughout the Transition Period and thereafter, the Company will indemnify and hold harmless Executive against any judgments, damages and expenses, including reasonable attorneys' fees (including, where appropriate, arising out of the retention of separate independent counsel for Executive), incurred by Executive in connection with the defense of any lawsuit, complaint, claim, charge or investigation, whether currently known or unknown, against Executive arising out of the performance of his duties as an employee of the Company; provided, however, that the provisions of this Paragraph 1(d) shall apply only if Executive acted in good faith, in a manner he reasonably believed to be in the best interests of the Company, and without gross negligence or willful misconduct, and, with respect to any criminal proceeding, if Executive had no reasonable cause to believe his conduct was unlawful.

2. Separation Benefits.

(a) Provided that Executive agrees to and accepts the terms of this Agreement, and does not timely revoke his acceptance, and further provided that, upon the Separation Date, Executive executes and delivers, and does not timely revoke, a customary general release in form and substance satisfactory to the Company, Executive shall receive: (i) the amount of \$266,958.00, less applicable deductions and withholdings, payable in equal installments and in accordance with the Company's regular and customary payroll practices, over the period commencing on December 1, 2010 and ending on November 30, 2011 (the "Benefits Period"); and, (ii) continuation of benefits during the Benefits Period at the same level offered to and enrolled in by the Executive prior to commencement of the Transition Period (collectively, the "Separation Benefits"); provided, however, that the Company's obligation to continue to provide Separation Benefits shall terminate upon Executive's commencement of employment with a new employer.

(b) Executive agrees and acknowledges that his receipt of the Separation Benefits is subject to and conditioned upon his strict compliance with this Agreement, including without limitation the post-employment restrictions set forth in Paragraphs 7, 8, 9, 10 and 11 below. Executive further agrees that, should he fail to comply with any such post-employment restrictions, the Company, in addition to any other legal or equitable remedy available to it, shall be entitled to immediately and forever cease payment of the Separation Benefits, and to recover any consideration already paid to Executive under this Agreement, including without limitation the Separation Benefits.

(c) Executive agrees and acknowledges that, other than as set forth in this Agreement, Executive is not entitled to and shall not receive any additional compensation, payments or benefits of any kind from the Company, and that no representations or promises to the contrary have been made to Executive. Executive further agrees and acknowledges that, but for entering into and complying with the terms of this Agreement, Executive would not be entitled to receive the payments and benefits set forth in this Agreement, including without limitation the Separation Benefits, that such payments and benefits exceed any consideration to which he would otherwise be entitled, and that such payments and benefits constitute good and sufficient consideration for the promises and covenants of Executive set forth herein.

3. Forfeiture of Options. Executive agrees and acknowledges that all options granted him pursuant to the Option Certificate shall be forfeited as of the date of this Agreement.

4. Release of Claims. In consideration for the agreements of the Company set forth in this Agreement, including without limitation the Separation Benefits, and on behalf of himself, his spouse, agents, heirs and representatives, Executive irrevocably and unconditionally waives, discharges and releases his right to assert against the Releasees (as such term is defined below) any form of claim, complaint or any other form of action seeking any form of relief, including without limitation equitable relief (whether declaratory, injunctive or otherwise), the recovery of damages or any other form of monetary recovery whatsoever (including without limitation back pay, front pay, compensatory damages, emotional distress damages, punitive damages, attorneys' fees and any other costs), for any alleged action, inaction or circumstance (collectively, "Claims") existing or arising through the date of this Agreement.

For purposes of this Paragraph, the "Releasees" shall include the Company, its parents, subsidiaries and affiliates, and their past and present officers, directors, employees, stockholders, owners, representatives, assigns, attorneys, agents and insurers, and their employee benefit programs and plans (including without limitation the Addus Holding Corporation 2006 Stock Incentive Plan) and the trustees, administrators, fiduciaries and insurers of such programs and plans.

Without limiting the foregoing general waiver and release, Executive specifically waives and releases the Releasees from any Claim arising from or related to Executive's employment with the Company or the termination thereof, including, without limitation:

- Claims under any federal, state or local discrimination, fair employment practices or other employment-related statute, regulation or executive order prohibiting discrimination or harassment based upon any protected status including, without limitation, race, national origin, age, gender, marital status, disability, veteran status or sexual orientation. Without limitation, specifically included in this Paragraph are any Claims arising under the federal Age Discrimination in Employment Act (the "ADEA"), the Older Workers Benefit Protection Act, the Civil Rights Acts of 1866 and 1871, Title VII of the Civil Rights Act of 1964, the Civil Rights Act of 1991, the Equal Pay Act, the Americans with Disabilities Act, the Worker Adjustment and Retraining Notification Act, the Sarbanes-Oxley Act, the Family & Medical Leave Act, the Illinois Human Rights Act, the Illinois Equal Wage Act, the Illinois Minimum Wage Law, the Illinois Right to Privacy in the Workplace Act, the Illinois Genetic Privacy Act, the Illinois School Visitation Rights Act, the Illinois AIDS Confidentiality Act, the Illinois Victims' Economic Security and Safety Act, the Illinois Family Military Leave Act and the Illinois Constitution, as such laws have been amended from time to time.

- Claims under any other federal, state or local statute, regulation or executive order relating to wages, hours or any other terms and conditions of employment. Without limitation, specifically included in this Paragraph are any Claims arising under the Fair Labor Standards Act, the National Labor Relations Act, the Employee Retirement Income Security Act of 1974, the Consolidated Omnibus Budget Reconciliation Act of 1985, and any similar statute.
- Claims under any common law theory, including without limitation wrongful discharge, breach of express or implied contract, promissory estoppel, unjust enrichment, breach of covenant of good faith and fair dealing, violation of public policy, defamation, interference with contractual relations, intentional or negligent infliction of emotional distress, invasion of privacy, misrepresentation, deceit, fraud and negligence.
- Claims under any agreement between Executive and the Company, including without limitation the Employment Agreement.
- Claims under any employee welfare, insurance or severance plan, including without limitation the Addus Holding Corporation 2006 Stock Incentive Plan.
- Any other Claim arising under federal, state or local law.

Executive explicitly acknowledges that, because he is over forty (40) years of age, he has specific rights under the ADEA, which prohibits discrimination on the basis of age, and that the releases set forth in this Paragraph are intended to release any right that Executive may have to file a claim against the Company alleging discrimination on the basis of age.

Notwithstanding the foregoing, this Paragraph does not:

- release the Company from any obligation expressly set forth in this Agreement or from any obligation, including without limitation obligations under the Workers Compensation laws, which as a matter of law cannot be released;
- prohibit Executive from filing a charge with the Equal Employment Opportunity Commission ("EEOC");

- prohibit Executive from participating in an investigation or proceeding by the EEOC or a similar state or local agency; or,
- prohibit Executive from challenging or seeking a determination in good faith of the validity of this release or waiver under the ADEA or impose any condition precedent, penalty, or costs for doing so unless specifically authorized by federal law.

Executive's waiver and release, however, are intended to be a complete bar to any recovery or personal benefit by or to Executive with respect to any claim whatsoever, including those raised through a charge with the EEOC, except those which, as a matter of law, cannot be released.

Executive acknowledges and agrees that, but for providing this waiver and release, Executive would not be receiving the consideration provided under the terms of this Agreement, including without limitation the Separation Benefits. Executive further agrees that, should Executive breach this Paragraph 4, the Company, in addition to any other legal or equitable remedy available to it, shall be entitled to recover any consideration already paid to Executive under this Agreement, including without limitation the Separation Benefits.

5. Review and Revocation Period.

(a) Executive acknowledges that, before signing this Agreement, he was given a period of 21 days in which to review and consider it; that Executive has, in fact, carefully reviewed this Agreement; and, that he is entering into it voluntarily and of his own free will. Executive further acknowledges that the Company encouraged him in writing to show this Agreement to and discuss it with his attorney before signing it, and that, to the extent Executive wished to do so, he has done so. Executive further acknowledges that, if he executed this Agreement before the end of the 21-day period, such early execution was completely voluntary, and Executive had reasonable and ample time in which to review this Agreement.

(b) Executive agrees that, for a period of seven days after he signs this Agreement, he has the right to revoke it by providing notice, in writing (delivered by registered or certified mail, return receipt requested), to: Paul Diamond, Vice President Human Resources, Addus HealthCare, Inc., 2401 S. Plum Grove Road, Palatine, Illinois 60067. This Agreement will not become effective and enforceable until after the expiration of the seven-day revocation period.

(c) Executive understands that his acceptance of any payment or benefit set forth in this Agreement at any time more than seven days after he signs this Agreement confirms that he did not revoke his assent to this Agreement and, therefore, that it is effective and enforceable.

6. Pursuit/Assignment of Released Claims. Executive warrants that, as of the date of this Agreement, he has not filed or caused to be filed any lawsuit, complaint or charge with respect to any Claim this Agreement purports to waive or release, or assigned any such Claim to any other person or entity.

7. Non-Competition.

(a) At no time between the date of this Agreement and the conclusion of the Benefits Period (the “Restrictive Period”) shall Executive, without the prior written consent of the Company, which consent shall not be unreasonably withheld, directly or indirectly, in any capacity whatsoever, either on his own behalf or on behalf of any other person or entity, compete with the Company, its subsidiaries and affiliates (collectively, the “Addus HealthCare Group”) with respect to the provision of home care services of the type and nature that the Addus HealthCare Group provides, any other business activity in which the Addus HealthCare Group is engaged, or any program or service which is under active development or proposed to be performed by the Addus HealthCare Group, each as of the Separation Date (collectively, the “Business”), 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;
- (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 Transition Period becomes a customer of the Addus HealthCare Group;
- (iii) Induce or attempt to induce any employee of the Addus HealthCare Group to terminate his or her 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.

(b) Notwithstanding the foregoing provisions, nothing herein shall prohibit 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.

(c) If, at the time of enforcement of this Paragraph 7, a court or arbitrator 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.

8. Non-Disclosure. At no time during the Restrictive Period or thereafter shall Executive, 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 that he manages, controls, participates in, consults with, renders services for or is employed by or associated with, disclose or use, except as necessary to further the interests of the Company, any Trade Secret (as such term is defined below) of the Addus HealthCare Group, whether such Trade Secret is in Executive's memory or embodied in writing or other physical form as of the Separation Date, or thereafter if acquired by Executive in connection with his cooperation with any proceeding or investigation under Paragraph 1(c) above. For purposes of this Agreement, "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 without limitation: (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 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.

9. Covenant Regarding Confidential and Proprietary Information.

(a) Executive will promptly disclose in writing to the Company each improvement, discovery, idea, invention and proposed publication of any kind whatsoever relating to the Business made or conceived by Executive either alone or in conjunction with others, if such improvement, discovery, idea, invention or publication results from or was suggested by Executive's employment with the Company (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 Executive's usual hours of work, whether in or about the premises of the Addus HealthCare Group and whether prior or subsequent to the execution hereof). Executive will not disclose any such improvement, discovery, idea, invention or publication to any person, entity or governmental authority, except the Company. Each such improvement, discovery, idea, invention and publication shall be the sole and exclusive property of, and is hereby assigned by Executive to the Company, and, at the request of the Company, Executive will assist and cooperate with the Company and any person or entity designated from time to time 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 Paragraph 9 shall not apply to any improvement, discovery, idea, invention or publication for which no equipment, supplies, facilities or confidential and proprietary information of the Addus HealthCare Group was used and which was developed entirely on Executive's own time, unless (i) the improvement, discovery, idea, invention or publication relates to the Business or the actual or demonstrably anticipated research or development of the Business, or (ii) the improvement, discovery, idea, invention or publication results from any work performed by Executive for the Addus HealthCare Group.

(b) Executive recognizes and acknowledges that, during the course of his employment with the Company, he has had access (and, during the Transition Period, will continue to 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. 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.

10. Non-Disparagement. Executive agrees that, during 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.

11. Return of Documents and Other Property. Upon the Separation Date, 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 Executive's possession or under his control. The Company acknowledges that Executive already had certain research and form files that he brought with him upon the commencement of his employment with the Company, 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 the property of the Executive and he shall have the right to remove and take such files with him upon the Separation Date; provided, however, that such files shall not include any transaction, project, litigation or other general or specific files of the Company.

12. Acknowledgment. Executive acknowledges that, during the course of his employment by the Company, he has been directly and materially involved as a senior executive in important policy and operational decisions of the Addus HealthCare Group. Executive further acknowledges that the scope of the restrictions set forth in this Agreement has been specifically bargained between the Company and Executive, each being fully informed of all relevant facts. Accordingly, the Executive acknowledges that the restrictions set forth in Paragraphs 7, 8, 9, 10 and 11 above are fair and reasonable, and are minimally necessary to protect the Addus HealthCare Group, its stockholders and the public from unfair competition by Executive who, as a result of his employment with the Company, has had unlimited access to the most confidential and important information of the Addus HealthCare Group, its business and future plans. Executive further acknowledges that no unreasonable harm or injury will be suffered by him as a result of the enforcement of the restrictions contained in this Agreement, and that he will be able to earn a reasonable livelihood following the termination of his employment notwithstanding enforcement of the covenants contained herein.

13. **Remedies for Breach.** Executive hereby acknowledges that, in the event of a breach or threatened breach of any of the provisions of Paragraphs 7, 8, 9, 10 or 11 above, such breach or threatened breach will cause the Company to suffer irreparable harm, and that the Company shall be entitled to an injunction from a court of competent jurisdiction restraining the Executive from breaching such provisions. The foregoing, however, 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 without limitation the immediate cessation of employment and any remaining Separation Benefits, the recovery of any consideration already paid to Executive under this Agreement, including without limitation the Separation Benefits, the recovery of damages from Executive, and the notification of any employer or prospective employer of Executive of the terms and conditions hereof (each without limiting or affecting Executive's obligations under this Agreement).

14. **Right of Set-Off.** In the event of a breach by 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 Executive, to set-off and apply any amounts at any time held by the Company on behalf of Executive, and all indebtedness at any time owing by the Addus HealthCare Group to Executive, against any and all of the obligations of the Executive now or hereafter existing.

15. **No Admission of Liability.** Executive agrees that neither this Agreement or the consideration provided hereunder constitute, nor may they be construed as, an admission of liability or wrongdoing of any kind by the Company.

16. **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 e-mailed to the other Party's e-mail address on the Company's computer network. If mailed or sent by overnight courier service, notice shall be sent to the following addresses:

If to Executive, to:

Frank Leonard
5812 North Corona Drive
Palatine, IL 60067

If to the Company, to:

Addus HealthCare, Inc.
2401 S. Plum Grove Road
Palatine, IL 60067

Attention: CEO

Telephone: (847) 303-5300
Facsimile: (847) 303-1508

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

Winston & Strawn LLP
200 Park Avenue
New York, New York 10166

Attention: Bradley C. Vaiana, Esq.

Telephone: (212) 294-2610
Facsimile: (212) 294-4700

E-mail: bvaiana@winston.com

Any party may change their address for notice by giving all other parties notice of such change pursuant to this Paragraph 16.

17. Entire Agreement/Modification/Waiver. This Agreement reflects the entire agreement between Executive and the Company regarding the subject matter hereof and fully supersedes any and all prior agreements and understandings. There is no other agreement except as stated herein, and Executive acknowledges that neither the Company nor any of its representatives has made any promises to him other than those contained in this Agreement. This Agreement may not be changed unless the change is in writing and signed by Executive and an authorized representative of the Company. The failure of the Company to seek enforcement of any provision of this Agreement in any instance or for any period of time shall not be construed as a waiver of such provision or the Company's right to seek enforcement of such provision in the future.

18. Severability. The provisions of this Agreement are severable, it being the intention of the Parties that should any provision hereof be deemed invalid or unenforceable, such invalidity or unenforceability 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.

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

20. **Arbitration.** Any controversy or dispute arising out of or relating to this Agreement, Executive's employment with the Company or the termination of such employment (including without limitation any controversy or dispute as to arbitrability) shall be settled by individual arbitration (as opposed to class or collective arbitration) administered by a person mutually selected by the Company and Executive (the "Arbitrator"). If the Company and 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 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 Executive mutually agree to extend this time period. The arbitration shall take place in Chicago, Illinois. 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 Paragraphs 7(c) and 18 above. 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 Executive shall each pay one-half of the fees of the Arbitrator.

21. **Acknowledgments/Counterparts.** By executing this Agreement, Executive acknowledges that he has been afforded sufficient time to understand the terms and effects of this Agreement, that his agreements and obligations hereunder are made voluntarily, knowingly and without duress, and that neither the Company nor any of its officers, directors, employees, agents or representatives have made any representations inconsistent with the provisions of this Agreement. This Agreement may be executed in counterparts, each of which when signed will be deemed to be an original, and all of which together will constitute one and the same Agreement.

22. **Interpretation.** This Agreement shall be construed as a whole according to its fair meaning. It shall not be construed strictly for or against any Party.

READ THIS AGREEMENT AND RELEASE AND CAREFULLY CONSIDER ALL OF ITS PROVISIONS BEFORE SIGNING IT; IT INCLUDES A RELEASE AND WAIVER OF KNOWN AND UNKNOWN CLAIMS. CONSULT YOUR ATTORNEY BEFORE SIGNING IT.

IN WITNESS WHEREOF, the parties hereto have executed, or caused their duly authorized officer to execute, this Agreement as of the day and year first above written.

FRANK LEONARD

/s/ Frank Leonard

Date: September 2, 2010

ADDUS HEALTHCARE, INC.

By: Mark S. Heaney

/s/ Mark S. Heaney

Title: Chief Executive Officer

Date: September 2, 2010