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

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**FORM 8-K**

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

Date of Report (Date of earliest event reported): March 18, 2010

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**ADDUS HOMECARE CORPORATION**

(Exact name of registrant as specified in its charter)

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**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)

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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 March 18, 2010, Addus HealthCare, Inc. (“Addus HealthCare”), a wholly-owned subsidiary of Addus HomeCare Corporation (the “Company”), and certain subsidiaries of Addus HealthCare (together with Addus HealthCare, the “Borrowers”), entered into an amendment (the “Amendment”) to the Loan and Security Agreement, dated as of November 2, 2009 (the “Credit Agreement”), among the Borrowers, Fifth Third Bank, as agent, the financial institutions from time to time parties thereto, and the Company, as guarantor. The Amendment (i) increases the maximum aggregate amount of revolving loans available to the Borrowers under the Credit Agreement by \$5,000,000 to \$55,000,000, (ii) modifies the Borrowers’ maximum senior debt leverage ratio from 2.75 to 1.0 to 3.00 to 1.0 for the twelve (12) month period ending March 31, 2010 and each twelve (12) month period ending on the last day of each fiscal quarter thereafter and (iii) increases the advance multiple used to determine the amount of the borrowing base from 2.75 to 1.0 to 3.00 to 1.0. This description of the Amendment does not purport to be complete and is qualified in its entirety by reference to the actual terms of the Amendment, which is attached as Exhibit 99.1 hereto, and is incorporated by reference herein.

On March 18, 2010, the Company issued (i) an Amended and Restated Unsecured 10% Junior Subordinated Promissory Note (the “Amended ECP III Note”) to Eos Capital Partners III, L.P. (“ECP III”) in the principal amount of \$6,074,493, which amends and restates the Unsecured 10% Junior Subordinated Promissory Note in the original principal amount of \$10,049,929 issued by the Company to ECP III on November 2, 2009 (the “Original ECP III Note”) and (ii) an Amended and Restated Unsecured 10% Junior Subordinated Promissory Note (the “Amended Eos SBIC Note”) and, together with the Amended ECP III Note, the “Amended Notes”) to Eos Partners SBIC III, L.P. (“Eos SBIC”) in the principal amount of \$1,744,265, which amends and restates the Unsecured 10% Junior Subordinated Promissory Note in the original principal amount of \$2,885,795 issued by the Company to Eos SBIC on November 2, 2009 (the “Original Eos SBIC Note”) and, together with the Original ECP III Note, the “Original Notes”). Pursuant to the Amended Notes, the Original Notes were amended to (i) extend the maturity date of each Amended Note from September 30, 2011 to December 31, 2012, (ii) modify the amortization schedule of each of the Original Notes and (iii) permit the prepayment of all or a portion of the principal amount of each of the Amended Notes, together with interest on the principal amount so prepaid, so long as before and after giving effect to such prepayment (a) no senior default exists or would be caused thereby, (b) the Company and its affiliates are in pro forma compliance with the fixed charge coverage financial covenant set forth in the Credit Agreement, as amended by the Amendment, as if such ratio were set at 1.2:1.0, (c) the Borrowers have excess availability (as defined in the Credit Agreement, as amended by the Amendment) of at least \$4,000,000, (d) the Company and its affiliates are in pro forma compliance with the capital expenditures limitations financial covenant set forth in the Credit Agreement, as amended by the Amendment, and (e) the Company and its affiliates are in pro forma compliance with the senior debt leverage financial covenant set forth in the Credit Agreement, as amended by the Amendment, as if such ratio were set at 1.5:1.0. ECP III and Eos SBIC are significant stockholders of the Company, and two of the Company’s directors are affiliates of ECP III and Eos SBIC. This description of the Amended Notes is qualified in its entirety by reference to the actual Amended Notes, which are attached as Exhibits 99.2 and 99.3 hereto and are incorporated by reference herein.

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**Item 2.02. Results of Operations and Financial Condition**

On March 18, 2010, the Company issued a press release announcing its earnings for the quarter and year ended December 31, 2009. A copy of the press release is furnished as Exhibit 99.4 to this report.

In accordance with General Instruction B.2 of Form 8-K, the information in Item 2.02 of this Current Report on Form 8-K, including Exhibit 99.4, shall not be deemed to be “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or otherwise subject to the liabilities of that section, and shall not be incorporated by reference into any registration statement or other document filed under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such filing.

**Item 2.03. Creation of a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement of a Registrant.**

The information set forth under Item 1.01 is also responsive to Item 2.03 of this Current Report on Form 8-K and is hereby incorporated by reference into this Item 2.03.

**Item 9.01 Financial Statements and Exhibits.**

(d) Exhibits:

<u>Exhibit No.</u>	<u>Description</u>
99.1	Consent and Amendment No. 1 to the Loan and Security Agreement, dated as of March 18, 2010, by and among Addus HealthCare, Inc., Addus HealthCare (Idaho), Inc., Addus HealthCare (Indiana), Inc., Addus HealthCare (Nevada), Inc., Addus HealthCare (New Jersey), Inc., Addus HealthCare (North Carolina), Inc., Benefits Assurance Co., Inc., Fort Smith Home Health Agency, Inc., Little Rock Home Health Agency, Inc., Lowell Home Health Agency, Inc., PHC Acquisition Corporation and Professional Reliable Nursing Service, Inc., as borrowers, Fifth Third Bank, as agent, the financial institutions that are or may from time to time become parties thereto, and Addus HomeCare Corporation, as guarantor.
99.2	Amended and Restated Unsecured 10% Junior Subordinated Promissory Note, dated as of March 18, 2010, by and between Addus HomeCare Corporation and Eos Capital Partners III, L.P. in the principal amount of \$6,074,493.24.
99.3	Amended and Restated Unsecured 10% Junior Subordinated Promissory Note, dated as of March 18, 2010, by and between Addus HomeCare Corporation and Eos Partners SBIC III, L.P. in the principal amount of \$1,744,265.26.
99.4	Press release of Addus HomeCare Corporation dated March 18, 2010.

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## 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 hereunto duly authorized.

### ADDUS HOMECARE CORPORATION

Dated: March 18, 2010

By: /s/ Francis J. Leonard

Name: Francis J. Leonard

Title: Chief Financial Officer

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## Exhibit Index

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**CONSENT AND AMENDMENT NO. 1 TO  
LOAN AND SECURITY AGREEMENT**

**THIS CONSENT AND AMENDMENT NO. 1 TO LOAN AND SECURITY AGREEMENT** (this “**Amendment**”) dated as of March 18, 2010 (the “**First Amendment Effective Date**”), is by and among FIFTH THIRD BANK, an Ohio banking corporation (in its individual capacity, “**Fifth Third**”), as agent (in such capacity as agent, “**Agent**”) for itself and all other lenders from time to time a party to the Loan Agreement referred to below (“**Lenders**”), Lenders, ADDUS HEALTHCARE, INC., an Illinois corporation (“**Addus Healthcare**”), ADDUS HEALTHCARE (IDAHO), INC., a Delaware corporation (“**Addus Idaho**”), ADDUS HEALTHCARE (INDIANA), INC., a Delaware corporation (“**Addus Indiana**”), ADDUS HEALTHCARE (NEVADA), INC., a Delaware corporation (“**Addus Nevada**”), ADDUS HEALTHCARE (NEW JERSEY), INC., a Delaware corporation (“**Addus New Jersey**”), ADDUS HEALTHCARE (NORTH CAROLINA), INC., a Delaware corporation (“**Addus North Carolina**”), BENEFITS ASSURANCE CO., INC., a Delaware corporation (“**Benefits Assurance**”), FORT SMITH HOME HEALTH AGENCY, INC., an Arkansas corporation (“**Fort Smith**”), LITTLE ROCK HOME HEALTH AGENCY, INC., an Arkansas corporation (“**Little Rock**”), LOWELL HOME HEALTH AGENCY, INC., an Arkansas corporation (“**Lowell**”), PHC ACQUISITION CORPORATION, a California corporation (“**PHC Acquisition**”), PROFESSIONAL RELIABLE NURSING SERVICE, INC., a California corporation (“**Professional Reliable**”), and ADDUS HOMECARE CORPORATION, a Delaware corporation (“**Holdings**”), each having its principal place of business at 2401 S. Plum Grove Road, Palatine, Illinois 60067 (Addus Healthcare, Addus Idaho, Addus Indiana, Addus Nevada, Addus New Jersey, Addus North Carolina, Benefits Assurance, Fort Smith, Little Rock, Lowell, PHC Acquisition and Professional Reliable are collectively referred to as “**Borrowers**”; Holdings is referred to as the “**Guarantor**”; and Borrowers and the Guarantor are collectively referred to herein as the “**Credit Parties**”).

**W I T N E S S E T H:**

WHEREAS, Agent, Lenders, Borrowers and the Guarantor are parties to that certain Loan and Security Agreement, dated as of November 2, 2009 (as amended, restated, supplemented or otherwise modified from time to time, the “**Loan Agreement**”), pursuant to which, subject to the terms and conditions of the Loan Agreement, the Lenders agreed to make available to the Borrowers Revolving Loans in the maximum aggregate principal amount of \$50,000,000;

WHEREAS, Borrowers have requested that Lenders increase the maximum aggregate principal amount of Revolving Loans available to the Borrowers under the Loan Agreement by \$5,000,000, and Agent and Lenders are willing to do so subject to the terms and conditions of this Amendment; and

WHEREAS, this Amendment shall constitute a Loan Document and these Recitals shall be construed as part of this Amendment.

NOW, THEREFORE, for and in consideration of the premises and mutual agreements herein contained and for the purposes of setting forth the terms and conditions of this Amendment, the parties, intending to be bound, hereby agree as follows:

Section 1. Incorporation of the Loan Agreement. All capitalized terms which are not defined herein shall have the same meanings as set forth in the Loan Agreement, and the Loan Agreement, to the extent not inconsistent with this Amendment, is incorporated herein by this reference as though the same were set forth in its entirety. Except as specifically set forth herein, the Loan Agreement shall remain in full force and effect and its provisions shall be binding on the parties hereto.

Section 2. Consent. Notwithstanding the provisions of Section 13.10 of the Loan Agreement, the Agent and the Lenders hereby consent to the amendment of the Dividend Note as evidenced by (a) that certain Amended and Restated Unsecured 10% Junior Subordinated Promissory Note dated as of March 18, 2010 by and between Holdings and Eos Capital Partners III, L.P. in the original principal amount of \$6,074,493.24 and (b) that certain Amended and Restated Unsecured 10% Junior Subordinated Promissory Note dated as of March 18, 2010 by and between Holdings and Eos Partners SBIC III, L.P. in the original principal amount of \$1,744,265.26.

Section 3. Amendment of the Loan Agreement. The Credit Parties, Agent and Lenders hereby agree to amend the Loan Agreement as of the date hereof as follows:

(a) Section 2.01 (Revolving Loans). The first paragraph of Section 2.01 of the Loan Agreement is hereby amended and restated in its entirety to read as follows:

“Subject to the terms and conditions of this Agreement, during the Term, each Lender, severally and not jointly, agrees to make its Pro Rata Share of revolving loans and advances (the “**Revolving Loans**”) requested by Borrower Representative up to such Lender’s Revolving Loan Commitment so long as after giving effect to such Revolving Loans, the sum of the aggregate unpaid principal balance of the Revolving Loans and the Letter of Credit Obligations does not exceed the Borrowing Base; provided, that the Borrowing Base shall in no event exceed Fifty-Five Million and No/100 Dollars (\$55,000,000.00) (the “**Maximum Revolving Loan Limit**”) except as such amount may be increased or, following the occurrence of an Event of Default, decreased by Requisite Lenders, in Requisite Lenders’ sole discretion.”

(b) Section 12.14 (Certain Current Liens). A new Section 12.14 is hereby added to the Loan Agreement immediately following Section 12.13 thereof to read as follows:

“12.14 Certain Current Liens. Pursuant to that certain Post-Closing Agreement, dated as of November 2, 2009 (the “**Post-Closing Agreement**”), between the Borrowers and the Agent, the Loan Parties have been diligently pursuing evidence of release by

the Marion County Recorder in respect of each of the following tax liens currently of record with the Marion County Recorder: (a) state tax lien filed as instrument number A06005480661 on August 15, 2006 with the Marion County Recorder in the amount of \$26.41; (b) state tax lien filed as instrument number 7260823 on April 3, 2009 with the Marion County Recorder in the amount of \$12,467.51; (c) state tax lien filed as instrument number 7260913 on April 3, 2009 with the Marion County Recorder in the amount of \$1,873.80; and (d) state tax lien filed as instrument number 7431777 on September 14, 2009 with the Marion County Recorder in the amount of \$6,683.83 (collectively, the “**Current State Tax Liens**”). Effective as of the First Amendment Effective Date, Agent and Lenders hereby waive the Borrower’s delivery requirement under the Post-Closing Agreement of providing to Agent evidence of the release of each of the Current State Tax Liens (the “**Release Requirement**”); provided that, the Agent and the Lenders reserve their right (at any time and from time to time following the First Amendment Effective Date) to implement reserves to be withheld from the Borrowing Base calculation in an amount equal to the aggregate amount of obligations in respect of the Current State Tax Liens outstanding and/or unpaid, until the date that the Borrowers deliver to Agent evidence (in form and substance acceptable to Agent) of the release by the Marion County Recorder of each of the Current State Tax Liens. The foregoing waiver of the Release Requirement is expressly limited to the specific requirement stated herein and shall not affect any breach of any of the provisions of this Agreement for any other requirement, and shall not be deemed or otherwise construed to constitute a waiver of any Default or Event of Default arising out of any other failure of the Loan Parties or any one or more of them to comply with any of the terms of this Agreement.”

(c) **Section 13.02 (Indebtedness).** Section 13.02 of the Loan Agreement is hereby amended and restated in its entirety to read as follows:

“13.02 Indebtedness. No Credit Party shall, nor shall it permit any Subsidiary to, create, incur, commit to incur, assume or become obligated (directly or indirectly) for any Indebtedness other than the Loans and other Liabilities, except that it may (a) after the Closing Date, borrow money from or provide seller financing to a Person other than Agent and Lenders on an unsecured and subordinated basis if a Subordination Agreement in favor of Agent and Lenders and in form and substance reasonably satisfactory to Agent is executed and delivered to Agent relative thereto; (b) maintain the Earnout Liabilities; (c) maintain the Seller Notes; (d) maintain its present Indebtedness as listed on Schedule 11.14 to the Disclosure Statement (and renewals and refinancings thereof



which do not increase the principal amount thereof as of the Closing Date and are otherwise on substantially the same terms and conditions); (e) incur unsecured Indebtedness to trade creditors in the ordinary course of business; (f) incur purchase money Indebtedness or Capital Lease Obligations, in each case, in connection with Capital Expenditures permitted pursuant to Section 14.03 hereof and any refinancings thereof; provided that (x) such Indebtedness when incurred shall not exceed the purchase price of the asset(s) financed, and (y) no such Indebtedness shall be refinanced for a principal amount in excess of the principal balance outstanding thereon at the time of such financing; (g) incur unsecured Indebtedness under the Dividend Note; (h) incur Contingent Liabilities permitted pursuant to Section 13.01 above; (i) incur Indebtedness owing to any other Credit Party; (j) incur unsecured Indebtedness in the ordinary course of business with a maturity date no later than twelve (12) months after the date of incurrence, the proceeds of which are applied to finance the payment of insurance premiums with respect to workers' compensation insurance, automobile insurance and liability insurance; and (k) incur Indebtedness consisting of the obligation of any Credit Party to reimburse an insurer for any payment made by such insurer in respect of a workers' compensation claim with respect to any employee of any Credit Party.

In no event shall any Borrower make any Subordinated Debt Payment in respect of the Subordinated Debt or otherwise, Earnout Liabilities payment or any Management Fee payment (if any),

(i) unless after giving effect to any such Subordinated Debt Payment, Earnout Liabilities payment or Management Fee payment and on the date of such payment (other than payments in respect of the Eos Subordinated Debt) (A) no Default or Event of Default shall have occurred prior to, or would occur as a result of, any such payment, and, (B) the Credit Parties shall be in pro forma compliance with the financial covenants contained in Article 14 after giving effect to the proposed payment;

(ii) with respect to regularly scheduled interest payments in respect of the Eos Subordinated Debt, unless after giving effect to any such Subordinated Debt Payment and on the date of such payment (A) no Default or Event of Default shall have occurred prior to, or would occur as a result of, any such payment, and, (B) the Credit Parties shall be in pro forma compliance with the financial covenants contained in Article 14 after giving effect to the proposed payment;

(iii) with respect to regularly scheduled principal payments in respect of the Eos Subordinated Debt, unless after giving effect to any such Subordinated Debt Payment and on the date of such Subordinated Debt Payment (A) no Default or Event of Default shall have occurred prior to, or would occur as a result of, any such payment, (B) the Credit Parties shall be in pro forma compliance with the financial covenants contained in Sections 14.02 and 14.03 after giving effect to the proposed payment, (C) the Credit Parties shall be in pro forma compliance with the Fixed Charge Coverage financial covenant set forth in Section 14.01 hereof as if such ratio were set at 1.2: 1.0 computed as of the most recent fiscal quarter end for which the Credit Parties have delivered financial statements pursuant to Section 9.03(a) or 9.03(b), and (D) Borrowers shall have Excess Availability of at least Four Million and No/100 Dollars (\$4,000,000.00) after giving effect to the proposed payment; and

(iv) with respect to optional prepayments of all or any portion of the principal amount, together with interest to the date of such prepayment on the principal amount so prepaid, in each case in respect of the Eos Subordinated Debt, unless after giving effect to any such Subordinated Debt Payment and on the date of such Subordinated Debt Payment (A) no Default or Event of Default shall have occurred prior to, or would occur as a result of, any such prepayment, (B) the Credit Parties shall be in pro forma compliance with the financial covenant contained in Section 14.03 after giving effect to the proposed prepayment, (C) the Credit Parties shall be in pro forma compliance with the Fixed Charge Coverage financial covenant set forth in Section 14.01 hereof as if such ratio were set at 1.2: 1.0 computed as of the most recent fiscal quarter end for which the Credit Parties have delivered financial statements pursuant to Section 9.03(a) or 9.03(b), (D) Borrowers shall have Excess Availability of at least Four Million and No/100 Dollars (\$4,000,000.00) after giving effect to the proposed prepayment and (E) the Credit Parties shall be in pro forma compliance with the Senior Debt Leverage financial covenant set forth in Section 14.02 hereof as if such ratio were set at 1.5: 1.0 computed as of the most recent fiscal quarter end for which the Credit Parties have delivered financial statements pursuant to Section 9.03(a) or 9.03(b).

Compliance with the foregoing requirements to make any Subordinated Debt Payment must be reflected by the delivery to Agent of a Compliance Certificate and monthly financial statements as described in Section 9.03 of this Agreement.”

(d) **Section 14.02 (Senior Debt Leverage).** Section 14.02 of the Loan Agreement is hereby amended and restated in its entirety to read as follows:

“14.02 Senior Debt Leverage. The Credit Parties shall not permit the ratio of Senior Indebtedness, as of the date of calculation, to Adjusted EBITDA, on a consolidated basis, as of the last day of each period set forth below to exceed the ratio set forth below for the corresponding period set forth below, tested for each twelve (12) month period ending on the last day of each fiscal quarter:

<u>Period</u>	<u>Ratio</u>
For the twelve (12) month period ending December 31, 2009	2.75 to 1.0
For the twelve (12) month period ending March 31, 2010 and each twelve (12) month period ending on the last day of each fiscal quarter thereafter	3.00 to 1.0

(e) **Revolving Loan Commitment Set Forth on the Signature Page to the Loan Agreement.** The maximum amount of the Revolving Loan Commitment set forth on the signature page attached hereto is hereby incorporated into the Loan Agreement effective as of the First Amendment Effective Date.

(f) **Annex I (Defined Terms).** The following new definitions of “First Amendment” and “First Amendment Effective Date” shall be added to Annex I of the Loan Agreement in the appropriate alphabetical order to read as follows:

“**First Amendment**” shall mean that certain Consent and Amendment No. 1 to Loan and Security Agreement dated as of the First Amendment Effective Date by and among the Borrowers, the other Credit Parties, Agent, for the benefit of itself and the other Lenders, and Lenders.

“**First Amendment Effective Date**” shall mean March 18, 2010.

(g) **Annex I (Defined Terms).** The following definitions of “Applicable Advance Multiple”, “Dividend Note”, “Maximum Loan Limit” and “Revolving Loan Commitment” in Annex I of the Loan Agreement shall be amended and restated in their entirety to read as follows:

“**Applicable Advance Multiple**” shall mean (i) from the Closing Date through December 31, 2009, 2.75 to 1.0 and (ii) for each date of determination thereafter, the maximum permitted ratio of Senior Indebtedness to Adjusted EBITDA, expressed as the quotient of

such ratio, for the most recently specified test date set forth in Section 14.02 as of or prior to such date of determination; provided that, in no event shall the Applicable Advance Multiple exceed 3.00 to 1.0.

“**Dividend Note**” shall mean the amended and restated 10% junior subordinated promissory notes dated as of March 18, 2010 between Holdings, and (i) Eos Capital Partners III, L.P. and (ii) Eos Partners SBIC III, L.P. in the approximate principal amounts of \$6,074,493.24 and \$1,744,265.26, respectively, subject to adjustment in connection with the IPO Transaction, in each case as amended, restated, supplemented or otherwise modified as permitted by this Agreement.

“**Maximum Loan Limit**” shall mean Fifty-Five Million and No/100 Dollars (\$55,000,000.00).

“**Revolving Loan Commitment**” shall mean, with respect to any Lender, the maximum amount of Revolving Loans which such Lender has agreed to make to Borrowers, subject to the terms and conditions of this Agreement, as set forth on the signature page hereto (as amended by the First Amendment) or an Assignment and Acceptance executed by such Lender.

(h) **Exhibit A (Compliance Certificate).** Exhibit A attached to the Loan Agreement shall be amended and restated in its entirety and the attached “Exhibit A” is hereby incorporated into the Loan Agreement effective as of the First Amendment Effective Date.

Section 4. No Default. The Credit Parties represent and warrant to Agent that, no Default or Event of Default has occurred and is continuing under the Loan Agreement, as amended by this Amendment.

Section 5. Conditions of Effectiveness. This Amendment shall become effective as of the First Amendment Effective Date hereof, but only upon receipt by Agent of each of the following:

(a) one or more counterparts of each agreement, document and instrument set forth on the Consent and Amendment No. 1 to Loan and Security Agreement Closing Document Checklist attached hereto as Annex I, each in form and substance satisfactory to Agent;

(b) fully executed copies of each of the Dividend Notes, in form and substance acceptable to Agent, evidencing (i) the extension of the maturity dates thereof to December 31, 2012 and (ii) reducing the quarterly amortization payments thereunder to specific amounts reasonably acceptable to the Agent; and

(c) such other certificates, instruments, documents, and agreements as may be reasonably required by Agent or its counsel, each of which shall be in form and substance satisfactory to Agent and its counsel.

Section 6. Fees and Expenses. Borrowers agree to pay on demand all costs and expenses of, or incurred by, Agent, including but not limited to, legal fees and expenses, in connection with the evaluation, negotiation, preparation, execution and delivery of this Amendment.

Section 7. Security. Each Credit Party expressly acknowledges and agrees that all collateral, security interests, liens, pledges and mortgages heretofore, under this Amendment, or hereafter granted to Agent for the benefit of Lenders, including, without limitation, such collateral, security interests, liens, pledges and mortgages granted under the Loan Agreement, and all other supplements to the Loan Agreement, extend to and cover all of the obligations of Borrowers to Lenders, now existing or hereafter arising including, without limitation, those arising in connection with the Loan Agreement, as amended by this Amendment, upon the terms set forth in such agreements, all of which security interests, liens, pledges, and mortgages are hereby ratified, reaffirmed, confirmed and approved.

Section 8. Holdings Guaranty. The Guarantor expressly acknowledges and agrees that its Guaranty Agreement extends to and covers in full all obligations incurred by the Borrowers, directly or indirectly, in connection with the Loan Agreement, as amended by this Amendment, upon the terms set forth in such agreements, and such Guaranty Agreement is hereby ratified, reaffirmed, confirmed and approved.

Section 9. Representations and Warranties. Each Credit Party represents and warrants to Agent and each Lender that:

- (a) it has all necessary power and authority to execute and deliver this Amendment and perform its obligations hereunder;
- (b) the execution and delivery of this Amendment and the performance by such Credit Party of its obligations under the Loan Agreement, as amended by this Amendment, do not and will not conflict with any provision of law or of the articles of incorporation or bylaws of such Credit Party or of any agreement binding upon such Credit Party;
- (c) this Amendment and the Loan Agreement, as amended hereby, constitute the legal, valid and binding obligations of such Credit Party and are enforceable against such Credit Party in accordance with their terms, except as such enforceability may be limited by applicable solvency, bankruptcy, reorganization, moratorium or other similar laws affecting creditors' rights generally and applicable equitable principles (whether considered in a proceeding at law or in equity);
- (d) all representations and warranties of each Credit Party contained in the Loan Agreement, as amended, and all other Loan Documents, are true and correct in all material respects (provided that if any representation or warranty is by its terms qualified by concepts of materiality, such representation or warranty shall be true and correct in all respects) with the same effect as if such representations and warranties had been made on the First Amendment Effective Date, except to the extent that such representations and warranties expressly relate solely to an earlier date (in which case such representation and warranties shall have been so true and correct on and as of such earlier date); and

(e) all covenants of each Credit Party contained in the Loan Agreement, as amended, and all other Loan Documents, are true, correct and complete as of the date hereof.

Section 10. Release.

(a) To the fullest extent permitted by applicable law, in consideration of Agent and Lenders entering into this Amendment, and for other good and valuable consideration, the receipt and sufficiency of which the Credit Parties hereby acknowledge, each Credit Party, on its own behalf and on behalf of its successors (including, without limitation, any receiver or trustee acting on behalf of any Credit Party and any debtor-in-possession with respect to any Credit Party), assigns, subsidiaries and Affiliates (collectively, the “Releasors”), hereby forever releases, discharges and acquits Agent and Lenders and their parents, subsidiaries, shareholders, Affiliates, partners, trustees, officers, employees, directors, agents and attorneys and their respective successors, heirs and assigns (collectively, the “Releasees”) from any and all claims, demands, liabilities, responsibilities, disputes, causes, damages, actions and causes of actions (whether at law or in equity), indebtedness and obligations (collectively, “Claims”) of every type, kind, nature, description or character, including, without limitation, any so-called “lender liability” claims or defenses, and irrespective of how, why or by reason of what facts, whether such Claims have heretofore arisen, are now existing or hereafter arise, or which could, might or be claimed to exist, of whatever kind or nature, whether known or unknown, suspected or unsuspected, liquidated or unliquidated, matured or unmatured, fixed or contingent, each as though fully set forth herein at length, which may in any way arise out of, are connected with or in any way relate to actions or omissions which occurred on or prior to the date hereof with respect to any Credit Party, this Amendment, the Loan Agreement, the Liabilities, any Collateral, any other Loan Document and any third parties liable in whole or in part for the Liabilities, except to the extent any Claims are determined by a court of competent jurisdiction by final and nonappealable judgment to have resulted from the gross negligence or willful misconduct of a Releasee. This provision shall survive and continue in full force and effect whether or not the Credit Parties shall satisfy all other provisions of this Amendment, the Loan Agreement or any of the other Loan Documents, including payment in full of the Liabilities.

(b) Each Credit Party hereby agrees that its obligation to release the Releasees as set forth herein shall include an obligation by such Credit Party to indemnify and hold the Releasees harmless with respect to any and all liabilities, obligations, losses, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever (excluding any lost profits) incurred by the Releasees, or any of them, whether direct, indirect or consequential, as a result of or arising from or relating to any proceeding by, or on behalf of, any Person, including, without limitation, officers, directors, agents, trustees, creditors, partners or shareholders of any Credit Party, whether threatened or initiated, asserting any claim for legal or equitable remedy under any statute, regulation or common law principle arising from or in connection with the negotiation, preparation, execution, delivery, performance, administration and enforcement of this Amendment or any other document executed in connection herewith, other than those matters caused by or resulting from a Releasees’ gross negligence or willful misconduct. The foregoing indemnity shall survive the payment in full of the Liabilities and the termination of this Amendment, the Loan Agreement and the other Loan Documents.

Section 11. Incorporation. The parties hereto acknowledge and agree that the terms and provisions of this Amendment amend, add to and constitute a part of the Loan Agreement. Except as expressly modified and amended by the terms of this Amendment, all of the other terms and conditions of the Loan Agreement and all documents executed in connection therewith or referred to or incorporated therein remain in full force and effect and are hereby ratified, reaffirmed, confirmed and approved.

Section 12. Conflict. If there is an express conflict between the terms of this Amendment and the terms of the Loan Agreement, or any of the other agreements or documents executed in connection therewith or referred to or incorporated therein, the terms of this Amendment shall govern and control.

Section 13. Governing Law. This Amendment shall be governed by and construed in accordance with the internal laws (as opposed to conflicts of law provisions) of the State of Illinois.

Section 14. Counterparts. This Amendment may be executed in two or more counterparts, each of which shall be deemed an original, and all of which together shall constitute one and the same instrument. Delivery by facsimile or electronic transmission of a portable document file (also known as a .pdf file) of an executed counterparty signature page shall be effective as a manually executed counterpart signature hereof.

**[SIGNATURE PAGES FOLLOW]**

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

**BORROWERS:**

**ADDUS HEALTHCARE, INC.**, an Illinois corporation

By: /s/ Frank Leonard  
Frank Leonard  
Secretary

**ADDUS HEALTHCARE (IDAHO), INC.**, a Delaware corporation

By: /s/ Frank Leonard  
Frank Leonard  
Secretary

**ADDUS HEALTHCARE (INDIANA), INC.**, a Delaware corporation

By: /s/ Frank Leonard  
Frank Leonard  
Secretary

**ADDUS HEALTHCARE (NEVADA), INC.**, a Delaware corporation

By: /s/ Frank Leonard  
Frank Leonard  
Secretary



**BORROWERS:**

**ADDUS HEALTHCARE (NEW JERSEY), INC.,** a Delaware corporation

By: /s/ Frank Leonard  
Frank Leonard  
Secretary

**ADDUS HEALTHCARE (NORTH CAROLINA), INC.,** a Delaware corporation

By: /s/ Frank Leonard  
Frank Leonard  
Secretary

**BENEFITS ASSURANCE CO., INC.,** a Delaware corporation

By: /s/ Frank Leonard  
Frank Leonard  
Secretary

**FORT SMITH HOME HEALTH AGENCY, INC.,** an Arkansas corporation

By: /s/ Frank Leonard  
Frank Leonard  
Secretary

**LITTLE ROCK HOME HEALTH AGENCY, INC.,** an Arkansas corporation

By: /s/ Frank Leonard  
Frank Leonard  
Secretary

**BORROWERS:**

**LOWELL HOME HEALTH AGENCY, INC.,** an Arkansas corporation

By: /s/ Frank Leonard  
Frank Leonard  
Secretary

**PHC ACQUISITION CORPORATION,** a California corporation

By: /s/ Frank Leonard  
Frank Leonard  
Secretary

**PROFESSIONAL RELIABLE NURSING SERVICE, INC.,** a California corporation

By: /s/ Frank Leonard  
Frank Leonard  
Secretary

**GUARANTOR:**

**ADDUS HOMECARE CORPORATION**, a Delaware corporation

By: /s/ Mark Heaney  
Mark Heaney  
President

AGENT AND LENDER:

FIFTH THIRD BANK, an Ohio banking corporation, as Agent and a Lender

By: /s/ Michael E. May  
Michael E. May  
Vice President

Revolving Loan Commitment: \$55,000,000.00

EXHIBIT A

COMPLIANCE CERTIFICATE

Attached to and made a part of that certain Loan and Security Agreement, as it may be amended in accordance with its terms from time to time, including all exhibits attached thereto (the “**Agreement**”) of even date herewith between ADDUS HEALTHCARE, INC., an Illinois corporation (“**Addus Healthcare**”), ADDUS HEALTHCARE (IDAHO), INC., a Delaware corporation (“**Addus Idaho**”), ADDUS HEALTHCARE (INDIANA), INC., a Delaware corporation (“**Addus Indiana**”), ADDUS HEALTHCARE (NEVADA), INC., a Delaware corporation (“**Addus Nevada**”), ADDUS HEALTHCARE (NEW JERSEY), INC., a Delaware corporation (“**Addus New Jersey**”), ADDUS HEALTHCARE (NORTH CAROLINA), INC., a Delaware corporation (“**Addus North Carolina**”), BENEFITS ASSURANCE CO., INC., a Delaware corporation (“**Benefits Assurance**”), FORT SMITH HOME HEALTH AGENCY, INC., an Arkansas corporation (“**Fort Smith**”), LITTLE ROCK HOME HEALTH AGENCY, INC., an Arkansas corporation (“**Little Rock**”), LOWELL HOME HEALTH AGENCY, INC., an Arkansas corporation (“**Lowell**”), PHC ACQUISITION CORPORATION, a California corporation (“**PHC Acquisition**”), PROFESSIONAL RELIABLE NURSING SERVICE, INC., a California corporation (“**Professional Reliable**”), and ADDUS HOMECARE CORPORATION, a Delaware corporation (“**Holdings**”), each having its principal place of business at [address] [Borrowers to provide] (Addus Healthcare, Addus Idaho, Addus Indiana, Addus Nevada, Addus New Jersey, Addus North Carolina, Benefits Assurance, Fort Smith, Little Rock, Lowell, PHC Acquisition and Professional Reliable are collectively referred to as “**Borrowers**”, and Holdings is referred to as a Guarantor), FIFTH THIRD BANK, as agent (“**Agent**”), and each lender from time to time a party thereto (“**Lenders**”).

This Certificate is submitted pursuant to Section 9.03 of the Agreement.

The undersigned hereby certifies to Agent and Lenders that as of the date of this Certificate:

1. The undersigned is the \_\_\_\_\_ of Borrowers.
2. There exists no Default or Event of Default, as each such term is defined in the Agreement, or, if such Default or Event of Default exists, a writing attached hereto specifies the nature thereof, the period of existence thereof and the action that Borrowers have taken or propose to take with respect thereto.
3. No material adverse change in the financial condition, results of operations or any other financial status of the Credit Parties and their Subsidiaries taken as a whole has occurred since December 31, 2008, or, if such a change has occurred, a writing attached hereto specifies the nature thereof and the action that Borrowers have taken or propose to take with respect thereto.
4. Borrowers are in compliance with the representations, warranties and covenants in the Agreement, or, if any representations, warranties or covenants in the Agreement are not so true and correct, a writing attached hereto specifies the nature thereof, the period of existence thereof and the action that Borrowers have taken or propose to take with respect thereto.

5. The financial statements of each Borrower being concurrently delivered herewith have been prepared in accordance with GAAP consistently applied, subject to the absence of year-end adjustments and footnote disclosures, and there have been no material changes in accounting policies or financial reporting practices of such Borrower since December 31, 2008 or, if any such change has occurred, such changes are set forth in a writing attached hereto.

6. Attached hereto as Annex 1 is a true and correct calculation of the financial covenants contained in the Agreement.

7. Attached hereto as Annex 2 is a calculation of the Borrowing Base for Borrowers as of the date hereof, and based on such Annex, the Borrowing Base as of the date hereof is: \$ \_\_\_\_\_.

\_\_\_\_\_

By: \_\_\_\_\_

Its: \_\_\_\_\_

By: \_\_\_\_\_

Its: \_\_\_\_\_

# ANNEX 1 TO COMPLIANCE CERTIFICATE

## Financial Covenant Calculations

(a) Fixed Charge Coverage. The Credit Parties shall not permit the ratio of their Free Cash Flow divided by Fixed Charges, on a consolidated basis, as of the last day of each period set forth below to be less than the ratio set forth below for the corresponding period set forth below:

<u>Period</u>	<u>Ratio</u>
For the twelve (12) month period ending on December 31, 2009	1.10 to 1.0
For the twelve (12) month period ending on each of March 31, 2010, June 30, 2010, September 30, 2010, December 31, 2010, March 31, 2011 and June 30, 2011	1.10 to 1.0
For the twelve (12) month period ending September 30, 2011 and each twelve (12) month period ending on the last day of each fiscal quarter thereafter	1.20 to 1.0
Fixed Charge	\$
Ratio	_____ : 1.0
Compliance	Yes: _____ No: _____

(b) Senior Debt Leverage. The Credit Parties shall not permit the ratio of Senior Indebtedness, as of the date of calculation, to Adjusted EBITDA, on a consolidated basis, as of the last day of each period set forth below to exceed the ratio set forth below for the corresponding period set forth below, tested for each twelve (12) month period ending on the last day of each fiscal quarter:

<u>Period</u>	<u>Ratio</u>
For the twelve (12) month period ending December 31, 2009	2.75 to 1.0
For the twelve (12) month period ending March 31, 2010 and each twelve (12) month period ending on the last day of each fiscal quarter thereafter	3.00 to 1.0
Actual Senior Debt Leverage Ratio:	_____ to 1.0
Compliance:	Yes: _____ No: _____

(c) Capital Expenditure Limitations. The Credit Parties and their Subsidiaries, on a consolidated basis, shall not make any Capital Expenditures if, after giving effect to such Capital Expenditures, the aggregate cost of all Capital Expenditures would exceed \$1,250,0000.00 (the “**Capex Limit**”) in any Fiscal Year; provided, however, that, commencing with the Fiscal Year ending December 31, 2009, the Capex Limit referenced above shall be increased in any period by the positive amount equal to the lesser of (a) fifty percent (50%) of the Capex Limit for the immediately preceding period, and (b) the amount (if any), equal to the difference obtained by taking the Capex Limit minus the actual amount of any Capital Expenditures expended during such preceding period (the “**Carry Over Amount**”), and for purposes of measuring compliance herewith, the Carry Over Amount shall be deemed to be the last amount spent on Capital Expenditure in that succeeding period.

Total Capital Expenditures (YTD)		\$ _____
Compliance:	Yes: _____	No: _____



ANNEX 2 TO COMPLIANCE CERTIFICATE

Borrowing Base Calculation

(a) Adjusted EBITDA	\$ _____
(b) Applicable Advance Multiple	_____ (not to exceed 3.00)
(c) Senior Indebtedness (other than Revolving Loans and Letter of Credit Obligations)	\$ _____
(d) The product of (a) and (b)	\$ _____
(e) Less (c)	\$ _____

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**ANNEX I**

**Closing Document Checklist**

(See attached.)

**THE INDEBTEDNESS EVIDENCED BY THIS AMENDED AND RESTATED PROMISSORY NOTE IS SUBORDINATED TO CERTAIN SENIOR INDEBTEDNESS TO THE EXTENT PROVIDED HEREIN.**

**ADDUS HOMECARE CORPORATION**

**Amended and Restated Unsecured 10% Junior Subordinated Promissory Note**

\$6,074,493.24

March 18, 2010

This Amended and Restated Unsecured 10% Junior Subordinated Promissory Note, dated as of March 18, 2010 (this “Amended and Restated Promissory Note”), is entered into by and between ADDUS HOMECARE CORPORATION, a Delaware corporation (the “Company”), and EOS CAPITAL PARTNERS III, L.P., a Delaware limited partnership (together with any person or entity to which this Amended and Restated Promissory Note is assigned, the “Holder”).

**RECITALS**

WHEREAS, on November 2, 2009, the Company issued that certain Unsecured 10% Junior Subordinated Promissory Note (the “Original Promissory Note”), to Holder in the original principal amount of \$10,049,929.00;

WHEREAS, on November 2, 2009, pursuant to Section 5(a) of the Original Promissory Note, the Company paid \$3,107,651.01 in respect of the principal amount of the Original Promissory Note;

WHEREAS, on December 31, 2009, pursuant to Section 1(c) of the Original Promissory Note, the Company paid \$867,784.75 in respect of the principal amount of the Original Promissory Note;

WHEREAS, after giving effect to such repayments, the outstanding principal amount of the Original Promissory Note as of the date hereof is \$6,074,493.24;

WHEREAS, the Company and Holder desire to amend and restate in its entirety the Original Promissory Note on the terms and conditions provided in this Amended and Restated Promissory Note;

NOW THEREFORE, in consideration of the mutual covenants herein contained and other good and valuable consideration, the existence and sufficiency of which is expressly recognized by each of the parties hereto, the parties agree as follows:

**SECTION 1. General.**

(a) The Company, for value received, hereby promises to pay, subject to the further provisions hereof including, without limitation, Section 6 hereof, to Holder, the principal amount of SIX MILLION SEVENTY FOUR THOUSAND FOUR HUNDRED NINETY THREE DOLLARS AND TWENTY FOUR CENTS (\$6,074,493.24), maturing on December 31, 2012 (the "Maturity Date").

(b) This Amended and Restated Promissory Note shall bear and accrue interest (the "Interest") on the unpaid principal balance at the rate of ten percent (10%) per annum, which shall compound annually, and shall be payable in the manner provided in Section 1(c). Interest shall be calculated on the basis of a 360-day year for the actual days elapsed, commencing on the date hereof.

(c) Subject to Sections 4, 5 and 6 hereof, the outstanding principal amount of this Amended and Restated Promissory Note shall be due and payable in installments on the dates and in the amounts set forth below:

<u>Payment Date</u>	<u>Installment Amount</u>
March 31, 2010	\$194,228.19
June 30, 2010	\$194,228.19
September 30, 2010	\$194,228.19
December 31, 2010	\$388,456.38
March 31, 2011	\$388,456.38
June 30, 2011	\$388,456.38
September 30, 2011	\$582,684.57
December 31, 2011	\$582,684.57
March 31, 2012	\$776,912.76
June 30, 2012	\$776,912.76
September 30, 2012	\$776,912.76
December 31, 2012	\$830,332.11

Subject to Sections 4, 5 and 6 hereof, Interest on the unpaid principal balance of this Amended and Restated Promissory Note shall be due and payable quarterly in arrears, together with each payment of principal.

(d) The Original Promissory Note was issued in payment of the \$10,049,929 in dividends accrued and unpaid on shares of the Company's series A convertible preferred stock, par value \$0.001 per share (the "Series A Preferred Stock"), previously held by the Holder and converted into shares of the Company's common stock, par value \$0.001 per share (the "Common Stock"). The Holder acknowledges and agrees that the delivery of the Original Note and the payment of the principal amount hereof and thereof and accrued Interest thereon on the terms hereof and thereof satisfy the Company's obligations to pay all accrued and unpaid dividends on the shares of Series A Preferred Stock so converted.

(e) As used herein, the Holder's "Pro Rata Share" means 77.69%, which is the quotient obtained by dividing (i) the number of shares of Series A Preferred Stock previously held by the Holder and converted into shares of the Company's Common Stock, by (ii) 372,500.

**SECTION 2. The Amended and Restated Promissory Note.**

The term "Amended and Restated Promissory Note" as used herein refers to this Amended and Restated Promissory Note and also refers to any promissory note executed and delivered by the Company in replacement hereof pursuant to Section 7 hereof.

**SECTION 3. Non-Negotiability; Non-Transferability.**

This Amended and Restated Promissory Note shall not be negotiable, assignable or transferable, and no such negotiation, assignment or transfer shall be effective, in each case, without the prior written consent of the Company and the Holder; *provided, however*, that the Holder may transfer or assign this Amended and Restated Promissory Note to an affiliate of the Holder without the consent of the Company.

**SECTION 4. Optional Prepayments.**

Subject to Section 6 hereof, the Company may, at its sole option at any time, prepay all or any portion of the principal amount of this Amended and Restated Promissory Note, without penalty or premium, in whole or in part, together with Interest to the date of such prepayment on the principal amount so prepaid.

**SECTION 5. Mandatory Prepayments.** Subject to Section 6 hereof:

(a) If, after the consummation of the initial public offering of its Common Stock as contemplated by the registration statement on Form S-1 filed by the Company with the Securities Exchange Commission (File No. 333-160634), the Company consummates any public offering of newly-issued shares of its Common Stock pursuant to an effective registration statement under the Securities Act of 1933, as amended (other than pursuant to a registration statement on Form S-4 or Form S-8 or any similar or successor form) (a "Public Offering"), and the gross proceeds of such Public Offering to the Company are at least \$10,000,000, the Company shall, promptly following the receipt of proceeds upon the consummation of such Public Offering, prepay a portion of the outstanding principal amount of this Amended and Restated Promissory Note in an amount equal to the Holder's Pro Rata Share of 50% of the amount of such gross proceeds, together with all accrued Interest thereon, up to an aggregate amount equal to the outstanding principal amount plus all accrued Interest thereon. The

provisions of this Section 5(a) shall apply to each Public Offering consummated by the Company until such time as the entire principal amount of this Amended and Restated Promissory Note, together with all accrued Interest thereon, has been paid in full.

(b) The Company shall prepay the outstanding principal amount of this Amended and Restated Promissory Note and all accrued Interest thereon upon (i) any voluntary or involuntary liquidation, dissolution or winding up of the Company, other than any dissolution, liquidation or winding up in connection with any reincorporation of the Company in another jurisdiction, (ii) the sale of all or substantially all of the Company's assets, (iii) the sale or transfer of the outstanding shares of capital stock of the Company or (iv) the merger or consolidation of the Company with another person or entity, in each case in clauses (iii) and (iv) above, under circumstances in which the holders (together with any affiliates of such holders) of the voting power of outstanding capital stock of the Company, immediately prior to such transaction, own less than 50% in voting power of the outstanding capital stock of the Company or the surviving or resulting corporation or acquirer, as the case may be, immediately following such transaction. A sale (or multiple related sales) of one or more subsidiaries of the Company (whether by way of merger, consolidation, reorganization or sale of all or substantially all assets or securities) which constitutes all or substantially all of the consolidated assets of the Company shall be deemed a transaction contemplated by clause (ii) above.

(c) With respect to any prepayments made by the Company pursuant to Sections 4, 5 or 6 hereof, such prepayments shall be applied first, in payment of the principal amount of this Amended and Restated Promissory Note in inverse order of maturity.

#### **SECTION 6. Subordination.**

(a) The Company and the Holder agree that all indebtedness evidenced by this Amended and Restated Promissory Note, including principal, Interest and all other amounts payable hereunder shall, to the extent hereinafter set forth, be subordinate and junior to all obligations, indebtedness and liabilities (the "Obligations") of the Company and its affiliates under any third party senior secured credit facility of the Company or any of its affiliates and any subsequent refinancing thereof, as such Obligations may be increased, extended or otherwise modified from time to time hereafter (collectively, "Senior Indebtedness," and documents related thereto, the "Loan Documents").

(b) Notwithstanding anything herein to the contrary, unless otherwise permitted by the Loan Documents, no payment, direct or indirect, shall be made by the Company on account of principal of, or Interest on, this Amended and Restated Promissory Note or otherwise with respect to this Amended and Restated Promissory Note or on account of the purchase or redemption or other acquisition of this Amended and Restated Promissory Note, unless and until the Senior Indebtedness shall have been indefeasibly paid in full in cash and the commitments to lend thereunder have terminated pursuant to the terms of the Loan Documents; *provided that* (1) the Company shall be permitted to pay, and the Holder shall be permitted to retain, (i) regularly scheduled payments of Interest on this Amended and Restated Promissory Note as and when such payment shall become due and payable, so long as immediately before and after giving effect to each such payment, (A) no default or event of default exists under the Loan Documents (herein, a "Senior Default") or would be caused thereby and (B) the Company

and its affiliates are in pro forma compliance with the financial covenants set forth in the Loan Documents; and (ii) regularly scheduled payments of principal of this Amended and Restated Promissory Note as and when such payment shall become due and payable, so long as immediately before and after giving effect to each such payment, (A) no Senior Default exists or would be caused thereby, (B) the Company and its affiliates are in pro forma compliance with the Senior Debt Leverage financial covenant and the Capital Expenditures Limitations financial covenant set forth in the Loan Documents, (C) the Company and its affiliates are in pro forma compliance with the Fixed Charge Coverage financial covenant set forth in the Loan Documents as if such ratio were set at 1.2: 1.0 computed as of the most recent fiscal quarter end for which the Company and its affiliates have delivered financial statements pursuant to the Loan Documents, and (D) the borrowers under the Loan Documents shall have Excess Availability (as defined in the Loan Documents) of at least \$4,000,000.00, and (2) the Company shall be permitted to prepay, and the Holder shall be permitted to retain, all or a portion of the principal amount of this Amended and Restated Promissory Note, without penalty or premium, in whole or in part, together with Interest to the date of such prepayment on the principal amount so prepaid, so long as immediately before and after giving effect to any such prepayment, (A) each of the requirements set forth in subclauses (A), (C) and (D) of clause (1)(ii) above is satisfied, (B) the Company and its affiliates are in pro forma compliance with the Capital Expenditures Limitations financial covenant set forth in the Loan Documents, and (C) the Company and its affiliates are in pro forma compliance with the Senior Debt Leverage financial covenant set forth in the Loan Documents as if such ratio were set at 1.5:1.0 computed as of the most recent fiscal quarter end for which the Company and its affiliates have delivered financial statements pursuant to the Loan Documents.

(c) Unless and until the Senior Indebtedness shall have been indefeasibly paid in full in cash and the commitments to lend thereunder have terminated pursuant to the terms of the Loan Documents, except for the receipt of payments specifically permitted pursuant to Section 6(b), the Holder shall not (i) accept or receive (in cash or property or by setoff, exercise of contractual or statutory rights or otherwise) any direct or indirect payment on account of this Amended and Restated Promissory Note at any time a Senior Default exists and until the Company has notified the Holder in writing that such Senior Default has been waived or is no longer continuing, (ii) demand or attempt to collect or commence any legal proceedings to collect, any payment on account of this Amended and Restated Promissory Note, or (iii) commence or maintain any action, suit or any other legal or equitable proceeding against the Company, or join with any creditor in any such proceeding, under any insolvency, bankruptcy, receivership, liquidation, reorganization or other similar law, at any time, unless holders of Senior Indebtedness shall also join in bringing such proceeding.

(d) In the event that the Company makes any payment with respect to this Amended and Restated Promissory Note, whether in cash, property or securities, at a time when a Senior Default exists, such payment shall be held by the Holder in trust for the benefit of, and shall be paid forthwith over and delivered to, the holders of Senior Indebtedness (or an agent thereof) to be applied in accordance with the terms of the Loan Documents.

(e) No right of any present or future holder of Senior Indebtedness to enforce the subordination of the indebtedness evidenced by this Amended and Restated Promissory Note shall be prejudiced or impaired by any act or failure to act by any such holder or by the Company

or by the failure of the Company to comply with this Amended and Restated Promissory Note, regardless of any knowledge thereof which any such holder may have or otherwise be charged with.

(f) The Holder agrees and consents that, without notice to or assent by the Holder and without affecting the liabilities and obligations of the Company and the Holder and the rights and benefits of the holders of the Senior Indebtedness, (i) the obligations and liabilities of the Company and any other party or parties for or upon the Senior Indebtedness may, from time to time, be increased, renewed, refinanced, extended, modified, amended, restated, compromised, supplemented, terminated, waived or released at any time and from time to time; (ii) the holders of the Senior Indebtedness and any representative or representatives acting on behalf thereof, may exercise or refrain from exercising any right, remedy or power granted by or in connection with any agreements relating to the Senior Indebtedness (including, without limitation, any exercise or non-exercise by any such holder of any right, power, privilege or remedy under the Loan Documents or hereunder or any release by any such holder of any security for the payment of the Senior Indebtedness); and (iii) any balance or balances of funds with any holder of Senior Indebtedness at any time outstanding to the credit of the Company may, from time to time, in whole or in part, be surrendered or released; in each case all as any such holder and any representative or representatives acting on behalf thereof, may deem advisable, and all without impairing, abridging, diminishing, releasing or affecting the subordination of the subordinated indebtedness to the Senior Indebtedness provided for herein.

(g) The obligations of the Holder under this Section 6 shall continue to be effective, or be reinstated, as the case may be, if at any time any payment in respect of any Senior Indebtedness is rescinded or must otherwise be restored or returned by any holder of Senior Indebtedness by reason of any bankruptcy, reorganization, arrangement, composition or similar proceeding or as a result of the appointment of a receiver, intervenor or conservator of, or trustee or similar officer for, the Company or any substantial part of its property, or otherwise, all as though such payment had not been made.

(h) The Holder agrees that the holders of the Senior Indebtedness are entitled to rely upon the provision of this Section 6 and may enforce the provisions of this Section 6 against the Holder.

#### **SECTION 7. Replacement of Amended and Restated Promissory Note.**

Upon surrender and cancellation of this Amended and Restated Promissory Note, and in all cases (other than pursuant to clause (i) of this Section 7) upon reimbursement to the Company of all reasonable expenses incidental thereto, the Company will make and deliver a new promissory note of like tenor in lieu of this Amended and Restated Promissory Note in the following circumstances (i) in the event of a prepayment or partial prepayment of the principal in accordance with Sections 4, 5 or 6 hereof, or (ii) upon receipt by the Company of evidence satisfactory to it of the loss, theft, destruction or mutilation of this Amended and Restated Promissory Note and, in case of loss, theft, destruction or mutilation, of indemnity reasonably satisfactory to it. Any promissory note made and delivered in accordance with the provisions of this Section 7 shall be dated as of the date through which Interest has been paid on this Amended and Restated Promissory Note.



## **SECTION 8. Amendments and Waivers.**

With the written consent of the Holder, any covenant, agreement or condition contained in this Amended and Restated Promissory Note may be waived (either generally or in a particular instance and either retroactively or prospectively), or the Holder and the Company may from time to time enter into agreements for the purpose of amending any covenant, agreement or condition of this Amended and Restated Promissory Note or changing in any manner the rights of the Holder of this Amended and Restated Promissory Note. Any such amendment or waiver shall be binding upon each Holder of this Amended and Restated Promissory Note and upon the Company. Upon the request of the Company, the Holder hereof shall submit this Amended and Restated Promissory Note to the Company so that this Amended and Restated Promissory Note may be marked to indicate such amendment or waiver, and any promissory note issued thereafter shall bear a similar notation referring to any such amendment or continuing waiver. Notwithstanding anything herein to the contrary, this Amended and Restated Promissory Note may not be amended, restated, supplemented or otherwise modified in any manner without the prior written consent of any holder of the Senior Indebtedness.

## **SECTION 9. Event of Default.**

(a) In case of the occurrence of any of the following events (an “Event of Default”):

(i) default shall be made in the payment of the principal and/or of Interest on this Amended and Restated Promissory Note, when and as the same shall become due and payable (unless such payment is specifically prohibited by Section 6), whether at the due date thereof or by acceleration thereof or otherwise and, with respect to the payment of Interest on this Amended and Restated Promissory Note, and such default shall continue unremedied for 30 days;

(ii) the Company shall (A) apply for or consent to the appointment of a receiver, trustee or liquidator for itself or all or a substantial part of its property, (B) admit in writing its inability to pay its debts as they mature, (C) make a general assignment for the benefit of creditors, (D) be adjudicated as bankrupt or insolvent, (E) file a voluntary petition in bankruptcy or petition or answer seeking a reorganization or an arrangement with its creditors, (F) take advantage of any bankruptcy, reorganization, insolvency, readjustment of debt, dissolution or liquidation law or statute or file an answer admitting the material allegations of a petition filed against it in any proceeding under any such law or (G) take any corporate action for the purpose of effecting any of the foregoing; or

(iii) an order, judgment or decree shall be entered, without the application, approval or consent of the Company, by any court of competent jurisdiction, approving a petition seeking reorganization of the Company or all or a substantial part of the assets of the Company, or appointing a receiver, trustee or liquidator of the Company, and such order, judgment or decree shall continue unstayed and in effect for any period of 90 days;

then, subject to the provisions of Section 6 hereof, the Holder may, upon not less than 20 days' prior written notice to the Company and the holders of any Senior Indebtedness, declare this Amended and Restated Promissory Note to be forthwith due and payable, whereupon this Amended and Restated Promissory Note shall become forthwith due and payable, both as to principal and Interest, without presentment, demand, protest or other notice of any kind, all of which are hereby expressly waived.

(b) Subject to Section 6 hereof, in case any one or more of the Events of Default shall have occurred and be continuing, the Holder may proceed to protect and enforce its rights either by suit in equity and/or by action at law, whether for the specific performance of any covenant or agreement contained in this Amended and Restated Promissory Note or in aid of the exercise of any power granted in this Amended and Restated Promissory Note, or proceed to enforce the payment of this Amended and Restated Promissory Note or to enforce any other legal or equitable right of the Holder.

(c) No remedy conferred hereunder is intended to be exclusive of any other remedy and each and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or hereafter existing at law or in equity or by statute or otherwise. No course of dealing between the Company and the Holder or any delay on the part of the Holder in exercising its rights hereunder shall operate as a waiver of any rights of the Holder.

**SECTION 10. Extension of Maturity.**

Should the Maturity Date occur on a day other than a business day, the Maturity Date shall be extended to the next succeeding business day, and, in the case of principal, Interest shall be payable thereon at the rate per annum herein specified during such extension. The term "business day" shall mean any day that is not a Saturday, Sunday or a day on which banking institutions in New York, New York are not required to be open.

**SECTION 11. Successors and Assigns.**

The provisions of this Amended and Restated Promissory Note shall be binding upon and inure to the benefit of the Company and its successors and assigns, and to the Holder and its respective successors, assigns, heirs, executors, administrators and duly appointed legal representatives, as applicable, who shall succeed to the Holder's rights and obligations in, to and under this Amended and Restated Promissory Note.

**SECTION 12. Governing Law.**

This Amended and Restated Promissory Note will be governed by and construed and enforced in accordance with the internal laws of the State of New York without reference to its choice of law rules.

**SECTION 13. Consent to Jurisdiction, Etc.**

The Company and the Holder hereto agree that any suit, action or proceeding seeking to enforce any provision of, or based on any matter arising out of or in connection with, this Amended and Restated Promissory Note shall be brought only to the exclusive jurisdiction

of the courts of the State of New York or the federal courts located in the County of New York in the State of New York, and each of the Company and the Holder hereby consents to the jurisdiction of such courts (and of the appropriate appellate courts therefrom) in any such suit, action or proceeding and irrevocably waives, to the fullest extent permitted by law, any objection which it may now or hereafter have to the laying of the venue of any such suit, action or proceeding in any such court or that any such suit, action or proceeding which is brought in any such court has been brought in an inconvenient forum. The Company and the Holder agree that, after a legal dispute is before a court as specified in this Section 13, and during the pendency of such dispute before such court, all actions, suits, or proceedings with respect to such dispute or any other dispute, including without limitation, any counterclaim, cross-claim or interpleader, shall be subject to the exclusive jurisdiction of such court. Process in any such suit, action or proceeding may be served on either the Company or the Holder anywhere in the world, whether within or without the jurisdiction of any such court. Each of the Company and the Holder hereto agrees that a final judgment in any action, suit or proceeding described in this Section 13 after the expiration of any period permitted for appeal and subject to any stay during appeal shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by applicable laws.

**SECTION 14. Waiver of Jury Trial.**

THE COMPANY AND THE HOLDER OF THIS AMENDED AND RESTATED PROMISSORY NOTE HEREBY IRREVOCABLY WAIVE ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THIS AMENDED AND RESTATED PROMISSORY NOTE.

**SECTION 15. Severability.**

Any provision of this Amended and Restated Promissory Note that is prohibited or unenforceable in any jurisdiction will, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions of this Amended and Restated Promissory Note, and any such prohibition or unenforceability in any jurisdiction will not invalidate or render unenforceable such provision in any other jurisdiction. To the extent permitted by law, the Company and the Holder waive any provision of law which renders any such provision prohibited or unenforceable in any respect.

\* \* \* \* \*

IN WITNESS WHEREOF, the Company has duly executed and delivered this Amended and Restated Promissory Note as of the date first written above.

ADDUS HOMECARE CORPORATION

By: /s/ Mark Heaney  
Name: Mark Heaney  
Title: President

Agreed to and accepted by

EOS CAPITAL PARTNERS III, L.P.

By: ECP General III, L.P.,  
its general partner

By: ECP III, LLC,  
its general partner

By: /s/ Brian D. Young  
Brian D. Young

**THE INDEBTEDNESS EVIDENCED BY THIS AMENDED AND RESTATED PROMISSORY NOTE IS SUBORDINATED TO CERTAIN SENIOR INDEBTEDNESS TO THE EXTENT PROVIDED HEREIN.**

**ADDUS HOMECARE CORPORATION**

**Amended and Restated Unsecured 10% Junior Subordinated Promissory Note**

\$1,744,265.26

March 18, 2010

This Amended and Restated Unsecured 10% Junior Subordinated Promissory Note, dated as of March 18, 2010 (this “Amended and Restated Promissory Note”), is entered into by and between ADDUS HOMECARE CORPORATION, a Delaware corporation (the “Company”), and EOS PARTNERS SBIC III, L.P., a Delaware limited partnership (together with any person or entity to which this Amended and Restated Promissory Note is assigned, the “Holder”).

**RECITALS**

WHEREAS, on November 2, 2009, the Company issued that certain Unsecured 10% Junior Subordinated Promissory Note (the “Original Promissory Note”), to Holder in the original principal amount of \$2,885,795.00;

WHEREAS, on November 2, 2009, pursuant to Section 5(a) of the Original Promissory Note, the Company paid \$892,348.99 in respect of the principal amount of the Original Promissory Note;

WHEREAS, on December 31, 2009, pursuant to Section 1(c) of the Original Promissory Note, the Company paid \$249,180.75 in respect of the principal amount of the Original Promissory Note;

WHEREAS, after giving effect to such repayments, the outstanding principal amount of the Original Promissory Note as of the date hereof is \$1,744,265.26;

WHEREAS, the Company and Holder desire to amend and restate in its entirety the Original Promissory Note on the terms and conditions provided in this Amended and Restated Promissory Note;

NOW THEREFORE, in consideration of the mutual covenants herein contained and other good and valuable consideration, the existence and sufficiency of which is expressly recognized by each of the parties hereto, the parties agree as follows:

**SECTION 1. General.**

(a) The Company, for value received, hereby promises to pay, subject to the further provisions hereof including, without limitation, Section 6 hereof, to Holder, the principal amount of ONE MILLION SEVEN HUNDRED FORTY FOUR THOUSAND TWO HUNDRED SIXTY FIVE DOLLARS AND TWENTY SIX CENTS (\$1,744,265.26), maturing on December 31, 2012 (the "Maturity Date").

(b) This Amended and Restated Promissory Note shall bear and accrue interest (the "Interest") on the unpaid principal balance at the rate of ten percent (10%) per annum, which shall compound annually, and shall be payable in the manner provided in Section 1(c). Interest shall be calculated on the basis of a 360-day year for the actual days elapsed, commencing on the date hereof.

(c) Subject to Sections 4, 5 and 6 hereof, the outstanding principal amount of this Amended and Restated Promissory Note shall be due and payable in installments on the dates and in the amounts set forth below:

<u>Payment Date</u>	<u>Installment Amount</u>
March 31, 2010	\$55,771.81
June 30, 2010	\$55,771.81
September 30, 2010	\$55,771.81
December 31, 2010	\$111,543.62
March 31, 2011	\$111,543.62
June 30, 2011	\$111,543.62
September 30, 2011	\$167,315.43
December 31, 2011	\$167,315.43
March 31, 2012	\$223,087.24
June 30, 2012	\$223,087.24
September 30, 2012	\$223,087.24
December 31, 2012	\$238,426.39

Subject to Sections 4, 5 and 6 hereof, Interest on the unpaid principal balance of this Amended and Restated Promissory Note shall be due and payable quarterly in arrears, together with each payment of principal.

(d) The Original Promissory Note was issued in payment of the \$2,885,795 in dividends accrued and unpaid on shares of the Company's series A convertible preferred stock, par value \$0.001 per share (the "Series A Preferred Stock"), previously held by the Holder and converted into shares of the Company's common stock, par value \$0.001 per share (the "Common Stock"). The Holder acknowledges and agrees that the delivery of the Original Note and the payment of the principal amount hereof and thereof and accrued Interest thereon on the terms hereof and thereof satisfy the Company's obligations to pay all accrued and unpaid dividends on the shares of Series A Preferred Stock so converted.

(e) As used herein, the Holder's "Pro Rata Share" means 22.31%, which is the quotient obtained by dividing (i) the number of shares of Series A Preferred Stock previously held by the Holder and converted into shares of the Company's Common Stock, by (ii) 372,500.

**SECTION 2. The Amended and Restated Promissory Note.**

The term "Amended and Restated Promissory Note" as used herein refers to this Amended and Restated Promissory Note and also refers to any promissory note executed and delivered by the Company in replacement hereof pursuant to Section 7 hereof.

**SECTION 3. Non-Negotiability; Non-Transferability.**

This Amended and Restated Promissory Note shall not be negotiable, assignable or transferable, and no such negotiation, assignment or transfer shall be effective, in each case, without the prior written consent of the Company and the Holder; *provided, however*, that the Holder may transfer or assign this Amended and Restated Promissory Note to an affiliate of the Holder without the consent of the Company.

**SECTION 4. Optional Prepayments.**

Subject to Section 6 hereof, the Company may, at its sole option at any time, prepay all or any portion of the principal amount of this Amended and Restated Promissory Note, without penalty or premium, in whole or in part, together with Interest to the date of such prepayment on the principal amount so prepaid.

**SECTION 5. Mandatory Prepayments.** Subject to Section 6 hereof:

(a) If, after the consummation of the initial public offering of its Common Stock as contemplated by the registration statement on Form S-1 filed by the Company with the Securities Exchange Commission (File No. 333-160634), the Company consummates any public offering of newly-issued shares of its Common Stock pursuant to an effective registration statement under the Securities Act of 1933, as amended (other than pursuant to a registration statement on Form S-4 or Form S-8 or any similar or successor form) (a "Public Offering"), and the gross proceeds of such Public Offering to the Company are at least \$10,000,000, the Company shall, promptly following the receipt of proceeds upon the consummation of such Public Offering, prepay a portion of the outstanding principal amount of this Amended and Restated Promissory Note in an amount equal to the Holder's Pro Rata Share of 50% of the amount of such gross proceeds, together with all accrued Interest thereon, up to an aggregate amount equal to the outstanding principal amount plus all accrued Interest thereon. The

provisions of this Section 5(a) shall apply to each Public Offering consummated by the Company until such time as the entire principal amount of this Amended and Restated Promissory Note, together with all accrued Interest thereon, has been paid in full.

(b) The Company shall prepay the outstanding principal amount of this Amended and Restated Promissory Note and all accrued Interest thereon upon (i) any voluntary or involuntary liquidation, dissolution or winding up of the Company, other than any dissolution, liquidation or winding up in connection with any reincorporation of the Company in another jurisdiction, (ii) the sale of all or substantially all of the Company' assets, (iii) the sale or transfer of the outstanding shares of capital stock of the Company or (iv) the merger or consolidation of the Company with another person or entity, in each case in clauses (iii) and (iv) above, under circumstances in which the holders (together with any affiliates of such holders) of the voting power of outstanding capital stock of the Company, immediately prior to such transaction, own less than 50% in voting power of the outstanding capital stock of the Company or the surviving or resulting corporation or acquirer, as the case may be, immediately following such transaction. A sale (or multiple related sales) of one or more subsidiaries of the Company (whether by way of merger, consolidation, reorganization or sale of all or substantially all assets or securities) which constitutes all or substantially all of the consolidated assets of the Company shall be deemed a transaction contemplated by clause (ii) above.

(c) With respect to any prepayments made by the Company pursuant to Sections 4, 5 or 6 hereof, such prepayments shall be applied first, in payment of the principal amount of this Amended and Restated Promissory Note in inverse order of maturity.

#### **SECTION 6. Subordination.**

(a) The Company and the Holder agree that all indebtedness evidenced by this Amended and Restated Promissory Note, including principal, Interest and all other amounts payable hereunder shall, to the extent hereinafter set forth, be subordinate and junior to all obligations, indebtedness and liabilities (the "Obligations") of the Company and its affiliates under any third party senior secured credit facility of the Company or any of its affiliates and any subsequent refinancing thereof, as such Obligations may be increased, extended or otherwise modified from time to time hereafter (collectively, "Senior Indebtedness," and documents related thereto, the "Loan Documents").

(b) Notwithstanding anything herein to the contrary, unless otherwise permitted by the Loan Documents, no payment, direct or indirect, shall be made by the Company on account of principal of, or Interest on, this Amended and Restated Promissory Note or otherwise with respect to this Amended and Restated Promissory Note or on account of the purchase or redemption or other acquisition of this Amended and Restated Promissory Note, unless and until the Senior Indebtedness shall have been indefeasibly paid in full in cash and the commitments to lend thereunder have terminated pursuant to the terms of the Loan Documents; provided that (1) the Company shall be permitted to pay, and the Holder shall be permitted to retain, (i) regularly scheduled payments of Interest on this Amended and Restated Promissory Note as and when such payment shall become due and payable, so long as immediately before and after giving effect to each such payment, (A) no default or event of default exists under the Loan Documents (herein, a "Senior Default") or would be caused thereby and (B) the Company



and its affiliates are in pro forma compliance with the financial covenants set forth in the Loan Documents; and (ii) regularly scheduled payments of principal of this Amended and Restated Promissory Note as and when such payment shall become due and payable, so long as immediately before and after giving effect to each such payment, (A) no Senior Default exists or would be caused thereby, (B) the Company and its affiliates are in pro forma compliance with the Senior Debt Leverage financial covenant and the Capital Expenditures Limitations financial covenant set forth in the Loan Documents, (C) the Company and its affiliates are in pro forma compliance with the Fixed Charge Coverage financial covenant set forth in the Loan Documents as if such ratio were set at 1.2: 1.0 computed as of the most recent fiscal quarter end for which the Company and its affiliates have delivered financial statements pursuant to the Loan Documents, and (D) the borrowers under the Loan Documents shall have Excess Availability (as defined in the Loan Documents) of at least \$4,000,000.00, and (2) the Company shall be permitted to prepay, and the Holder shall be permitted to retain, all or a portion of the principal amount of this Amended and Restated Promissory Note, without penalty or premium, in whole or in part, together with Interest to the date of such prepayment on the principal amount so prepaid, so long as immediately before and after giving effect to any such prepayment, (A) each of the requirements set forth in subclauses (A), (C) and (D) of clause (1)(ii) above is satisfied, (B) the Company and its affiliates are in pro forma compliance with the Capital Expenditures Limitations financial covenant set forth in the Loan Documents, and (C) the Company and its affiliates are in pro forma compliance with the Senior Debt Leverage financial covenant set forth in the Loan Documents as if such ratio were set at 1.5:1.0 computed as of the most recent fiscal quarter end for which the Company and its affiliates have delivered financial statements pursuant to the Loan Documents.

(c) Unless and until the Senior Indebtedness shall have been indefeasibly paid in full in cash and the commitments to lend thereunder have terminated pursuant to the terms of the Loan Documents, except for the receipt of payments specifically permitted pursuant to Section 6(b), the Holder shall not (i) accept or receive (in cash or property or by setoff, exercise of contractual or statutory rights or otherwise) any direct or indirect payment on account of this Amended and Restated Promissory Note at any time a Senior Default exists and until the Company has notified the Holder in writing that such Senior Default has been waived or is no longer continuing, (ii) demand or attempt to collect or commence any legal proceedings to collect, any payment on account of this Amended and Restated Promissory Note, or (iii) commence or maintain any action, suit or any other legal or equitable proceeding against the Company, or join with any creditor in any such proceeding, under any insolvency, bankruptcy, receivership, liquidation, reorganization or other similar law, at any time, unless holders of Senior Indebtedness shall also join in bringing such proceeding.

(d) In the event that the Company makes any payment with respect to this Amended and Restated Promissory Note, whether in cash, property or securities, at a time when a Senior Default exists, such payment shall be held by the Holder in trust for the benefit of, and shall be paid forthwith over and delivered to, the holders of Senior Indebtedness (or an agent thereof) to be applied in accordance with the terms of the Loan Documents.

(e) No right of any present or future holder of Senior Indebtedness to enforce the subordination of the indebtedness evidenced by this Amended and Restated Promissory Note shall be prejudiced or impaired by any act or failure to act by any such holder or by the Company

or by the failure of the Company to comply with this Amended and Restated Promissory Note, regardless of any knowledge thereof which any such holder may have or otherwise be charged with.

(f) The Holder agrees and consents that, without notice to or assent by the Holder and without affecting the liabilities and obligations of the Company and the Holder and the rights and benefits of the holders of the Senior Indebtedness, (i) the obligations and liabilities of the Company and any other party or parties for or upon the Senior Indebtedness may, from time to time, be increased, renewed, refinanced, extended, modified, amended, restated, compromised, supplemented, terminated, waived or released at any time and from time to time; (ii) the holders of the Senior Indebtedness and any representative or representatives acting on behalf thereof, may exercise or refrain from exercising any right, remedy or power granted by or in connection with any agreements relating to the Senior Indebtedness (including, without limitation, any exercise or non-exercise by any such holder of any right, power, privilege or remedy under the Loan Documents or hereunder or any release by any such holder of any security for the payment of the Senior Indebtedness); and (iii) any balance or balances of funds with any holder of Senior Indebtedness at any time outstanding to the credit of the Company may, from time to time, in whole or in part, be surrendered or released; in each case all as any such holder and any representative or representatives acting on behalf thereof, may deem advisable, and all without impairing, abridging, diminishing, releasing or affecting the subordination of the subordinated indebtedness to the Senior Indebtedness provided for herein.

(g) The obligations of the Holder under this Section 6 shall continue to be effective, or be reinstated, as the case may be, if at any time any payment in respect of any Senior Indebtedness is rescinded or must otherwise be restored or returned by any holder of Senior Indebtedness by reason of any bankruptcy, reorganization, arrangement, composition or similar proceeding or as a result of the appointment of a receiver, intervenor or conservator of, or trustee or similar officer for, the Company or any substantial part of its property, or otherwise, all as though such payment had not been made.

(h) The Holder agrees that the holders of the Senior Indebtedness are entitled to rely upon the provision of this Section 6 and may enforce the provisions of this Section 6 against the Holder.

**SECTION 7. Replacement of Amended and Restated Promissory Note.**

Upon surrender and cancellation of this Amended and Restated Promissory Note, and in all cases (other than pursuant to clause (i) of this Section 7) upon reimbursement to the Company of all reasonable expenses incidental thereto, the Company will make and deliver a new promissory note of like tenor in lieu of this Amended and Restated Promissory Note in the following circumstances (i) in the event of a prepayment or partial prepayment of the principal in accordance with Sections 4, 5 or 6 hereof, or (ii) upon receipt by the Company of evidence satisfactory to it of the loss, theft, destruction or mutilation of this Amended and Restated Promissory Note and, in case of loss, theft, destruction or mutilation, of indemnity reasonably satisfactory to it. Any promissory note made and delivered in accordance with the provisions of this Section 7 shall be dated as of the date through which Interest has been paid on this Amended and Restated Promissory Note.

## **SECTION 8. Amendments and Waivers.**

With the written consent of the Holder, any covenant, agreement or condition contained in this Amended and Restated Promissory Note may be waived (either generally or in a particular instance and either retroactively or prospectively), or the Holder and the Company may from time to time enter into agreements for the purpose of amending any covenant, agreement or condition of this Amended and Restated Promissory Note or changing in any manner the rights of the Holder of this Amended and Restated Promissory Note. Any such amendment or waiver shall be binding upon each Holder of this Amended and Restated Promissory Note and upon the Company. Upon the request of the Company, the Holder hereof shall submit this Amended and Restated Promissory Note to the Company so that this Amended and Restated Promissory Note may be marked to indicate such amendment or waiver, and any promissory note issued thereafter shall bear a similar notation referring to any such amendment or continuing waiver. Notwithstanding anything herein to the contrary, this Amended and Restated Promissory Note may not be amended, restated, supplemented or otherwise modified in any manner without the prior written consent of any holder of the Senior Indebtedness.

## **SECTION 9. Event of Default.**

(a) In case of the occurrence of any of the following events (an “Event of Default”):

(i) default shall be made in the payment of the principal and/or of Interest on this Amended and Restated Promissory Note, when and as the same shall become due and payable (unless such payment is specifically prohibited by Section 6), whether at the due date thereof or by acceleration thereof or otherwise and, with respect to the payment of Interest on this Amended and Restated Promissory Note, and such default shall continue unremedied for 30 days;

(ii) the Company shall (A) apply for or consent to the appointment of a receiver, trustee or liquidator for itself or all or a substantial part of its property, (B) admit in writing its inability to pay its debts as they mature, (C) make a general assignment for the benefit of creditors, (D) be adjudicated as bankrupt or insolvent, (E) file a voluntary petition in bankruptcy or petition or answer seeking a reorganization or an arrangement with its creditors, (F) take advantage of any bankruptcy, reorganization, insolvency, readjustment of debt, dissolution or liquidation law or statute or file an answer admitting the material allegations of a petition filed against it in any proceeding under any such law or (G) take any corporate action for the purpose of effecting any of the foregoing; or

(iii) an order, judgment or decree shall be entered, without the application, approval or consent of the Company, by any court of competent jurisdiction, approving a petition seeking reorganization of the Company or all or a substantial part of the assets of the Company, or appointing a receiver, trustee or liquidator of the Company, and such order, judgment or decree shall continue unstayed and in effect for any period of 90 days;

then, subject to the provisions of Section 6 hereof, the Holder may, upon not less than 20 days' prior written notice to the Company and the holders of any Senior Indebtedness, declare this Amended and Restated Promissory Note to be forthwith due and payable, whereupon this Amended and Restated Promissory Note shall become forthwith due and payable, both as to principal and Interest, without presentment, demand, protest or other notice of any kind, all of which are hereby expressly waived.

(b) Subject to Section 6 hereof, in case any one or more of the Events of Default shall have occurred and be continuing, the Holder may proceed to protect and enforce its rights either by suit in equity and/or by action at law, whether for the specific performance of any covenant or agreement contained in this Amended and Restated Promissory Note or in aid of the exercise of any power granted in this Amended and Restated Promissory Note, or proceed to enforce the payment of this Amended and Restated Promissory Note or to enforce any other legal or equitable right of the Holder.

(c) No remedy conferred hereunder is intended to be exclusive of any other remedy and each and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or hereafter existing at law or in equity or by statute or otherwise. No course of dealing between the Company and the Holder or any delay on the part of the Holder in exercising its rights hereunder shall operate as a waiver of any rights of the Holder.

**SECTION 10. Extension of Maturity.**

Should the Maturity Date occur on a day other than a business day, the Maturity Date shall be extended to the next succeeding business day, and, in the case of principal, Interest shall be payable thereon at the rate per annum herein specified during such extension. The term "business day" shall mean any day that is not a Saturday, Sunday or a day on which banking institutions in New York, New York are not required to be open.

**SECTION 11. Successors and Assigns.**

The provisions of this Amended and Restated Promissory Note shall be binding upon and inure to the benefit of the Company and its successors and assigns, and to the Holder and its respective successors, assigns, heirs, executors, administrators and duly appointed legal representatives, as applicable, who shall succeed to the Holder's rights and obligations in, to and under this Amended and Restated Promissory Note.

**SECTION 12. Governing Law.**

This Amended and Restated Promissory Note will be governed by and construed and enforced in accordance with the internal laws of the State of New York without reference to its choice of law rules.

**SECTION 13. Consent to Jurisdiction, Etc.**

The Company and the Holder hereto agree that any suit, action or proceeding seeking to enforce any provision of, or based on any matter arising out of or in connection with, this Amended and Restated Promissory Note shall be brought only to the exclusive jurisdiction

of the courts of the State of New York or the federal courts located in the County of New York in the State of New York, and each of the Company and the Holder hereby consents to the jurisdiction of such courts (and of the appropriate appellate courts therefrom) in any such suit, action or proceeding and irrevocably waives, to the fullest extent permitted by law, any objection which it may now or hereafter have to the laying of the venue of any such suit, action or proceeding in any such court or that any such suit, action or proceeding which is brought in any such court has been brought in an inconvenient forum. The Company and the Holder agree that, after a legal dispute is before a court as specified in this Section 13, and during the pendency of such dispute before such court, all actions, suits, or proceedings with respect to such dispute or any other dispute, including without limitation, any counterclaim, cross-claim or interpleader, shall be subject to the exclusive jurisdiction of such court. Process in any such suit, action or proceeding may be served on either the Company or the Holder anywhere in the world, whether within or without the jurisdiction of any such court. Each of the Company and the Holder hereto agrees that a final judgment in any action, suit or proceeding described in this Section 13 after the expiration of any period permitted for appeal and subject to any stay during appeal shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by applicable laws.

**SECTION 14. Waiver of Jury Trial.**

THE COMPANY AND THE HOLDER OF THIS AMENDED AND RESTATED PROMISSORY NOTE HEREBY IRREVOCABLY WAIVE ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THIS AMENDED AND RESTATED PROMISSORY NOTE.

**SECTION 15. Severability.**

Any provision of this Amended and Restated Promissory Note that is prohibited or unenforceable in any jurisdiction will, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions of this Amended and Restated Promissory Note, and any such prohibition or unenforceability in any jurisdiction will not invalidate or render unenforceable such provision in any other jurisdiction. To the extent permitted by law, the Company and the Holder waive any provision of law which renders any such provision prohibited or unenforceable in any respect.

\* \* \* \* \*

IN WITNESS WHEREOF, the Company has duly executed and delivered this Amended and Restated Promissory Note as of the date first written above.

ADDUS HOMECARE CORPORATION

By: /s/ Mark Heaney  
Name: Mark Heaney  
Title: President

Agreed to and accepted by

EOS PARTNERS SBIC III, L.P.

By: Eos SBIC General III, L.L.C.,  
its general partner

By: Eos Partners, L.P.,  
its managing member

By: Eos General, L.L.C.,  
its general partner

By: /s/ Brian D. Young  
Brian D. Young



**Investor Contact:**

Carol Ruth / Amy Glynn  
 The Ruth Group  
 Phone: (646) 536-7004 / 7023  
 Email: cruth@theruthgroup.com  
 Email: aglynn@theruthgroup.com

**Addus HomeCare Reports Fourth Quarter 2009 Results**

**Fourth Quarter Highlights**

- Total net service revenues increased 4.7% to \$65.7 million
- Home & Community segment revenues increased 6.5% to \$53.7 million
- Home Health segment revenues decreased 2.4% to \$12.0 million
- Net loss was \$3.7 million, or a loss of \$0.48 per share, including \$3.8 million (\$2.4 million, net of tax) one-time expenses related to the IPO

Palatine, IL, March 18, 2010—Addus HomeCare Corporation (Nasdaq: ADUS), a comprehensive provider of home-based social and medical services, announced today its financial results for the fourth quarter and year ended December 31, 2009.

Total net service revenues for the fourth quarter 2009 were \$65.7 million, a 4.7% increase compared to \$62.7 million in the prior year quarter.

Financial results in the fourth quarter included \$3.8 million (\$2.4 million net of tax) in one-time charges associated with the Company's IPO completed in early November. These charges include \$1.2 million related to the separation agreement for the Company's former Chairman, approximately \$1.8 million in deemed interest expense for an additional contingent payout related to the 2006 acquisition of Addus, and a separate \$0.8 million charge due to the write-off of unamortized debt issuance costs associated with the termination of the Company's previous credit facility, the latter two were recorded as interest expense.

Adjusted earnings before interest, taxes, depreciation, amortization, and stock based compensation ("Adjusted EBITDA") for the fourth quarter 2009 was \$2.1 million, compared to \$4.9 million in the prior year quarter. Adjusted EBITDA includes a \$1.2 million IPO related charge for the separation agreement with Addus' former Chairman.

The Company reported a net loss of \$3.7 million, or a loss of \$0.48 per share based on 7.7 million diluted shares outstanding, in the fourth quarter of 2009, compared to a net loss of \$0.1 million, or a loss of \$0.06 per share based on 1.1 million diluted shares outstanding, in the prior year period. Excluding one-time items and preferred stock dividends, net income in the fourth quarter of 2009 was \$0.6 million, or \$0.07 per share based on 7.7

million diluted shares outstanding, compared to \$1.1 million, or \$1.07 per share based on 1.0 million diluted shares outstanding, in the prior year period.

Mark Heaney, President and Chief Executive Officer, stated, “Our Home & Community segment, which represents about 82% of our business, achieved revenue growth of 6.5% in the fourth quarter and improved gross profit margins compared to the year ago period. Nevertheless, our overall results for the quarter were negatively impacted by certain factors. We are in the process of centralizing and enhancing controls to our accounts receivable processes. As a result of this process and a deterioration in aging in some of our accounts receivable in the fourth quarter, we have increased our historical bad debt reserve levels by taking an additional \$1.5 million reserve in the fourth quarter. We believe our centralized system and enhanced processes will increase the effectiveness of our collections.”

He continued, “Our fourth quarter results were also impacted by Home Health revenues falling short of our internal forecasts, largely due to a slowdown in admissions from our Integrated Services program. The referrals shortfall resulted from the State of Illinois’ effort to develop new procedures for integrating care. As we implement our new procedures, and as the State further embraces the integrated model, we are seeing our integrated care referrals return to historical levels of consistent and steady growth.”

“During the quarter, we also increased our investment in sales and marketing for Home Health, in line with our growth strategy, while at the same time decreasing administrative expenses. We have identified \$1.1 million in annualized administrative operating cost reductions. These cost savings will be used toward our investment in sales management and staff, which began in the fourth quarter and accelerated in the first quarter. We expect the added productivity from our investments in sales personnel to be realized in the second and third quarters of 2010,” added Mr. Heaney.

“I would like to emphasize that the fundamentals of our business remain strong. As has been the record, year to year the business continues to grow. Home & Community remains solid. Medicare admissions from our Integrated model are increasing. The investment in Home Health sales is bearing fruit. Overhead is being monitored and reduced. Perhaps most importantly, our states are announcing their 2011 budgets and we are encouraged that they reflect a commitment to home and community services as an important part of their long term care solution. We continue be excited about Addus’ long-term growth prospects, driven by favorable industry demographics and the increasing awareness of home care as a viable and cost effective health care solution for our elderly population. Further, acquisitions remain an important component of our strategy. And, with the expansion of our credit facility, we are more strongly positioned to capitalize on these opportunities,” concluded Mr. Heaney.

Separately, the Company also announced it recently increased its credit commitment from \$50 million to \$55 million.

#### Fourth Quarter Segment Results

Net service revenues in the fourth quarter 2009 for the Home & Community segment were \$53.7 million, a 6.5% increase compared to \$50.5 million in the prior year quarter. The



increase in revenues was entirely the result of organic growth.

Home & Community operating income, including depreciation and amortization but excluding corporate expenses, was \$4.6 million, compared to \$4.8 million in the prior year quarter. This decrease included an additional \$1.5 million for bad debt reserves as discussed above.

Home Health segment net service revenues in the fourth quarter 2009 were \$12.0 million, a 2.4% decline compared to \$12.2 million in the prior year quarter.

Home Health operating income, including depreciation and amortization but excluding corporate expenses, was \$1.2 million, compared to \$1.9 million in the prior year quarter. Operating income was adversely impacted by lower revenues in the quarter.

In the fourth quarter of 2009, Addus recorded an income tax benefit of \$1.0 million, compared to income tax expense of \$0.3 million in the fourth quarter of 2008. The fourth quarter tax benefit was reduced by \$0.3 million for unfavorable adjustments to the full year tax expense. Approximately \$0.2 million was an additional charge for the write-off of a deferred tax asset related to unexercised stock options for the Company's former Chairman.

#### **Year Ended December 31, 2009 and 2008**

Total net service revenues for the year ended December 31, 2009 were \$259.3 million, a 9.7% increase compared to \$236.3 million in 2008.

Financial results for the full year 2009 were impacted by \$3.8 million (\$2.4 million net of tax) in one-time IPO related items.

Adjusted EBITDA for the twelve months ended December 31, 2009 was \$17.0 million, compared to \$17.2 million for the same period in 2008. Adjusted EBITDA includes a \$1.2 million IPO related charge related to the separation agreement with Addus' former Chairman.

Net income, prior to deducting preferred stock dividends, for the twelve months ended December 31, 2009 was \$3.6 million, or \$1.31 per share on 2.7 million diluted shares outstanding, compared net income of \$4.0 million, or \$3.94 per share on 1.0 million diluted shares outstanding, for the year ended December 31, 2008. Excluding one-time items, and prior to deducting preferred stock dividends, net income was \$6.0 million, or \$2.16 per share on 2.8 million diluted shares outstanding, for the full year 2009, compared to \$4.0 million, or \$3.94 per share on 1.0 million diluted shares outstanding, for the full year 2008. The full year 2009 share count includes dilutive stock options and the conversion of the preferred stock into common shares.

#### **Full Year Segment Results**

Net service revenues for the twelve months ended December 31, 2009 in the Home & Community segment were \$210.1 million, an 11.2% increase compared to \$189.0 in the

prior year. This increase was comprised of \$16.2 million from organic growth and \$4.9 million from acquisitions completed in 2008.

Home & Community operating income for the twelve months ended December 31, 2009, including depreciation and amortization but excluding corporate expenses, was \$20.4 million, a 15.7% increase compared to \$17.6 million in the prior year.

Net service revenues for the twelve months ended December 31, 2009 in the Home Health segment were \$49.2 million, a 4.0% increase compared to \$47.3 million in 2008. This increase was comprised of \$1.5 million from organic growth and \$0.4 million from acquisitions completed in 2008.

Home Health operating income for the twelve months ended December 31, 2009, including depreciation and amortization but excluding corporate expenses, was \$6.8 million, a 16.0% increase compared to \$5.8 million for the same period in 2008.

#### **Non-GAAP Financial Measure**

The information provided in this release includes adjusted EBITDA, a non-GAAP financial measure, which the Company defines as net income plus depreciation and amortization, net interest expense, income tax expense and stock-based compensation expense. The Company has provided, in the financial statement tables included in this press release, a reconciliation of adjusted EBITDA to net income, the most directly comparable GAAP measure. Management believes that adjusted EBITDA is useful to investors, management and others in evaluating the Company's operating performance to provide investors with insight and consistency in the Company's financial reporting and present a basis for comparison of the Company's business operations among periods, and to facilitate comparison with the results of the Company's peers.

#### **Conference Call**

Addus HomeCare will conduct a conference call to discuss its fourth quarter results on Thursday, March 18, 2010, beginning at 5 p.m. Eastern time. The toll-free number is (888) 396-2356 (international callers should call 617-847-8709), with the passcode: 69051905. A telephonic replay of the conference call will be available through midnight on April 1, 2010, by dialing (888) 286-8010 (international callers should call 617-801-6888) and entering the passcode 53818737.

A live broadcast of Addus HomeCare's conference call will be available under the Investor Relations section of the Company's website, [www.addus.com](http://www.addus.com). An online replay of the conference call will also be available on the Company's website for one month, beginning approximately three hours following the conclusion of the live broadcast.

#### **About Addus**

Addus is a comprehensive provider of a broad range of social and medical services in the home. Addus' services include personal care and assistance with activities of daily living, skilled nursing and rehabilitative therapies, and adult day care. Addus' consumers are individuals with special needs who are at risk of hospitalization or institutionalization, such

as the elderly, chronically ill and disabled. Addus' payor clients include federal, state and local governmental agencies, the Veterans Health Administration, commercial insurers and private individuals. Addus has over 12,000 employees that provide services through more than 120 locations across 16 states to over 23,000 consumers.

### **Forward-Looking Statements**

Certain matters discussed in this press release constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements may be identified by words such as "continue," "expect," and similar expressions. Forward-looking statements involve a number of risks and uncertainties that may cause actual results to differ materially from those expressed or implied by such forward-looking statements, including changes in reimbursement, changes in government regulations, changes in Addus HomeCare's relationships with referral sources, increased competition for Addus HomeCare's services, increased competition for joint venture and acquisition candidates, changes in the interpretation of government regulations, and other risks set forth in the Risk Factors section in Addus HomeCare's Prospectus, filed with the Securities and Exchange Commission on October 29, 2009, available at <http://www.sec.gov>. Addus HomeCare undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

(Unaudited tables and notes follow)

# # #

**ADDUS HOMECARE CORPORATION AND SUBSIDIARIES**  
**Condensed Consolidated Statements of Income**  
**(Amounts in thousands, except share and per share data)**  
**(Unaudited)**

	For the Three Months Ended December 31,		For the Year Ended December 31,	
	2009	2008	2009	2008
Net service revenues	\$ 65,697	\$ 62,729	\$ 259,305	\$ 236,306
Cost of service revenues	<u>46,105</u>	<u>43,674</u>	<u>182,693</u>	<u>167,254</u>
Gross profit	19,592	19,055	76,612	69,052
General and administrative expenses	17,566	14,108	59,924	52,112
Depreciation and amortization	<u>1,235</u>	<u>1,647</u>	<u>4,913</u>	<u>6,092</u>
Total operating expenses	<u>18,801</u>	<u>15,755</u>	<u>64,837</u>	<u>58,204</u>
Operating income	791	3,300	11,775	10,848
Interest expense, net	<u>3,584</u>	<u>1,915</u>	<u>6,773</u>	<u>5,755</u>
Income (loss) from operations before taxes	(2,793)	1,385	5,002	5,093
Income tax expense (benefit)	<u>(1,009)</u>	<u>292</u>	<u>1,400</u>	<u>1,070</u>
Net income (loss)	(1,784)	1,093	3,602	4,023
Less: Preferred stock dividends	<u>(1,946)</u>	<u>(1,156)</u>	<u>(5,387)</u>	<u>(4,270)</u>
Net income (loss) attributable to common shareholders	<u>\$ (3,730)</u>	<u>\$ (63)</u>	<u>\$ (1,785)</u>	<u>\$ (247)</u>
Basic and diluted loss per common share	<u>\$ (0.48)</u>	<u>\$ (0.06)</u>	<u>\$ (0.66)</u>	<u>\$ (0.24)</u>
Weighted average number of common shares outstanding:				
Basic and diluted	<u>7,714,957</u>	<u>1,019,250</u>	<u>2,706,935</u>	<u>1,019,250</u>

**ADDUS HOMECARE CORPORATION AND SUBSIDIARIES**  
**Condensed Consolidated Balance Sheets**  
**(Amounts in thousands)**  
**(Unaudited)**

	<u>December 31, 2009</u>	<u>December 31, 2008</u>
<u>Assets</u>		
Current assets		
Cash	\$ 518	\$ 6,113
Accounts receivable, net	70,491	49,237
Prepaid expenses and other current assets	6,937	5,147
Deferred tax assets	5,700	3,826
Income taxes receivable	732	460
Total current assets	<u>84,378</u>	<u>64,783</u>
Property and equipment, net	<u>3,133</u>	<u>3,421</u>
Other assets		
Goodwill	59,482	47,926
Intangible assets, net	13,082	17,035
Deferred tax assets	509	1,223
Other assets	731	1,360
Total other assets	<u>73,804</u>	<u>67,544</u>
Total assets	<u>\$ 161,315</u>	<u>\$ 135,748</u>
<u>Liabilities and stockholders' equity</u>		
Current liabilities		
Accounts payable	\$ 3,763	\$ 3,879
Accrued expenses	25,557	22,721
Current maturities of long-term debt	7,388	7,101
Deferred revenue	2,189	2,175
Total current liabilities	<u>38,897</u>	<u>35,876</u>
Preferred stock dividends	–	9,222
Long-term debt, less current maturities	41,851	56,075
Total stockholders' equity	<u>80,567</u>	<u>34,575</u>
Total liabilities and stockholders' equity	<u>\$ 161,315</u>	<u>\$ 135,748</u>

**ADDUS HOMECARE CORPORATION AND SUBSIDIARIES**  
**Condensed Consolidated Statements of Cash Flows**  
**(Amounts in thousands)**  
**(Unaudited)**

	<b>For the Year Ended December 31,</b>	
	<b>2009</b>	<b>2008</b>
Net Income	\$ 3,602	\$ 4,023
Adjustments to reconcile net income to net cash provided by (used in) operating activities		
Depreciation and amortization	4,913	6,092
Deferred income taxes	(1,160)	(815)
Change in fair value of financial instrument	(586)	778
Stock-based compensation	296	272
Deficiency tax benefit of stock-based compensation	221	–
Contingent purchase price deemed interest expense	1,802	–
Write-off of debt issuance costs	794	–
Amortization of debt issuance costs	591	483
Provision for doubtful accounts	4,514	2,451
Gain on sale of assets	–	(11)
Changes in operating assets and liabilities:		
Accounts receivable	(25,768)	(8,313)
Prepaid expenses and other assets	(1,790)	(2,610)
Income taxes receivable	(272)	(460)
Checks issued against future deposits	–	(3,956)
Accounts payable	463	502
Accrued expenses	3,422	5,974
Deferred revenue	14	488
Income taxes	–	(292)
Net cash provided by (used in) operating activities	<u>(8,944)</u>	<u>4,606</u>
Acquisitions of businesses, net of acquired cash	(13,937)	(5,026)
Proceeds from sale of equipment	–	17
Purchases of property and equipment	(672)	(406)
Net cash used in investing activities	<u>(14,609)</u>	<u>(5,415)</u>
Net proceeds from initial public offering	47,481	–
Borrowings on term-loan	–	8,500
Payments on term-loan	(53,368)	(5,192)
Net borrowings (repayments) on revolving credit loan	(7,694)	3,908
Borrowings on new credit facility	38,500	–
Dividend payments on preferred stock	(14,609)	–
Borrowings on dividend notes	12,936	–
Payments on dividend notes	(5,117)	–
Debt issuance costs	(756)	(272)
Net borrowings (repayments) on other notes	806	(43)
Deficiency tax benefit of stock-based compensation	(221)	–
Net cash provided by financing activities	<u>17,958</u>	<u>6,901</u>
Net change in cash	(5,595)	6,092
Cash at the beginning of period	6,113	21
Cash at the end of the period	<u>\$ 518</u>	<u>\$ 6,113</u>

**Segment Information (Unaudited)**

(Amounts in thousands)

	For the Three Months Ended December 31, 2009			
	Home & Community	Home Health	Corporate	Total
Net service revenues	\$ 53,720	\$ 11,977	\$ –	\$ 65,697
Cost of service revenues	39,544	6,561	–	46,105
Gross profit	14,176	5,416	–	19,592
General and administrative expenses	8,710	4,069	4,787	17,566
Depreciation and amortization	844	188	203	1,235
Total operating expenses	9,554	4,257	4,990	18,801
Operating income	<u>\$ 4,622</u>	<u>\$ 1,159</u>	<u>\$ (4,990)</u>	<u>\$ 791</u>

  

	For the Three Months Ended December 31, 2008			
	Home & Community	Home Health	Corporate	Total
Net service revenues	\$ 50,456	\$ 12,273	\$ –	\$ 62,729
Cost of service revenues	37,471	6,203	–	43,674
Gross profit	12,985	6,070	–	19,055
General and administrative expenses	7,029	3,940	3,139	14,108
Depreciation and amortization	1,184	244	219	1,647
Total operating expenses	8,213	4,184	3,358	15,755
Operating income	<u>\$ 4,772</u>	<u>\$ 1,886</u>	<u>\$ (3,358)</u>	<u>\$ 3,300</u>

  

	For the Year Ended December 31, 2009			
	Home & Community	Home Health	Corporate	Total
Net service revenues	\$ 210,107	\$ 49,198	\$ –	\$ 259,305
Cost of service revenues	156,623	26,070	–	182,693
Gross profit	53,484	23,128	–	76,612
General and administrative expenses	29,732	15,607	14,585	59,924
Depreciation and amortization	3,355	769	789	4,913
Total operating expenses	33,087	16,376	15,374	64,837
Operating income	<u>\$ 20,397</u>	<u>\$ 6,752</u>	<u>\$ (15,374)</u>	<u>\$ 11,775</u>

  

	For the Year Ended December 31, 2008			
	Home & Community	Home Health	Corporate	Total
Net service revenues	\$ 189,006	\$ 47,300	\$ –	\$ 236,306
Cost of service revenues	141,859	25,395	–	167,254
Gross profit	47,147	21,905	–	69,052
General and administrative expenses	25,167	15,153	11,792	52,112
Depreciation and amortization	4,348	933	811	6,092
Total operating expenses	29,515	16,086	12,603	58,204
Operating income	<u>\$ 17,632</u>	<u>\$ 5,819</u>	<u>\$ (12,603)</u>	<u>\$ 10,848</u>

## Key Statistical and Financial Data (Unaudited)

	For the Three Months Ended December 31,		For the Year Ended December 31,	
	2009	2008	2009	2008
<b>General:</b>				
Adjusted EBITDA (in thousands) (1)	\$ 2,110	\$ 4,942	\$16,984	\$17,212
States served at period end			16	16
Locations at period end			122	122
Employees at period end			12,559	12,137
<b>Home &amp; Community</b>				
Average weekly census	20,198	20,178	20,182	19,432
Billable hours (in thousands)	3,235	3,148	12,835	12,139
Billable hours per business day	50,547	49,188	50,333	47,418
Revenues per billable hour	\$ 16.61	\$ 16.02	\$ 16.37	\$ 15.57
<b>Home Health</b>				
Average weekly census:				
Medicare	1,393	1,344	1,427	1,270
Non-Medicare	1,464	1,490	1,528	1,413
Medicare admissions (2)	1,937	2,173	7,734	7,232
Medicare revenues per episode completed	\$ 2,593	\$ 2,551	\$ 2,569	\$ 2,606
<b>Percentage of Revenues by Payor:</b>				
State, local or other governmental	81%	81%	81%	82%
Medicare	12%	12%	12%	12%
Other	7%	7%	7%	6%

- (1) We define Adjusted EBITDA as earnings before interest, taxes, depreciation, amortization, and stock-based compensation expense. Adjusted EBITDA is a performance measure used by management that is not calculated in accordance with generally accepted accounting principles in the United States (GAAP). It should not be considered in isolation or as a substitute for net income, operating income or any other measure of financial performance calculated in accordance with GAAP.
- (2) Medicare admissions represents the aggregate number of new cases approved for Medicare services during a specified period.



<u>Adjusted EBITDA (1) (Unaudited)</u> (Amounts in thousands)	For the Three Months Ended December 31,		For the Year Ended December 31,	
	2009	2008	2009	2008
Reconciliation of Adjusted EBITDA to Net Income:				
Net income (loss)	\$ (1,784)	\$ 1,093	\$ 3,602	\$ 4,023
Net interest expense	3,584	1,915	6,773	5,755
Income tax expense (benefit)	(1,009)	292	1,400	1,070
Depreciation and amortization	1,235	1,647	4,913	6,092
Stock-based compensation expense	84	(5)	296	272
Adjusted EBITDA	<u>\$ 2,110</u>	<u>\$ 4,942</u>	<u>\$16,984</u>	<u>\$17,212</u>

- (1) We define Adjusted EBITDA as earnings before interest, taxes, depreciation, amortization, and stock-based compensation expense. Adjusted EBITDA is a performance measure used by management that is not calculated in accordance with generally accepted accounting principles in the United States (GAAP). It should not be considered in isolation or as a substitute for net income, operating income or any other measure of financial performance calculated in accordance with GAAP.