UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT

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

Date of Report (Date of Earliest Event Reported): July 26, 2010

Addus HomeCare Corporation

(Exact Name of Registrant as Specified in its Charter)

Delaware	**001-34504**	**20-5340172**
(State or other jurisdiction of incorporation)	**(Commission File Number)**	**(IRS Employer Identification Number)**

2401 South Plum Grove Road, Palatine, Illinois	**60067**
(Address of principal executive offices)	**(Zip Code)**

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

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

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

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 1.01 Entry Into a Material Definitive Agreement.

On July 26, 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 a joinder, consent and amendment (the "Amendment") to the Loan and Security Agreement, dated as of November 2, 2009 (as amended, the "Credit Agreement"), among the Borrowers, Fifth Third Bank, as agent, the financial institutions from time to time parties thereto ("Lenders"), and the Company, as guarantor. Pursuant to the Amendment, (i) a new term loan has been added to the Credit Agreement in the aggregate principal amount of $5,000,000 with a maturity date of January 5, 2013, (ii) the requisite Lenders have consented to the acquisition of certain assets of Advantage Health Systems, Inc., a South Carolina corporation ("Advantage"), by Addus HealthCare (South Carolina), Inc. ("Addus South Carolina"), a wholly-owned subsidiary of Addus HealthCare, pursuant to an Asset Purchase Agreement (the "Purchase Agreement"), dated as of July 26, 2010, by and among Addus South Carolina, Advantage, Paul Mitchell, as the Seller Representative (the "Seller Representative") and Paul Mitchell, Valerie Aiken, Charles Aiken, Kimberly Aiken Cockerham and Henry Motes (collectively, the "Sellers") and (iii) Addus HealthCare South Carolina has been added as a new borrower under the Credit Agreement. Interest on the new term loan under the Credit Agreement is payable either at a floating rate equal to the 30-day LIBOR, plus an applicable margin of 460 basis points or the LIBOR rate for term periods of one, two, three or six months plus a margin of 460 basis points. Interest will be paid monthly or at the end of the relevant interest period, as determined in accordance with the Credit Agreement. 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.

Item 2.01 Completion of Acquisition or Disposition of Assets.

On July 26, 2010, Addus South Carolina, entered into the Purchase Agreement, pursuant to which Addus South Carolina acquired certain of Advantage's assets used in the operation of its home health agency business, including but not limited to certain contracts, leases, regulatory permits and licenses, records and files. The total consideration payable pursuant to the Purchase Agreement is $8.34 million, comprised of $5.1 million in cash, 252,032 shares of common stock, par value $0.001, of the Company (the "Common Stock"), having an aggregate value of $1.24 million (valued at a price per share equal to the average closing price of the Company's stock on The Nasdaq Global Market for the three most recent trading days preceding the closing), up to $2.0 million in future cash consideration subject to the achievement of certain EBITDA targets set forth in an Earn-Out Agreement by and among Addus South Carolina, the Company, as guarantor, Advantage, the Seller Representative and the Sellers, dated as of July 26, 2010 (the "Earn-Out Agreement"), and the assumption of certain specified liabilities, including all liabilities and obligations of Advantage with respect to the acquired assets and acquired contracts first arising after the date on which the transactions contemplated by the Purchase Agreement were consummated (the "Transaction"). The closing of the Transaction occurred on June 26, 2010 but was effective as of June 25, 2010. This description of the Purchase Agreement and Earn-Out Agreement does not purport to be complete and is qualified in its entirety by reference to the actual terms of the Purchase Agreement and Earn-Out Agreement, which are attached as Exhibit 99.2 hereto and Exhibit 99.3 hereto, respectively, and are incorporated by reference herein.

Addus South Carolina and Advantage each have made customary representations, warranties and covenants in the Purchase Agreement, made for the benefit of the other and negotiated by the parties as of a specified date to govern the contractual rights and relationships, and allocate risks, between the parties in relation to the Transaction. Certain of the assertions embodied in those representations and warranties and the obligations embodied in those covenants are subject to contractual standards of knowledge and materiality and/or are modified or qualified by information in the disclosure schedules delivered to Addus South Carolina.

The Purchase Agreement also contains a prohibition on the transfer of the Common Stock by the Sellers prior to the expiration of an eighteen-month lock-up period, subject to customary exceptions for certain permitted transfers. The Company's offer and sale of the Common Stock was conducted as a private placement pursuant to an exemption from registration provided by Section 4(2) of the Securities Act of 1933, as amended (the "Securities Act") and Regulation D promulgated thereunder, based on the limited nature of the offering and the Sellers' status as accredited investors. Accordingly, the Common Stock issued in the Transaction is restricted within the meaning of Rule 144 of the Securities Act.

The parties have post-closing indemnification obligations pursuant to the Purchase Agreement customary for transactions of this nature.

Item 3.02. Unregistered Sales of Equity Securities.

The information set forth in Item 2.01 related to the issuance of the Common Stock is hereby incorporated by reference under this Item 3.02.

Item 7.01. Regulation FD Disclosure.

On July 27, 2010, the Company issued a press release announcing the Transaction. 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 7.01 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 or the Exchange Act, except as shall be expressly set forth by specific reference in such filing.

Item 9.01 Financial Statements and Exhibits.

(a) Financial Statements of Businesses Acquired

The financial statements required by Item 9.01(a) of Form 8-K are not filed herewith, but will be filed by amendment within 71 calendar days after the date this Current Report on Form 8-K must be filed.

(b) Pro Forma Financial Information

The pro forma financial information required by Item 9.01(b) of Form 8-K are not filed herewith, but will be filed by amendment within 71 calendar days after the date this Current Report on Form 8-K must be filed.

(d) Exhibits

Exhibit No.	Description
99.1	Joinder, Consent and Amendment No. 2 to Loan and Security Agreement, dated as of July 26, 2010, by and among Addus HealthCare, Inc., Addus HealthCare (South Carolina), 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	Asset Purchase Agreement dated as of July 26, 2010, by and among Addus HealthCare (South Carolina), Inc., Advantage Health Systems, Inc., Paul Mitchell as the Seller Representative and the Sellers set forth on Exhibit A thereto. (1)
99.3	Earn-Out Agreement dated as of July 26, 2010, by and among Addus HealthCare (South Carolina), Inc., Advantage Health Systems, Inc., Paul Mitchell as the Seller Representative and the Sellers set forth on therein.
99.4	Press release of Addus HomeCare Corporation dated July 27, 2010.

(1) The exhibits and schedules to the Asset Purchase Agreement have been omitted from this filing pursuant to Item 601(b)(2) of Regulation S-K. The Company will furnish copies of any such schedules and exhibits to the U.S. Securities and Exchange Commission upon request.

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

By: /s/ Francis J. Leonard
Name: Francis J. Leonard
Title: Chief Financial Officer

Date: July 27, 2010

Exhibit Index

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EXHIBIT 99.1

JOINDER, CONSENT AND AMENDMENT NO. 2 TO LOAN AND SECURITY AGREEMENT

THIS JOINDER, CONSENT AND AMENDMENT NO. 2 TO LOAN AND SECURITY AGREEMENT (this "**Amendment**") dated as of July 26, 2010 (the "**Second 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**"; 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 "**Original Borrowers**"), ADDUS HOMECARE CORPORATION, a Delaware corporation ("**Holdings**"; Holdings is referred to herein as the "**Guarantor**"), and ADDUS HEALTHCARE (SOUTH CAROLINA), INC., a Delaware corporation ("**New Borrower**"; Original Borrowers and New Borrower are collectively referred to herein as "**Borrowers**"; and Borrowers and the Guarantor are collectively referred to herein as the "**Credit Parties**"), each having its principal place of business at 2401 S. Plum Grove Road, Palatine, Illinois 60067.

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 $55,000,000;

WHEREAS, the Credit Parties have informed Lenders that they have formed a new entity, the New Borrower, in order to consummate the acquisition of certain assets (the "**Advantage Acquisition**") pursuant to that certain Asset Purchase Agreement dated as of July 26, 2010 (the "**Advantage Purchase Agreement**") by and among New Borrower, as purchaser, Advantage Health Systems, Inc., a South Carolina corporation (the "**Company**"), Paul Mitchell, as the seller representative (the "**Seller Representative**"), and each of the Persons identified as "Sellers" on Exhibit A attached thereto (the "**Sellers**");

WHEREAS, in connection with the Advantage Acquisition, in addition to certain cash consideration, the New Borrower and Guarantor wish to enter into that certain Earn-Out Agreement dated as of July 26, 2010 (the "**Advantage Earn-Out Agreement**") with the Company, the Seller Representative and the Sellers, pursuant to which up to $2,000,000 of cash consideration may be payable to the Sellers subject to the terms and conditions thereof. The obligations of the New Borrower under the Advantage Earn-Out Agreement are guaranteed by Guarantor. For purposes hereof, the Advantage Purchase Agreement, the Advantage Earn-Out Agreement and any and all other instruments, documents or agreements executed and/or delivered in connection therewith are collectively referred to herein as the "**Advantage Acquisition Documents**". A true, correct and complete copy of each of the Advantage Acquisition Documents has been delivered to Agent on the date hereof;

WHEREAS, the Credit Parties have requested that Lenders, among other things, (a) join New Borrower as a "Borrower" under the Loan Agreement pursuant to Section 6.01 of the Loan Agreement, (b) consent to the Advantage Acquisition notwithstanding the terms of Section 13.04 of the Loan Agreement, including, without limitation, that the purchase price for any acquisition shall not exceed $500,000.00 in the aggregate according to the definition of "Permitted Acquisition", and (c) add a new term loan to the Loan Agreement in the aggregate principal amount of $5,000,000 (the "**Term Loan**"), the proceeds of which will be used pay a portion of the purchase price in respect of the Advantage Acquisition, 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. Joinder.

(a) New Borrower hereby acknowledges, agrees and confirms that, by its execution of this Amendment, New Borrower will be deemed to be a "Borrower" for all purposes of the Loan Agreement and shall have all of the rights and obligations of Borrowers thereunder as if it had executed the Loan Agreement on the Closing Date. New Borrower hereby ratifies, as of the date hereof, and agrees to be bound by, all of the terms, provisions and conditions contained in the Loan Agreement, including without limitation (a) all of the representations and warranties of the Borrowers set forth in Article 11 of the Loan Agreement, (b) all of the covenants set forth in Articles 12, 13 and 14 of the Loan Agreement and (c) the security agreement and other collateral provisions contained in Article 6.

(b) New Borrower is, simultaneously with the execution of this Amendment, executing and delivering any Other Agreements (and such other documents and instruments) as requested by the Agent in accordance with the Loan Agreement.

Section 3. Grant by New Borrower of Security Interest. Without limiting the generality of the foregoing Section, in order to induce Agent and the Lenders to enter into this Amendment, New Borrower hereby grants to Agent, for Agent's benefit and for the benefit of the Lenders, a continuing lien on and security interest in, upon and to the Collateral, pursuant to and in accordance with the terms of Article 5 of the Loan Agreement.

Section 4. Updated Schedules. As a condition precedent to Agent's and Lenders' agreement to enter into this Amendment, and in order for this Amendment to be effective, the Credit Parties shall revise, update and deliver to Agent and Lenders all Schedules to the Loan Agreement to (a) reflect updated and accurate information with respect to New Borrower and (b) update all other information as necessary to make the representation in Section 12(d) of this Amendment ((a) and (b) collectively referred to as the "Updated Schedules"). The attached Updated Schedules are hereby incorporated into the Loan Agreement as if originally set forth therein.

Section 5. Consent. Notwithstanding the provisions of Section 13.04 of the Loan Agreement, including, without limitation, that the purchase price for any Acquisition shall not exceed $500,000.00 in the aggregate according to the definition of "Permitted Acquisition", the Agent and the Lenders hereby consent to the Advantage Acquisition, pursuant to the Advantage Acquisition Documents.

Section 6. 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 2.02**. Section 2.02 of the Loan Agreement is hereby amended and restated in its entirety to read as follows:

"2.02 Term Loan. Subject to the terms and conditions of this Agreement, on the date that the conditions to the Term Loan are satisfied, each Lender severally and not jointly agrees to make a term loan to Borrowers in an amount equal to its Pro Rata Share of Five Million and No/100 Dollars ($5,000,000.00) (the "**Term Loan**"), but in any event not in excess of its Term Loan Commitment. Amounts repaid with respect to the Term Loan may not be reborrowed. Neither Agent nor any Lender shall be responsible for any failure by any other Term Loan Lender to perform its obligations to make its Pro Rata Share of the Term Loan hereunder, and the failure of any Term Loan Lender to make its Pro Rata Share of the Term Loan hereunder shall not relieve any other Term Loan Lender of its obligation, if any, to make its Pro Rata Share of the Term Loan hereunder."

(b) **Section 2.03(b)**. Section 2.03(b) of the Loan Agreement is hereby amended and restated in its entirety to read as follows:

"(b) Repayment of the Term Loan. The outstanding principal balance of the Term Loan shall be repaid based upon a twenty-four (24) month straight-line amortization schedule in equal monthly principal installments of Two Hundred Eight Thousand Three Hundred Thirty-Four and No/100 Dollars ($208,334.00) payable on commencing on February 5, 2011 and the fifth (5th) Business Day of each calendar month thereafter; provided that any remaining outstanding principal balance of the Term Loan shall be repaid on the Term Loan Maturity Date. If any such payment due date is not a Business Day, then such payment may be made on the next succeeding Business Day and such extension of time shall be included in the computation of the amount of interest and fees due hereunder."

(c) **Section 2.03(c) (Optional Prepayments)**. Section 2.03(c) of the Loan Agreement is hereby amended and restated in its entirety to read as follows:

"(c) Optional Prepayments. The Borrowers may prepay without penalty or premium the principal of any Revolving Loan, in part or in whole, at any time and from time to time. To the extent the Revolving Loans are being prepaid in whole, in connection with a termination of the Revolving Loan Commitments, such prepayment shall be accompanied by the payment of accrued interest of such payment or amount prepaid, and any applicable LIBOR breakage or related fees and costs. To the extent the Revolving Loans are being prepaid in part, such prepayment shall be accompanied by the payment of any applicable LIBOR breakage or related fees and costs. Each such prepayment shall be applied to prepay the Revolving Loans of the Lenders in proportion to their respective Pro Rata Shares. The Borrowers may prepay without penalty or premium the principal of the Term Loan, in part or in whole, at any time and from time to time. Each such prepayment shall be accompanied by the payment of accrued interest of such payment or amount prepaid. Each such prepayment shall be applied to prepay the Term Loan of the Lenders in proportion to their respective Pro Rata Shares. The Borrowers shall notify Agent by telephone (confirmed by telecopy) of any prepayment hereunder (i) in case of prepayment of a LIBOR Rate Loan, not later than 1:00 p.m., Chicago time, five (5) Business Days before the date of prepayment, and (ii) in the case repayment of a Floating Rate Loan, not later than 1:00 p.m., Chicago time, one (1) Business Day prior to the date such prepayment is to be made. Each such notice shall specify the prepayment date and the principal amount of each Loan to be prepaid."

(d) **Section 2.03(d(i)) (Mandatory Prepayments; Sales of Assets)**. Section 2.03(d)(i) of the Loan Agreement is hereby amended and restated in its entirety to read as follows:

"(i) Sales of Assets. Subject to Section 5.08, upon receipt of the Net Proceeds in an amount in excess of $250,000 (in a single transaction or in a series of related transactions) from the sale or other disposition of any Collateral, or if any of the Collateral is damaged, destroyed or taken by condemnation in whole or in part, the Net Proceeds thereof in excess of $250,000, shall be paid by such Credit Party to Agent, for the benefit of Agent and Lenders, as a mandatory prepayment of the Liabilities, as herein provided. Any prepayment made pursuant to this Section 2.03(d)(i) shall be applied to reduce the Term Loan, such payment to be applied against the remaining installments of principal in the inverse order of their maturities until such Term Loan is repaid in full, then to reduce the outstanding principal balance of the Revolving Loans (without a concomitant reduction in the Revolving Loan Commitment) until repaid in full, and then against the other Liabilities, in such order as Agent determines in its sole discretion.

(e) **Section 4.02**. Section 4.02 of the Loan Agreement is hereby amended and restated in its entirety to read as follows:

"4.02 Term Loan Interest Rate. Subject to the terms and conditions set forth below, the Term Loan shall bear interest at the per annum rate of interest set forth in Section (a) or (b) below:

(a) With respect to Floating Rate Loans, at a per annum rate four hundred sixty (460) basis points in excess of the Floating Rate in effect from time to time, payable on the fifth (5th) Business Day of each month in arrears commencing August 5, 2010. Said rate of interest shall increase or decrease by an amount equal to each increase or decrease in the Floating Rate effective on the effective date of each such change in the Floating Rate.

(b) With respect to LIBOR Rate Loans, at a per annum rate four hundred sixty (460) basis points in excess of the LIBOR Rate for the applicable Interest Period, such rate to remain fixed for such Interest Period. Interest shall be payable on the last Business Day of such Interest Period".

(f) **Section 4.05(b) (Other LIBOR Provisions)**. Section 4.05(b) of the Loan Agreement is hereby amended by deleting the reference to "Sections 4.01(b)" in the ninth line thereof and replacing such reference with "Sections 4.01(b) or 4.02(b)" in place thereof.

(g) **Section 4.06(a) (Fee Letter)**. Section 4.06(a) of the Loan Agreement is hereby amended and restated in its entirety to read as follows:

"(a) Fee Letter: Borrowers shall jointly and severally pay to Agent certain fees and other amounts in accordance with the terms of any fee letter between Borrowers and Agent (individually or collectively, the "**Fee Letter**").

(h) **Section 10.01 (Termination)**. Section 10.01 of the Loan Agreement is hereby amended and restated in its entirety to read as follows:

"10.01 If not earlier terminated pursuant to the terms of this Agreement, (a) the Term Loan Commitment shall terminate on the Term Loan Maturity Date and (b) the Revolving Commitment shall terminate on November 2, 2014 (the "**Term**"). On the Term Loan Maturity Date, Borrowers shall pay any remaining outstanding principal balance of the Term Loan, together with all accrued interest in respect thereof. In the event the Commitments (other than the Term Loan Commitment on the Term Loan Maturity Date in the absence of an Event of Default under this Agreement) terminate, then (i) Borrowers shall pay all of the Liabilities in full; (ii) Agent and Lenders shall not make any additional Loans on or after the date identified as the date on which the Liabilities are to be repaid; and (iii) this Agreement shall terminate on the date thereafter that the Liabilities are paid in full. At such time as Borrowers have repaid all of the Liabilities and this Agreement has terminated, each Credit Party shall deliver to Agent and Lenders a release, in form and substance reasonably satisfactory to Agent, of all obligations and liabilities of Agent and Lenders and their officers, directors, employees, agents, parents, subsidiaries and affiliates to such Credit Party, and if any Borrower is obtaining new financing from another lender, Credit Parties shall deliver an indemnification of Agent and Lenders, in form and substance reasonably satisfactory to Agent, for checks which Agent has credited to Borrowers' account, but which subsequently are dishonored for any reason or for automatic clearinghouse or wire transfers not yet posted to such Borrowers' account. Upon delivery of such release and indemnification, Agent and Lenders agree to promptly deliver to the Credit Parties such Collateral in possession of Agent or any Lender and such instruments acknowledging and/or causing the termination of this Agreement and the Liens created hereby."

(i) **Section 11.22 (Subordinated Debt)**. Section 11.22 of the Loan Agreement is hereby amended by deleting the reference to "Revolving Loan Commitment" in the sixth line thereof and replacing such reference with "Commitments" in place thereof.

(j) **Section 12.10 (Checking Accounts and Cash Management Services)**. The first sentence of Section 12.10 of the Loan Agreement is hereby amended and restated in its entirety to read as follows:

"Each Credit Party shall maintain each of its general checking/controlled disbursement accounts with Fifth Third, other than (a) any accounts maintained with other financial institutions (i) that have a balance of less than $10,000, (ii) with respect to which the relevant Credit Party has complied with Section 5.07 hereof or (iii) as required by law, provided that, such Credit Party has provided Agent with prior written notice thereof, and (b) that certain disbursement account no. 7102448452 maintained with Carolina First Bank so long as such disbursement account (x) is used solely to disburse payroll for Addus South Carolina employees located in South Carolina and (y) has a balance of no more than either (A) 110% of the total payroll amount being paid for such week prior to the disbursement of such weekly payroll or (B) $30,000 after the disbursement of such weekly payroll."

(k) **Section 16.01 (Remedies Upon an Event of Default)**. Section 16.01 of the Loan Agreement is hereby amended and restated in its entirety to read as follows:

"16.01 Upon the occurrence and during the continuance of an Event of Default described in Section 15.07 or 15.08 hereof, all of the Commitments shall immediately and automatically terminate and all of the Liabilities shall immediately and automatically become due and payable, in each case, without notice of any kind. Upon the occurrence and during the continuance of any other Event of Default, all Liabilities may, at the option of Requisite Lenders, and without demand, notice or legal process of any kind, all of the Commitments may be terminated and all of the Liabilities may be declared, and immediately shall become, due and payable."

(l) **Section 19.02(g) (Joint and Several Liability)**. Section 19.02(g) of the Loan Agreement is hereby amended by deleting the reference to "Revolving Loan Commitment" in the tenth line thereof and replacing such reference with "Commitments" in place thereof.

(m) **Section 19.02(m) (Joint and Several Liability)**. Section 19.02(m) of the Loan Agreement is hereby amended by deleting the reference to "Revolving Loan Commitment" in the fifth line thereof and replacing such reference with "Commitments" in place thereof.

(n) **Section 19.03(c) (Assignability)**. Section 19.03(c) of the Loan Agreement is hereby amended by deleting the reference to "Revolving Loan Commitment" in the fifth line thereof and replacing such reference with "Commitments" in place thereof.

(o) **Section 19.03(e) (Assignability)**. The first sentence of Section 19.03(e) of the Loan Agreement is hereby amended and restated in its entirety to read as follows:

"Agent shall maintain (acting solely for this purpose as an agent of the Borrowers) at its address referred to in Section 19.07 of the Agreement a copy of each Assignment and Acceptance delivered to and accepted by it and a register for the recordation of the names and addresses of Lenders and the Revolving Loan Commitment and Term Loan Commitment of, and principal and any stated interest amount of the Loans owing to, each Lender from time to time (collectively, the "**Register**")."

(p) **Section 19.03(g) (Assignability)**. The first sentence of Section 19.03(g) of the Loan Agreement is hereby amended and restated in its entirety to read as follows:

(g) Each Lender may sell participations (without the consent of Agent, any Credit Party or any other Lender) to one or more parties (each a "**Loan Participant**"), in or to all (or a portion) of its rights and obligations under this Agreement (including, without limitation, all or a portion of its Revolving Loan Commitment, Term Loan Commitment or the Loans owing to it); provided that (i) such Lender's obligations under this Agreement shall remain unchanged, (ii) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations, (iii) the Credit Parties, Agent, and the other Lenders shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement and no Loan Participant shall have any right to exercise any remedies or right to vote in respect of any matters hereunder and (iv) such Lender shall not transfer, grant, assign or sell any participation under which the participant shall have rights to approve any amendment or waiver of this Agreement."

(q) **Section 19.04(a) (Amendments, Etc.)**. Section 19.04(a) of the Loan Agreement is hereby amended by deleting the reference to "Revolving Loan Commitment" in the twenty-second line thereof and replacing such reference with "Commitments" in place thereof.

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

(s) **Annex I (Defined Terms)**. The following new definitions of "Addus South Carolina", "Commitments", "Second Amendment", "Second Amendment Effective Date", "Term Loan", "Term Loan Commitment" and "Term Loan Maturity Date" shall be added to Annex I of the Loan Agreement in the appropriate alphabetical order to read as follows:

"**Addus South Carolina**" shall mean Addus HealthCare (South Carolina), Inc., a Delaware corporation, that was added as a Borrower to this Agreement in connection with the Second Amendment.

"**Commitments**" shall mean, collectively, the Revolving Loan Commitment and the Term Loan Commitment"

"**Second Amendment**" shall mean that certain Joinder, Consent and Amendment No. 2 to Loan and Security Agreement dated as of the Second Amendment Effective Date by and among the Borrowers, the other Credit Parties, Agent, for the benefit of itself and the other Lenders, and Lenders.

"**Second Amendment Effective Date**" shall mean July 26, 2010.

"**Term Loan**" shall have the meaning specified in Section 2.02 hereof.

"**Term Loan Commitment**" shall mean, with respect to any Lender, the maximum amount of the Term Loan which such Lender has agreed to make, subject to the terms and conditions of this Agreement, as set forth on the signature page hereto or any Assignment and Acceptance executed by such Lender.

"**Term Loan Maturity Date**" shall mean January 5, 2013.

(t) **Annex I (Defined Terms)**. The following definitions of "Adjusted EBITDA", "Earnout Liabilities" and "Pro Rata Share" in Annex I of the Loan Agreement shall be amended and restated in their entirety to read as follows:

"**Adjusted EBITDA**" shall mean, with respect to any period, the Credit Parties' and their Subsidiaries' consolidated net income (or loss) for such period determined on a consolidated basis in accordance with GAAP (excluding any gains or losses on the sales of assets (other than the sale of Inventory in the ordinary course of business) and excluding other extraordinary gains or losses) plus interest expense, income tax expense, depreciation and amortization for such period, plus management fee payments (if any), plus or minus any other non-cash charges or gains which have been subtracted or added in calculating consolidated net income for such period, plus or minus losses or gains from discontinued operations, plus fees, costs and expenses incurred in

connection with entering into this Agreement and the IPO Transaction in an aggregate amount not to exceed $15,000,000, plus non-cash impairment charges, plus due diligence costs and expenses related to closed Acquisitions permitted under this Agreement, plus or minus adjustments to contingent consideration recognized in connection with Acquisitions permitted under this Agreement, plus stock-based compensation expense recognized on the issuance of stock-based incentives issued to directors and employees, for such period, all on a consolidated basis, to the extent such costs are deemed an expense per GAAP and therefore impact net income in such periods. For all purposes hereunder, from the Second Amendment Effective Date through and including June 30, 2011, Adjusted EBITDA shall be calculated by adding, without duplication, (a) Adjusted EBITDA for the Credit Parties' and their Subsidiaries for the applicable period, plus (b) the applicable Pro Forma Advantage Acquisition EBITDA for such period as determined in accordance with Schedule 2 to the Disclosure Statement."

"Earnout Liabilities" shall mean Indebtedness consisting of "earnouts" and similar contingent payment obligations of any Credit Party (x) as of the Second Amendment Effective Date, consisting of the following: (a) Addus Idaho, pursuant to that certain Earn-Out Agreement dated as of April 1, 2008 by and among the various parties thereto, (b) Addus Nevada pursuant to that certain Earn-Out Agreement dated as of November 13, 2007 by and among the various parties thereto, (c) Addus Nevada pursuant to that certain Asset Purchase Agreement dated as of June 16, 2008 by and among Addus Nevada, as purchaser, New Life Personal Care LLC, as the company, and Juan Gomez, Flor Gomez-Cruz, Alberta Gomez-Cruz and Norma Gomez-Cruz, as the sellers, and (d) Addus South Carolina pursuant to that certain Earn-Out Agreement dated as of July 26, 2010 by and among Addus South Carolina, as purchaser, Holdings, as guarantor, Advantage Health Systems, Inc., as the earn-out recipient, Paul Mitchell, as seller representative, and the sellers party thereto (as more particularly described on the schedule therein), and (y) after the Second Amendment Effective Date issued in connection with any Acquisitions permitted under this Agreement and subordinated in right of payment to the Liabilities in a manner satisfactory to Agent, in its sole discretion exercised in a good faith and commercially reasonable manner.

"**Pro Rata Share**" shall mean, at any time, with respect to any Lender, a fraction (expressed as a percentage in no more than nine (9) decimal places), the numerator of which shall be the sum of the Revolving Loan Commitment and Term Loan Commitment of such Lender at such time and the denominator of which shall be the Maximum Loan Limit at such time.

Section 7. 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 on and as of the Second Amendment Effective Date, and after giving effect to, the making of the Term Loan on the Second Amendment Effective Date.

Section 8. Conditions of Effectiveness. This Amendment shall become effective as of the Second 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 Joinder, Consent and Amendment No. 2 to Loan and Security Agreement Closing Document Checklist previously delivered to the Credit Parties, each in form and substance satisfactory to Agent;

(b) fully executed copies of each of the Advantage Acquisition Documents, in form and substance acceptable to Agent;

(c) payment to Agent of the fees and other amounts in accordance with the terms of the fee letter dated as of the Second Amendment Effective Date by Borrowers in favor of Agent; and

(d) 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 9. 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 10. 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 11. 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 12. 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 Second Amendment Effective Date and after giving effect to the making of the Term Loan on the Second Amendment Effective Date, except to the extent that such representations and warranties expressly relate solely to an earlier date (in which cash 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 and after giving effect to the making of the Term Loan on the Second Amendment Effective Date.

Section 13. 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 14. 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 15. 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 16. 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 17. 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.

ORIGINAL 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

ORIGINAL 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

ORIGINAL 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

(Signature Page to Joinder, Consent and Amendment No. 2 to Loan and Security Agreement)

GUARANTOR:

ADDUS HOMECARE CORPORATION,
a Delaware corporation

By: /s/ Mark Heaney
Mark Heaney
President

NEW BORROWER:

ADDUS HEALTHCARE (SOUTH CAROLINA), INC.,
a Delaware corporation

By: /s/ Frank Leonard
Frank Leonard
Secretary

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

Term Loan Commitment: $5,000,000.00

Schedule 2

Pro Forma Advantage Acquisition EBITDA

The "Pro Forma Advantage Acquisition EBITDA" for each applicable period shall be determined in accordance with the methodology set forth below, as applicable, for such period ending on the date set forth below:

Period Ending	Applicable Amount
Twelve (12) month period ending July 31, 2010	$2,350,000
Twelve (12) month period ending August 31, 2010	The product of (a) $2,350,000 multiplied by (b) a fraction, (i) the numerator of which is 11 and (ii) the denominator or which is 12.
Twelve (12) month period ending September 30, 2010	The product of (a) $2,350,000 multiplied by (b) a fraction, (i) the numerator of which is 10 and (ii) the denominator or which is 12.
Twelve (12) month period ending October 31, 2010	The product of (a) $2,350,000 multiplied by (b) a fraction, (i) the numerator of which is 9 and (ii) the denominator or which is 12.
Twelve (12) month period ending November 30, 2010	The product of (a) $2,350,000 multiplied by (b) a fraction, (i) the numerator of which is 8 and (ii) the denominator or which is 12.
Twelve (12) month period ending December 31, 2010	The product of (a) $2,350,000 multiplied by (b) a fraction, (i) the numerator of which is 7 and (ii) the denominator or which is 12.
Twelve (12) month period ending January 31, 2011	The product of (a) $2,350,000 multiplied by (b) a fraction, (i) the numerator of which is 6 and (ii) the denominator or which is 12.
Twelve (12) month period ending February 28, 2011	The product of (a) $2,350,000 multiplied by (b) a fraction, (i) the numerator of which is 5 and (ii) the denominator or which is 12.
Twelve (12) month period ending March 31, 2011	The product of (a) $2,350,000 multiplied by (b) a fraction, (i) the numerator of which is 4 and (ii) the denominator or which is 12.
Twelve (12) month period ending April 30, 2011	The product of (a) $2,350,000 multiplied by (b) a fraction, (i) the numerator of which is 3 and (ii) the denominator or which is 12.

Twelve (12) month period ending May 31, 2011	The product of (a) $2,350,000 multiplied by (b) a fraction, (i) the numerator of which is 2 and (ii) the denominator or which is 12.
Twelve (12) month period ending June 30, 2011	The product of (a) $2,350,000 multiplied by (b) a fraction, (i) the numerator of which is 1 and (ii) the denominator or which is 12.

EXHIBIT 99.2

ASSET PURCHASE AGREEMENT

by and among

ADDUS HEALTHCARE (SOUTH CAROLINA), INC.

as the Purchaser,

ADVANTAGE HEALTH SYSTEMS, INC.,

as the Company,

PAUL MITCHELL, AS THE SELLER REPRESENTATIVE

AND

THE SELLERS SET FORTH ON EXHIBIT A HERETO

Dated as of July 26, 2010

TABLE OF CONTENTS

LIST OF EXHIBITS

LIST OF SCHEDULES

ASSET PURCHASE AGREEMENT

THIS ASSET PURCHASE AGREEMENT (this "Agreement"), dated as of July 26, 2010, is made and entered into by and among Addus HealthCare (South Carolina), Inc., a Delaware corporation (the "Purchaser"), Advantage Health Systems, Inc., a South Carolina corporation (the "Company"), Paul Mitchell, as the Seller Representative (the "Seller Representative") and each of the persons identified as "Sellers" set forth on Exhibit A hereto (each, a "Seller", and collectively, the "Sellers"). The Purchaser, the Company, the Seller Representative and the Sellers are sometimes individually referred to herein as a "Party" and collectively as the "Parties."

A. The Company is a certified home health care agency that conducts the Business in South Carolina and Georgia.

B. The Parties desire to enter into this Agreement pursuant to which the Company proposes to sell to the Purchaser, and the Purchaser proposes to purchase from the Company, certain of the assets used or held for use by the Company in the conduct of the Business as a going concern, and the Purchaser proposes to assume certain of the liabilities and obligations of the Company (the "Acquisition").

C. The Sellers own all of the outstanding capital stock of the Company in the manner set forth on Exhibit A hereto.

D. The Parties desire to make certain representations, warranties and agreements in connection with the Acquisition.

NOW, THEREFORE, in consideration of the foregoing and the respective representations, warranties, covenants, agreements and conditions hereinafter set forth, and intending to be legally bound hereby, the Parties agree as follows:

ARTICLE I
DEFINITIONS

Section 1.1. Definitions.

(a) The following Terms, as used herein, have the following meanings:

"Accounts Payable" means monies owed to vendors for goods and services received that are not yet paid.

"Affiliate" means, with respect to any Person, any other Person directly or indirectly controlling, controlled by, or under common control with such other Person. For purposes of this definition, "control," when used with respect to any specified Person, means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Business" means providing home care and skilled and unskilled home health services in South Carolina and Georgia including personal care, homemaker, chore, respite, nursing, therapy and other home care services to qualified individuals under any applicable Medicare, Medicaid and State Health Care Program as well as any other in-home services programs currently in place or that may be contracted with or adopted in the future and in compliance with the applicable Medicare, Medicaid, South Carolina or Georgia statutes.

"Business Day" means any day except Saturday, Sunday or any day on which banks are generally not open for business in the City of New York.

"Central Midlands Matter" means the appeal of the Contract for Services Provision by and between Central Midlands Council on Governments and the Company, dated July 1, 2009.

"Code" means the Internal Revenue Code of 1986, as amended.

"Common Stock Market Price" means the average closing price on The Nasdaq Global Market of Common Stock for the three (3) most recent trading days preceding the Closing Date; *provided, however*, the Common Stock Market Price shall not be less than $5.00 and shall not exceed $7.00.

"Company Employee Benefit Plan" means each plan, fund, program, agreement or arrangement (i) with respect to which the Company has any liability, whether actual or contingent, direct or indirect and (ii) which provide employee benefits or for the remuneration, direct or indirect, of employees, former employees, directors, officers, consultants, independent contractors, contingent workers or leased employees of the Company or any Person that together with the Company would be a single employer within the meaning of Section 414 of the Code (whether written or oral), including, without limitation, each "welfare" plan (within the meaning of Section 3(1) of ERISA) and each "pension" plan (within the meaning of Section 3(2) of ERISA).

"Contract" means any written or oral contract, Permit, loan or credit agreement, note, bond, mortgage, indenture, lease, sublease, purchase order or other agreement, instrument, concession, franchise or license.

"Earn-Out Agreement" means that certain Earn-Out Agreement, dated as of the date hereof, by and among the Purchaser, the Company, the Seller Representative and the Sellers, in substantially the form attached as Exhibit F hereto.

"Effective Time" means 12:01 a.m. on the day prior to the date hereof.

"Employee Advance" means any cash advance by the Company to any employee of the Company.

"Environmental Laws" means any federal, state, local or foreign law (including, without limitation, common law), treaty, judicial decision, regulation, rule, judgment, order, decree, injunction, permit or governmental restriction or any agreement with any Governmental Entity or other third party, whether now or hereafter in effect, relating to the environment, human health and safety or to pollutants, contaminants, wastes or chemicals or any toxic, radioactive, ignitable, corrosive, reactive or otherwise hazardous substances, wastes or materials.

"Equity Interests" means (i) with respect to any Person that is a corporation, any and all shares, interests, participations or other equivalents (however designated and whether voting or nonvoting) of capital stock, including each class of common stock and preferred stock of such Person, and (ii) with respect to any Person that is not a corporation, any and all general partnership interests, limited partnership interests, membership or limited liability company interests, beneficial interests or other equity interests of or in such Person (including any common, preferred or other interest in the capital or profits of such Person, and whether or not having voting or similar rights).

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended.

"Federal Health Care Program" shall have the meaning given in 42 U.S.C. § 1320a-7b(f), as amended.

"GAAP" means United States generally accepted accounting principles.

"Governmental Entity" means any federal, state or local or foreign government or any court, administrative or regulatory agency or commission or other governmental authority or agency, domestic or foreign (including, without limitation, regulatory authorities, carriers, intermediaries or other instrumentalities administering Federal Health Care Programs).

"Hazardous Materials" mean any waste, pollutant, contaminant, hazardous substance, toxic, ignitable, reactive or corrosive substance, hazardous waste, special waste, industrial substance, by-product, process intermediate product or waste, petroleum or petroleum-derived substance or waste, chemical liquids or solids, liquid or gaseous products or any constituent of any such substance or waste, the use, handling or disposal of which by the Company is in any way governed by or subject to any applicable Environmental Law.

"HIPAA" means the Health Insurance Portability and Accountability Act of 1996, as amended, and any rules or regulations promulgated thereunder.

"Intellectual Property" means any trademark, service mark, trade name, mask work, invention, patent, trade secret, copyright, URL, domain name, know-how (including any registrations or applications for registration of any of the foregoing) or any other similar type of proprietary intellectual property right.

"Knowledge" of any Person means (a) the actual knowledge of such Person and (b) that knowledge which should have been acquired by such Person after making such due inquiry and exercising such due diligence as a prudent businessperson would have made or exercised in the management of his or her business affairs, including due inquiry of those officers, directors, key employees and professional advisers (including attorneys, accountants and consultants) of such Person who could reasonably be expected to have actual knowledge of the matters in question.

"Law" means any law (both common and statutory law and civil and criminal law), treaty, convention, rule, directive, legislation, ordinance, regulatory code (including, without limitation, statutory instruments, guidance notes, circulars, directives, decisions, rules and regulations) or similar provision having the force of law or an Order of any Governmental Entity or any self regulatory organization.

"Liability" means any actual or potential liability or obligation (including as related to Taxes), whether known or unknown, asserted or unasserted, absolute or contingent, accrued or unaccrued, liquidated or unliquidated and whether due or to become due, regardless of when asserted.

"Lien" means, with respect to any property or asset, any mortgage, lien, pledge, charge, security interest, easement, reservation, cloud, servitude, right of way, option, right of first refusal, community property interest, equitable interest, restriction of any kind, conditional sale or other title retention agreement, any agreement to provide any of the foregoing and all other encumbrances, whether or not relating to the extension of credit or the borrowing of money, whether imposed Contract, Law, equity or otherwise, or other adverse claim of any kind in respect of such property or asset. For the purposes of this Agreement, a Person shall be deemed to own subject to a Lien any property or asset which it has acquired or holds subject to the interest of a vendor or lessor under any conditional sale agreement, capital lease or other title retention agreement relating to such property or asset.

"Material Adverse Effect" means any state of facts, change, event, effect or occurrence (whether or not constituting a breach of a representation, warranty or covenant set forth in this Agreement) that, individually or in the aggregate, is or may be reasonably likely to be materially adverse to the Company's near-term or long-term projected business, financial condition, results of operations, prospects, properties, assets or Liabilities (including, without limitation, contingent Liabilities) or the Assets taken as a whole. A Material Adverse Effect shall also include any state of facts, change, event or occurrence that shall have occurred or been threatened that (when taken together with all other adverse state of facts, changes, events, effects or occurrences that have occurred or been threatened) is or would be reasonably likely to prevent or materially delay the performance by the Company of any of its obligations under this Agreement or the consummation of the transactions contemplated hereby.

"Medical Reimbursement Program" means all private and government reimbursement programs to which the Company participates, including, as applicable, health maintenance organizations, preferred provider organizations, other managed care plans, Medicare, Medicaid and all other programs that qualify as a Federal Health Care Program or State Health Care Program.

"Mitchell" means Paul Mitchell.

"Orders" means judgments, writs, decrees, compliance agreements, injunctions or judicial or administrative orders and legally binding determinations of any Governmental Entity or arbitrator.

"Other Sellers" means Kimberly Aiken Cockerham and Henry Motes.

"Ownership Percentage", as to each Seller, means that percentage set forth opposite such Seller's name on Exhibit A under the column labeled "Ownership Percentage".

"Permits" means all permits, licenses, authorizations, filings or registrations, franchises, approvals, certificates (including certificates of need, accreditations, Home Health licenses and certification and Medicare, Medicaid and state licenses, waivers and certification and safety certificates), exemptions, variances and similar rights obtained, or required to be obtained, from Governmental Entities.

"Permitted Liens" means (i) Liens for Taxes not yet due and payable, (ii) statutory Liens of landlords and Liens of carriers, warehousemen, mechanics, materialmen and repairmen incurred in the ordinary course of business consistent with past practice and not yet delinquent and (iii) zoning, building, or other restrictions, variances, covenants, rights of way, encumbrances, easements and other minor irregularities in title, none of which, individually or in the aggregate, (A) interfere in any material respect with the present use of or occupancy of such parcel by the Company, (B) have more than an immaterial effect on the value thereof or their use or (C) would impair the ability of such parcel to be sold for their present use.

"Person" means an individual, corporation, partnership, limited liability company, association, trust or other entity or organization, including a government or political subdivision or an agency or instrumentality thereof.

"Pre-Closing Tax Period" means any Tax period ending on or before the Closing Date and the portion of any Straddle Period ending on the Closing Date.

"Proceedings" means actions, suits, claims, litigations, reviews and investigations and legal, administrative or arbitration proceedings.

"Remittance Advice Amount" means an amount set forth on a remittance advice (whether an Electronic Remittance Advice or Standard Paper Remittance Advice).

"Restricted Business" means Medicaid funded home and community based non-skilled supportive services.

"Restricted Sellers" means Mitchell, Charles Aiken and Valarie Aiken.

"State Health Care Program" shall have the meaning given in 42 U.S.C. § 1320a-7(h), as amended.

"Storage Units" means those certain self-storage units which contain the historical patient and employee files of the Company, the leases for which are identified on Schedule 4.11.

"Straddle Period" means any taxable period that includes (but does not end on) the Closing Date. For Taxes imposed on a periodic basis, the portion of such Taxes that is payable for the portion of such taxable period ending on the Closing Date shall be the amount of such Tax for the entire period (or, in the case of such Taxes determined on an arrears basis, the amount of such Tax for the preceding period) multiplied by a fraction, the numerator of which is the number of days in the portion of such taxable period ending on such Closing Date and the denominator of which is the number of days in the entire taxable period).

"Taxes" means all taxes, assessments, charges, duties, fees, levies or other governmental charges (including interest, penalties, additions to tax or additional amounts associated therewith), including income, franchise, capital stock, real property, personal property, tangible, withholding, employment, payroll, social security, social contribution, unemployment compensation, disability, transfer, sales, use, excise, gross receipts, value-added and all other taxes of any kind whatsoever (whether estimated or not) imposed by any Governmental Entity, whether disputed or not, imposed by any Governmental Entity.

"Tax Return" shall mean any report, return, declaration or other information required to be supplied to a Governmental Entity in connection with Taxes, including estimated returns, claims for refund and schedules and reports of every kind with respect to Taxes.

"Working Capital Adjustment" shall mean $760,000.

Section 1.2. Other Definitions.

Each of the following terms is defined in the Section set forth opposite such term:

Terms	Section
Acquisition	Recitals
Agreement	Preamble
Arbitrator	2.4(b)
Assets	2.1
Assignment and Assumption Agreement	8.1(d)(ii)
Assumed Contracts	2.2(c)
Assumed Liabilities	2.4(b)
Audited Financial Statements	4.6
Bill of Sale	8.1(d)(i)
Cash Purchase Price	3.1
Charles Aiken Confidentiality Agreement	8.1(d)(vii)
Claims Period	10.5

Closing	Article IX
Closing Date	Article IX
Common Stock	3.1
Company	Preamble
Company Ancillary Documents	4.2
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ARTICLE II
PURCHASE AND SALE

Section 2.1. Agreement to Purchase and Sell.

Subject to the terms and conditions of this Agreement, effective as of the Effective Time and except for the Excluded Assets, the Company will grant, sell, assign, transfer and deliver to the Purchaser, and the Purchaser will purchase and acquire from the Company, all right, title and interest of the Company in, to and under the assets, properties and business, of every kind and description, wherever located, real, personal or mixed, tangible or intangible, owned or held or used in the conduct of the Business by the Company as the same shall exist as of the Effective Time, and all of the assets of the Business thereafter acquired by the Company (which assets, properties and rights, other than the Excluded Assets, are collectively referred to in this Agreement as the "Assets"), free and clear of all Liens, other than Permitted Liens, and the Purchaser will assume the Assumed Liabilities (as hereinafter defined).

Section 2.2. Assets.

Except as otherwise expressly set forth in Section 2.3, the Assets shall include, without limitation, the following assets, properties and rights of the Company as of the Effective Time:

(a) all deposits, advances and overpayments, including, without limitation, all patient deposits and overpayments relating to the period after the Effective Time or deposits and overpayments related to ongoing patient services deposited prior to the Effective Time and performed and earned after the Effective Time, except that the Assets shall not include any unearned deposits or advance payments related to Medicare, Medicaid, or other insurance;

(b) all furniture, fixtures, equipment and all other tangible assets and personal property;

(c) all rights of the Company under those Contracts (including the provider numbers), to the extent transferable in accordance with applicable Law, set forth on Schedule 4.11 (unless indicated to the contrary thereon) or that are of the type that would have been listed thereon except that they involve payments in an amount less than the applicable amount set forth in Section 4.11 (collectively, the "Assumed Contracts");

(d) all goodwill, going concern value, patents, patent applications, patent rights, copyrights, copyright applications, URLs, domain names, methods, know-how, software, technical documentation, processes, procedures, inventions, trade secrets, trademarks, trade names, trade dress, logos, fictitious business names (d/b/as), telephone numbers, confidential information, franchises, customer lists, patient lists, patient files, employee files, instructions, marketing materials, advertising records, service marks, service names, registered user names,

technology, research records, data, designs, plans, drawings, manufacturing know-how and formulas, whether patentable or unpatentable, and other intellectual or proprietary rights or property of the Business (and all rights thereto and applications therefor), including, without limitation, the Intellectual Property;

(e) all Leased Real Property and all licenses, permits, approvals, qualifications, easements and other rights relating thereto;

(f) all rights in and under all express or implied guarantees, warranties, representations, covenants, indemnities and similar rights in favor of the Company;

(g) all Permits, qualifications, product registrations, safety certifications, authorizations or similar rights to the extent that they are assignable, including those Permits set forth on Schedule 4.19;

(h) all information, files, correspondence, records, data, plans, reports, Contracts and recorded knowledge (other than patient and employee files), including customer, supplier, price and mailing lists, and all accounting or other books and records of the Business in whatever media retained or stored, including, without limitation, computer programs and disks;

(i) all other tangible and intangible assets of any kind or description, wherever located, that are (i) carried on the books of the Business or (ii) owned by the Company or the Sellers and related to the Business; and

(j) the automobiles identified by the Certificates of Title attached to Schedule 2.2(j).

Section 2.3. Excluded Assets.

Notwithstanding anything to the contrary set forth in this Agreement, the Assets will not include the following assets, properties and rights of or owned by the Company (collectively, the "Excluded Assets"):

(a) any cash, cash equivalents and marketable securities and all rights to any bank accounts of the Company;

(b) any intercompany notes and any Employee Advance;

(c) all ownership and other rights with respect to the Company Employee Benefit Plans;

(d) all rights of the Company under those Contracts identified on Schedule 4.11 as not being Assumed Contracts, including, specifically, those rights of the Company under the leases for the Storage Units;

(e) any Permit, qualification, registration, certification, authorization or similar right that by its terms is not transferable to the Purchaser, including those indicated on Schedule 4.19 as not being transferable;

(f) all rights to causes of action, lawsuits, judgments, claims and demands of any nature available to or being pursued by the Company, whether arising by way of counterclaim or otherwise;

(g) the charter documents of the Company, minute books, stock ledgers, Tax Returns, books of account and other constituent records relating to the organization of the Company;

(h) tax refunds relating to periods prior the Effective Time;

(i) deposits (other than those deposits related to the Assumed Contracts) except as otherwise provided in Section 2.2(a);

(j) all pre-paid expenses and pre-paid insurance premiums;

(k) all accounts receivable, notes receivable and other receivables and any security therefor (other than patient deposits and overpayments) except as otherwise provided in Section 2.2(a);

(l) patient and employee files, to the extent required by Law to be retained by the Company; and

(m) those specific assets listed on Schedule 2.3.

Section 2.4. Assumed Liabilities.

(a) ANYTHING CONTAINED HEREIN TO THE CONTRARY NOTWITHSTANDING, EXCEPT FOR THE ASSUMED LIABILITIES DESCRIBED IN SECTION 2.4(b), THE PURCHASER SHALL NOT AND THE PURCHASER DOES NOT ASSUME ANY LIABILITIES OF THE COMPANY OR THE SELLERS WHETHER OR NOT ARISING OUT OF OR RELATING TO THE ASSETS OR THE BUSINESS OR ANY OTHER BUSINESS OF THE COMPANY OR THE SELLERS, ALL OF WHICH LIABILITIES SHALL, AT AND AFTER THE EFFECTIVE TIME, REMAIN THE EXCLUSIVE RESPONSIBILITY OF THE COMPANY OR THE SELLERS (AS APPLICABLE).

(b) As the sole exception to the provisions in Section 2.4(a), effective as of the Effective Time, the Purchaser will assume and agree to pay, discharge or perform, as appropriate, (i) all liabilities and obligations of the Company under the Assumed Contracts to the extent such obligations are not required to be performed prior to the Effective Time, are disclosed on the face of such Assumed Contracts (including any amendments or modifications of such contracts) or otherwise in this Agreement and accrue and relate to the operations of the Business subsequent to the Effective Time and (ii) any accrued vacation and sick days, and related payroll Taxes set forth on Schedule 2.4(b), the final amount of which shall not exceed $25,000 and shall be provided by the Company to the Purchaser within seven (7) days of the date of Closing (collectively, the "Assumed Liabilities"). If the Purchaser objects to the Company's final accrued vacation and sick days and related payroll Taxes by providing written notice within ten (10) days of the Company's delivery thereof, the parties shall negotiate in good faith to resolve such dispute. If the Purchaser and the Company are unable to reach agreement within thirty (30) days after such notification, the dispute shall be submitted to KPMG LLP (or, in the event

KPMG LLP is unavailable, a third party to be mutually agreed upon by the Purchaser and Seller Representative) (the "Arbitrator"), whose determination shall be (i) in writing, (ii) furnished to the Purchaser and the Company as soon as practicable (and in no event later than 30 days after submission of the dispute to the Arbitrator) and (iii) nonappealable and incontestable by the Purchaser, the Company, the Sellers' Representative and the Sellers. The fees and expenses of the Arbitrator shall be shared equally by the Purchaser and the Company.

Section 2.5. Excluded Liabilities.

Specifically, and without in any way limiting the generality of Section 2.4, the Assumed Liabilities shall not include, and in no event shall the Purchaser assume, agree to pay, discharge or satisfy, or otherwise have any responsibility for, any Liability (together with all other Liabilities of the Company that are not Assumed Liabilities, the "Excluded Liabilities"):

(a) for any accrued or unaccrued expenses related to the Company's employees (or former employees), including, without limitation, payroll, payroll Taxes, business expenses, bonus, salary (including, without limitation, salary related to overtime and work-related travel), accrued vacations, fringe, pension or profit sharing benefits or severance pay, other than those expenses set forth on Schedule 2.4(b);

(b) Accounts Payable;

(c) relating to any Liability owed by the Sellers, any other owner or any Affiliate of the Company or the Sellers;

(d) for any Taxes of the Sellers, any other owner, the Company, any Affiliate of the Company or of any other Person imposed on the Company as a transferee or successor by Contract, Law or otherwise attributable to the Assets or the Business;

(e) for any indebtedness (including capital leases, except those for office equipment being used in the Business as of the Effective Time) with respect to borrowed money and notes payable, including any interest or penalties accrued thereon (collectively, the "Company Debt");

(f) relating to, resulting from or arising out of (i) claims made in pending or future Proceedings or (ii) claims based on violations of Law as in effect on or prior to the Closing, breach of contract, employment practices or environmental, health and safety matters or any other actual or alleged failure of the Company to perform any obligation, in each case arising out of or relating to events which shall have occurred, or services performed, or the operation of the Business prior to the Closing and which do not arise from services performed by Purchaser after the Closing or to Purchaser's operation of the Business after the Closing;

(g) pertaining to any Excluded Asset, including the Storage Units;

(h) for any Liability or reimbursement obligation to Medicare, Medicaid or any other third party payor arising out of or relating to the operation of the Business for periods prior to the Closing Date;

(i) relating to, resulting from or arising out of any former operations of the Company that have been discontinued or disposed of prior to the Closing;

(j) under or relating to any Company Employee Benefit Plan, if applicable, whether or not such Liability arises prior to or after the Closing Date;

(k) of the Company arising or incurred in connection with the negotiation, preparation and execution of this Agreement and the transactions contemplated hereby and any fees and expenses of counsel, accountants, brokers, financial advisors or other experts of the Company;

(l) of the Company for any Liabilities resulting from any post-payment reviews; or

(m) any Liabilities that are not Assumed Liabilities.

Such Excluded Liabilities shall include all Proceedings relating to any or all of the foregoing and all costs and expenses in connection therewith.

ARTICLE III
PURCHASE PRICE; ALLOCATIONS

Section 3.1. Purchase Price.

The aggregate amount to be paid for the Assets shall be up to Nine Million One Hundred Thousand Dollars ($9,100,000) (the "Purchase Price") consisting of (a) Five Million Eight Hundred Sixty Thousand Dollars ($5,860,000) in cash less the Working Capital Adjustment (the "Cash Purchase Price"), (b) up to Two Million Dollars ($2,000,000) in cash payable to the Company subject to the terms and conditions of the Earn-Out Agreement (the "Earn-Out Consideration") and (c) a number of shares of Addus HomeCare Corporation, a Delaware corporation ("Addus") common stock, $0.001 par value per share (the "Common Stock"), having an aggregate value (valued at a price per share equal to the Common Stock Market Price) of One Million Two Hundred Forty Thousand Dollars ($1,240,000) (the "Shares"). Certificates representing the Shares shall be issued to the Sellers in such names and proportions as directed by Seller Representative not less than three (3) Business Days prior to the Closing Date. In addition to the foregoing payments, as consideration for the grant, sale, assignment, transfer and delivery of the Assets, the Purchaser shall assume and discharge fully the Assumed Liabilities as such Assumed Liabilities mature according to their terms.

Section 3.2. Payment of Purchase Price; Delivery of Earn-Out Agreement; Shares.

(a) On the Closing Date, the Purchaser shall (i) pay or cause to be paid to the Company an amount equal to the Cash Purchase Price and (ii) deliver the Earn-Out Agreement to the Company.

(b) Not later than four (4) Business Days following the Closing Date, the Purchaser shall deliver stock certificates representing the Shares.

Section 3.3. Allocation of Purchase Price.

The allocation of the Purchase Price (and all other capitalized costs) among the Assets and the non-competition covenants contained in Section 7.4 in accordance with Code Section 1060 and the U.S. Treasury regulations thereunder (and any similar provision of state, local or foreign Law, as appropriate) shall be as set forth on Schedule 3.3. If the Seller Representative does not provide notice within ten (10) Business Days of the date hereof that it objects to Schedule 3.3, Schedule 3.3 shall be become the final purchase price allocation schedule. If the Seller Representative objects in writing to Schedule 3.3 within such 10 Business Day period, Purchaser and the Seller Representative shall use commercially reasonable efforts to resolve their differences. If within thirty (30) days of the date hereof the parties have not resolved such dispute, the parties shall retain the Arbitrator to determine the allocation of Purchase Price. The costs of the Arbitrator shall be divided equally between the Sellers and the Purchaser. The final purchase price allocation schedule (whether agreed to or as resolved by the Arbitrator) shall be conclusive and binding on the parties hereto. The parties, except as required by applicable Law, shall report, act and file Tax Returns in all respects and for all purposes in a manner consistent with such allocation, and shall not take any position before any Governmental Entity that is in any way inconsistent with such allocation. The Company and the Sellers shall timely and properly prepare, execute, file and deliver all such documents, forms and other information as the Purchaser may reasonably request to prepare such allocation.

Section 3.4. Allocation of Certain Items.

With respect to certain expenses incurred with respect to the Assets in the operation of the Business, the following allocations will be made between the Purchaser and the Company:

(a) Taxes. Real and ad valorem property Taxes (or any other Tax that is imposed on a periodic basis) will be apportioned at the Closing based upon the number of days in the taxable period before and after the Effective Time and the amounts set forth in the current Tax bills.

(b) Utilities. Utilities, water and sewer charges will be apportioned based upon the number of Business Days occurring before and after the Effective Time during the billing period for each such charge.

(c) Lease Payments. All lease payments under the Real Property Leases will be apportioned based upon the number of days occurring before and after the Effective Time during the rental period for each such payment.

Appropriate cash payments by the Purchaser, the Company or the Seller Representative (on behalf of the Sellers in accordance with each Seller's Ownership Percentage), as the case may require, shall be made hereunder from time to time as soon as practicable after the facts giving rise to the obligation for such payments are known in the amounts necessary to give effect to the allocations provided for in this Section 3.4; *provided*, *however*, that any payments to be made by the Sellers to the Purchaser may be made by set-off against any Earn-Out Consideration payable to the Company, to the extent payable, up to the aggregate amount of $1,000,000.

ARTICLE IV
REPRESENTATIONS AND WARRANTIES OF THE COMPANY AND THE SELLERS

The Company and each Seller hereby, jointly and severally, represent and warrant to the Purchaser as follows:

Section 4.1. Organization; Ownership.

(a) Organization. The Company is a corporation duly formed and validly existing under the laws of South Carolina and has all requisite power and authority to own, lease and operate its properties and to carry on its businesses as now being conducted. The Company is duly qualified or registered as a foreign corporation to transact business under the laws of each jurisdiction where the character of its activities or the location of the properties owned or leased by it requires such qualification or registration. The Company and the Sellers have heretofore made available to the Purchaser true, correct and complete copies of the Company's organizational documents as currently in effect and the Company's record books with respect to actions taken by the Company's shareholders, directors or officers, as applicable. Schedule 4.1(a) contains a true and correct list of the only jurisdictions in which the Company is qualified or registered to do business as a foreign corporation. The Company does not own any Equity Interests in any Person.

(b) Ownership. Exhibit A hereto contains a true and complete list of the Ownership Percentage of the Company owned by each Seller. Each Seller is the lawful owner, of record and beneficially, of the shares of capital stock of the Company set forth opposite such Seller's name on Exhibit A and has good, valid and marketable title to such shares, free and clear of any Liens whatsoever and with no restriction on the voting rights and other incidents of record and beneficial ownership pertaining thereto. There has been no change in the ownership of the Company since January 1, 2007.

Section 4.2. Authorization.

The Company has full power and authority to execute and deliver this Agreement and any other certificate, agreement, document or other instrument to be executed and delivered by it in connection with the transactions contemplated by this Agreement (collectively, the "Company Ancillary Documents") and to perform its obligations under this Agreement and the Company Ancillary Documents and to consummate the transactions contemplated hereby and thereby. The execution and delivery of this Agreement and the Company Ancillary Documents by the Company and the performance by the Company of its obligations hereunder and thereunder and the consummation of the transactions provided for herein and therein have been duly and validly authorized by all necessary corporate action on the part of the Company. The board of directors of the Company has approved the execution, delivery and performance of this Agreement and the Company Ancillary Documents and the consummation of the transactions contemplated by this Agreement and by the Company Ancillary Documents. This Agreement and the Company Ancillary Documents have been duly executed and delivered by the Company and constitute the valid and binding agreements of the Company, enforceable against the Company in accordance with their respective terms.

Section 4.3. Absence of Restrictions and Conflicts.

The execution, delivery and performance of this Agreement and the Company Ancillary Documents, the consummation of the transactions contemplated by this Agreement and the Company Ancillary Documents and the fulfillment of and compliance with the terms and conditions of this Agreement and the Company Ancillary Documents do not or will not, as the case may be, with the passing of time or the giving of notice or both, violate or conflict with, constitute a breach of or default under, result in the loss of any benefit under, permit the acceleration of any obligation under or create in any Person the right to terminate, modify or cancel, or otherwise require any action, consent, approval, order, authorization, registration, declaration or filing with respect to (i) any term or provision of the charter documents of the Company, (ii) to the Knowledge of the Company and the Sellers, except as indicated on Schedule 4.11, any Assumed Contract or any other Contract or other instrument applicable to the Company or the Business, (iii) any judgment, decree or order of any court or Governmental Entity or agency to which the Company is a party or by which the Business or any of the Assets are bound or (iv) to the Knowledge of the Company and the Sellers, except as set forth on Schedule 4.3, any Permit, Law or arbitration award of any Governmental Entity or public or regulatory unit, agency or authority applicable to the Company or the Business.

Section 4.4. Real Property.

(a) Schedule 4.4(a) sets forth a complete and accurate list and description of all of the owned real property of the Company (together with all fixtures and improvements thereon, the "Owned Real Property") and all real property (together with all fixtures and improvements thereon, the "Leased Real Property") in which the Company has a leasehold interest held under leases, subleases, licenses and/or other types of occupancy agreements (the "Real Property Leases"), including any requirement of consent of the lessor to consummate the transactions contemplated hereby. The Owned Real Property and the Leased Real Property (together, the "Real Property") constitute all real properties used or occupied by the Company in connection with the Business.

(b) With respect to the Real Property, except as set forth on Schedule 4.4(a):

(i) no portion thereof is subject to any pending condemnation or eminent domain Proceeding or other Proceeding by any public or quasi-public authority and, to the Knowledge of the Company and the Sellers, there is no threatened condemnation or eminent domain Proceeding or other Proceeding with respect thereto;

(ii) the improvements on the Real Property are in good operating condition and in a state of good maintenance and repair, ordinary wear and tear excepted, are adequate and suitable for the purposes for which they are presently being used;

(iii) with respect to the Leased Real Property, the Company is the owner and holder of all of the leasehold estates purported to be granted by the Real Property Leases, each Real Property Lease is in full force and effect and constitutes a valid and binding obligation of the Company enforceable in accordance with their respective terms and there does not exist under any such Real Property Lease any default or any event which with notice or lapse of time or both would constitute a default;

(iv) there are no Contracts, written or oral, to which the Company is a party, granting to any other party the right of use or occupancy of any portion of the Real Property; and

(v) there are no parties (other than the Company or its lessees disclosed pursuant to paragraph (iii) above) in possession of any portion of the Real Property.

Section 4.5. Title to Assets; Related Matters.

The Assets constitute all of the assets necessary and sufficient to conduct the operations of the Business in accordance with the Company's past practices and as presently conducted by the Company. Except as set forth in Schedule 4.5, the Company has (and will convey to the Purchaser at the Closing) good and marketable title to the Assets, free and clear of all Liens. To the Knowlege of the Company, all equipment and other items of tangible personal property and assets included in the Assets (a) are in good operating condition and in a state of good maintenance and repair, ordinary wear and tear excepted, consistent with standards generally followed in the industry, (b) are usable in the regular and ordinary course of business and (c) conform to all applicable Laws, ordinances, codes, rules and regulations applicable thereto. The Company and the Sellers have no Knowledge of any failure of any of the Assets to conform to all applicable Laws, ordinances, codes, rules and regulations applicable thereto, or of any defects or problems with any of the Assets, ordinary wear and tear excepted. No Person other than the Company owns any equipment or other tangible personal property or assets situated on the premises of the Company which are necessary to the operation of the Business, except for the leased items that are subject to personal property leases. Since December 31, 2009 (the "Latest Balance Sheet Date"), the Company has not sold, transferred or disposed of any assets, except for the disposition of obsolete or useless assets and the consumption of assets in the ordinary course of business. There are no developments affecting any of the Assets pending or, to the Knowledge of the Company and the Sellers, threatened, which might materially detract from the value, materially interfere with any present or intended use or adversely affect the marketability of such Assets.

Section 4.6. Financial Statements.

Schedule 4.6 contains true, correct and complete copies of (a) the audited consolidated balance sheets of the Company as of December 31, 2007, 2008 and 2009, and the related audited consolidated statements of income, changes in stockholders' equity and cash flow for the fiscal years ended December 31, 2007, 2008 and 2009, together with the reports thereon of Elliott Davis, independent certified public accountants (collectively, the "Audited Financial Statements") and (b) an unaudited consolidated balance sheet of the Company as of May 31, 2010 and the related unaudited consolidated statements of income, changes in stockholders' equity and cash flow for the five (5) months then ended (the "Interim Balance Sheet", and together with the Audited Financial Statements, the "Financial Statements"). The Financial Statements (i) have been prepared from the books and records of the Company, (ii) fairly present the consolidated financial position, results of operations and cash flows of the Company as of the dates and for the periods indicated, subject, in the case of the Interim Financial Statements, to typical year-end and/or audit adjustments (the effect of which will not, individually or in the aggregate, be materially adverse) and the absence of notes (that, if presented, would not differ

materially from those included in the Interim Balance Sheet) and (iii) have been prepared in accordance with GAAP applied on a consistent basis (except for the absence of footnotes, disclosures and typical year-end and/or audit adjustments, none of which, if reflected, would be material).

Section 4.7. No Undisclosed Liabilities.

Except as set forth on the Latest Balance Sheet, the Company has no Liabilities, except for (i) the Liabilities set forth on Schedule 4.7; (ii) Liabilities that have arisen since the Latest Balance Sheet Date in the ordinary course of business (provided that there is no such Liability that is material that relates to breach of Contract, breach of warranty, tort, infringement, violation of Law, Order or Permit, or any Proceeding (including any Liability under any Federal Health Care Program), in each case as in effect on or before the Closing Date); and (iii) Liabilities disclosed in this Agreement or any Schedule to this Agreement. Except as set forth on Schedule 4.7, the Company has not, either expressly or by operation of Law, assumed or undertaken any material Liability of any other Person.

Section 4.8. Absence of Certain Changes.

Since the Latest Balance Sheet Date and except as set forth in Schedule 4.8, there has not been (i) any event, occurrence, development or state of circumstances or facts which, individually or in the aggregate, has had or could reasonably be expected to have a Material Adverse Effect, (ii) any damage, destruction, loss or casualty to property or assets of the Business, whether or not covered by insurance, (iii) any sale, transfer, license, pledge, mortgage or other disposal of tangible or intangible assets by the Company, (iv) any violation by the Company of any Laws related to any Federal Health Care Program, (v) any change in any of the accounting (and Tax accounting) policies, practices or procedures of the Company or (vi) any Contract for the Company to take any of the actions specified in this Section 4.8.

Section 4.9. Legal Proceedings.

(a) Except as set forth in Schedule 4.9(a), there are no Proceedings (or any basis therefor) pending or, to the Knowledge of the Company and the Sellers, threatened against, relating to or involving the operation of the Business, the Assets or the Assumed Liabilities. The Company has delivered or made available to the Purchaser true, correct and complete copies of all material documents and correspondence relating to such matters required to be referred to in Schedule 4.9(a).

(b) Except as set forth in Schedule 4.9(b), there are no Proceedings that (i) resulted in any criminal sanctions or (ii) within the last three (3) years, resulted in any payments, in each case by or against the Company or any of its officers or directors in their capacity as officers or directors (whether as a result of a judgment, civil fine, settlement or otherwise).

Section 4.10. Compliance with Laws.

(a) The Company is (and has been at all times during the past five (5) years) in compliance with all Laws and Orders applicable to the Assets or the conduct of the Business. Except as set forth in Schedule 4.10(a), with respect to the Business, the Assets or the Assumed Liabilities, (i) the Company has not been charged and is not now under investigation with respect to, a violation of any applicable Law or Order, (ii) the Company is not a party to or bound by any Order of any Governmental Entity and (iii) the Company has filed all reports and has all Permits required to be filed with any Governmental Entity on or before the date hereof and all such reports are accurate and complete in all material respects and in material compliance with all applicable Laws.

(b) Except as set forth on Schedule 4.10(b), during the past five (5) years, the Company has filed all claims or other reports required to be filed in order to receive reimbursement with respect to the provision of services, products and supplies covered under any Medical Reimbursement Program, in accordance with all Laws and requirements applicable to the Medical Reimbursement Programs, each as in effect on or before the Closing Date. The Company and the Sellers have no Knowledge of any unresolved material overpayment, false or improper claims, civil money penalties, or any material offsets or recoupments against future reimbursement, nor is there any reasonable basis for the delivery of any notice thereof. Except as set forth on Schedule 4.10(b), there are no pending appeals, adjustments, challenges, audits, litigation, or notices of intent to reopen or open cost reports or claims, in connection with the operation of the Business with respect to any Medical Reimbursement Program.

(c) Except as set forth on Schedule 4.10(c), neither the Company nor any Seller (i) has been charged with or convicted of any criminal offense relating to the delivery of an item or service under Medicare, Medicaid or any other Federal Health Care Program or State Health Care Program, or relating to the unlawful distribution, prescription, dispensing or delivery of a controlled substance; (ii) has been debarred, excluded or suspended from participation in Medicare, Medicaid or any other Federal State Health Care Program or State Health Care Program; (iii) has had a civil monetary penalty assessed against such Person under Section 1128A of the Social Security Act; (iv) is currently listed on the General Services Administration published list of parties excluded from federal procurement programs and non-procurement programs; and (v) to the Knowledge of the Company and the Sellers is the target or subject of any current or potential investigation relating to any Medicare, Medicaid or any other Federal Health Care Program or State Health Care Program related offense.

(d) Except as disclosed on Schedule 4.10(d), neither the Company nor any of its directors, officers, or to the Knowledge of the Sellers, or employees has engaged in any activities which are in violation of the federal or state Medicare and Medicaid statutes, Sections 1128, 1128A, 1128B, 1128C or 1877 of the Social Security Act (42 U.S.C. §§ 1320a-7, 1320a7a, 1320a-7b, 1320a-7c and 1395nn), the federal TRICARE statute (10 U.S.C. § 1071 et seq.), the False Claims Act (31 U.S.C. § 3729 et seq.), the False Statements Accountability Act (18 U.S.C. § 1001), the Program Fraud Civil Remedies Act (31 U.S.C. § 3801 et seq.), the anti-fraud and related provisions of HIPAA (e.g., 18 U.S.C. §§ 1035 and 1347), or related regulations or other federal or state laws and regulations in effect on or before the Closing Date, including, without limitation, the following:

(i) knowingly and willfully making or causing to be made a false statement or representation of a material fact in any application for any benefit or payment;

(ii) knowingly and willfully making or causing to be made a false statement or representation of a material fact for use in determining rights to any benefit or payment;

(iii) failure to disclose knowledge by a Medicare or Medicaid claimant or a claimant under any Medical Reimbursement Program of the occurrence of any event affecting the initial or continued right to any benefit or payment on its own behalf or on behalf of another, with intent to fraudulently secure such benefit or payment;

(iv) knowingly and willfully offering, paying, soliciting or receiving any remuneration (including any kickback, bribe, or rebate), directly or indirectly, overtly or covertly, in cash or kind (A) in return for referring an individual to a person for the furnishing or arranging for the furnishing of any item or service for which payment may be made in whole or in part by any Federal Health Care Program; or (B) in return for purchasing, leasing, or ordering, or arranging, or arranging for or recommending purchasing, leasing, or ordering any good, facility, service, or item for which payment may be made in whole or in part by any Federal Health Care Program; or

(v) any other activity which violates any state or federal Law in effect on or before the Closing Date relating to prohibiting fraudulent, abusive or unlawful practices connected in any way with the provision of health care items or services or the billing for such items or services provided to a beneficiary of any Medical Reimbursement Program.

(e) Except as set forth in Schedule 4.10(e), to the Knowledge of the Sellers, the business and operations of the Company have been and are in material compliance with all applicable Laws in effect on or before the Closing Date and relating to patient or individual healthcare information, including the Administrative Simplification requirements of HIPAA, Pub. L. No. 104-191.

(f) The Company has made available to the Purchaser copies of all reports of audits, surveys or inspections by or on behalf of any Governmental Entity or accrediting agency to the extent such reports reflect any material adverse findings, deficiencies or other failure to meet any applicable Laws or accreditation standards in effect on or before the Closing Date, as applicable.

(g) Attached hereto as Schedule 4.10(g) is a list as of the date of this Agreement of the Company's location, provider type, Licenses, certifications (including Certificates of Need), accreditations, tax identification number, Medicare and Medicaid provider number(s) and any additional provider and/or billing numbers, owner, and owner's taxpayer status (taxable or tax-exempt) which list is true and correct in all material respects.

Section 4.11. Company Contracts.

(a) Schedule 4.11 sets forth a true, correct and complete list of the following Contracts related to the Business to which the Company or any Seller is a party:

(i) all bonds, debentures, notes, loans, credit or loan agreements or loan commitments, mortgages, indentures, guarantees or other contracts relating to the borrowing of money or binding upon any of the Assets;

(ii) all Contracts with Governmental Entities (including but not limited to the Community Long Term Care (CLTC) Division of the South Carolina Department of Health and Human Services);

(iii) all Real Property Leases or other leases or licenses involving any properties or assets (whether real, personal or mixed, tangible or intangible) involving an annual commitment or payment of more than $10,000 individually by the Company;

(iv) all Contracts which limit or restrict the Company or any of its officers or key employees from engaging in any business in any jurisdiction;

(v) all franchising and licensing agreements;

(vi) all employment agreements;

(vii) all Contracts with physicians;

(viii) any Contract with third-party healthcare providers (other than as set forth in clause (vi) above);

(ix) any Contract for capital expenditures or the acquisition or construction of fixed assets requiring the payment by the Company of an amount in excess of $10,000;

(x) any Contract that provides for an increased payment or benefit, or accelerated vesting, upon the execution of this Agreement or in connection with the transactions contemplated hereby;

(xi) any Contract granting any Person a Lien on all or any part of any of the Assets;

(xii) any Contract for the cleanup, abatement or other actions in connection with any Hazardous Materials, the remediation of any existing environmental condition or relating to the performance of any environmental audit or study;

(xiii) any Contract granting to any Person an option or a first refusal, first-offer or similar preferential right to purchase or acquire any assets;

(xiv) any Contract with any agent, distributor or representative that is not terminable without penalty on thirty (30) calendar days' or less notice;

(xv) any Contract for the granting or receiving of a license or sublicense or under which any Person is obligated to pay or have the right to receive a royalty, license fee or similar payment;

(xvi) any Contract providing for the indemnification or holding harmless of any officer, shareholder, director, employee or other Person;

(xvii) any joint venture or partnership Contract;

(xviii) any customer Contract for the provision of goods or services by the Company;

(xix) any outstanding power of attorney empowering any Person to act on behalf of the Company; and

(xx) all existing Contracts and commitments (other than those described in subparagraphs (i) through (xviii) of this Section 4.11) to which the Company is a party or by which any of the Assets are bound involving an annual commitment or annual payment to or from the Company of more than $10,000 individually or which is otherwise material to the Business.

True, correct and complete copies of all Assumed Contracts have been made available to the Purchaser. All of the Contracts identified on Schedule 4.11 shall be Assumed Contracts unless otherwise indicated on Schedule 4.11.

(b) The Assumed Contracts are legal, valid, binding and enforceable in accordance with their respective terms with respect to the Company and with respect to each other party to such Assumed Contracts, subject to applicable bankruptcy, insolvency and other similar Laws affecting the enforceability of creditors' rights generally, general equitable principles and the discretion of courts in granting equitable remedies. There are no existing defaults or breaches of the Company under any Assumed Contract (or events or conditions which, with notice or lapse of time or both would constitute a default or breach) and, to the Company's Knowledge, there are no such defaults (or events or conditions which, with notice or lapse of time or both, would constitute a default or breach) with respect to any third party to any Assumed Contract. The Company and the Sellers have no Knowledge of any pending or threatened bankruptcy, insolvency or similar proceeding with respect to any party to such agreements. The Company and the Sellers are not participating in any discussions or negotiations regarding modification of or amendment to any Assumed Contract or entry in any new material Contract applicable to the Business or the Assets. Schedule 4.11 identifies each Assumed Contract set forth therein that requires the consent of or notice to the other party thereto to avoid any breach, default or violation of such contract, agreement or other instrument in connection with the transactions contemplated hereby, including the assignment of such Assumed Contract to the Purchaser.

Section 4.12. Insurance Policies.

(a) Schedule 4.12(a) contains a complete and correct list of all insurance policies relating to the Business, the Assets or the Assumed Liabilities carried by or for the benefit of the Company, specifying the insurer, policy number, amount of and nature of coverage, the risk insured against, the deductible amount (if any) and the date through which coverage will continue by virtue of premiums already paid. The Company maintains insurance with reputable insurers for the Business and Assets against those risks and in such amounts as required by the States of South Carolina and Georgia, as applicable, and any Federal Health Care Program. All insurance policies and bonds with respect to the Business and Assets are in full force and effect and will be maintained by the Company in full force and effect as they apply to any matter, action or event relating to the Company occurring through the Closing Date, and the Company has not reached or exceeded its policy limits for any insurance policies in effect at any time

during the past five (5) years. There is no claim by the Company pending under any of such policies or bonds as to which coverage has been questioned, denied or disputed by the underwriters of such policies or bonds or in respect of which such underwriters have reserved their rights. All premiums payable under all such policies and bonds have been timely paid, and the Company has otherwise complied fully with the terms and conditions of all such policies and bonds. The Company and the Sellers have no Knowledge of any threatened termination of, premium increase with respect to, or material alteration of coverage under, any of such policies or bonds.

(b) Schedule 4.12(b) contains a true, correct and complete list of all policies of liability, theft, fidelity, business interruption, life, fire, product liability, professional liability, workers compensation, health and other material forms of insurance required to be held by the Company pursuant to any Contract with a customer, vendor, payor or supplier.

Section 4.13. Environmental, Health and Safety Matters.

Except as set forth in Schedule 4.13, with respect to the Business, the Real Property and the Assets:

(a) the Company possesses all Permits and has filed, all notices that are required under Environmental Laws and Federal Health Care Programs, and the Company, to the Company's and the Seller's Knowledge, is in full compliance with all Permits and all applicable limitations, restrictions, conditions, standards, prohibitions, requirements, obligations, schedules and timetables contained in those Laws or contained in any Law issued, entered, promulgated or approved thereunder;

(b) there are no Liabilities arising in connection with or in any way relating to the Assets, the Business or the Real Property of any kind whatsoever, whether accrued, contingent, absolute, determined, determinable or otherwise, arising under or relating to any Environmental Law, and there are no facts, events, conditions, situations or set of circumstances which could reasonably be expected to result in or be the basis for any such Liability;

(c) no notice, notification, demand, request for information, citation, summons or Order has been received, no complaint has been filed, no penalty has been assessed and no investigation, action, claim, suite, proceeding or review is pending or, to the Knowledge of the Company and the Sellers, threatened by any Governmental Entity or other Person with respect to any matters relating to the Company and relating to or arising out of any Environmental Law;

(d) the Company is not subject to any Liability, incurred or imposed or based upon any provision of any Environmental Law or arising out of any act or omission of any of the Company, or the Company's employees, agents or representatives or arising out of the ownership, use, control or operation by the Company of any plant, facility, site, area or property (including, without limitation, any plant, facility, site, area or property currently or previously owned or leased by the Company) from which any Hazardous Materials were released into the environment (the term "release" meaning any spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, dumping or disposing into the environment, and the term "environment" meaning any surface or ground water, drinking water supply, soil, surface or subsurface strata or medium, or the ambient air);

(e) the Company has not imported, manufactured, stored, used, operated, transported, treated or disposed of any Hazardous Materials other than in compliance with all Environmental Laws and no Hazardous Material has been discharged, disposed of, dumped, injected, pumped, deposited, spilled, leaked, emitted or released at, on or under any Real Property or any other property now or previously owned, leased or operated by the Company; and

(f) For purposes of this Section 4.13, the term "Company" shall include any entity which is, in whole or in part, a predecessor of the Company.

Section 4.14. Intellectual Property.

Schedule 4.14 sets forth a true and correct list of all Intellectual Property used in the Business or related to the Assets or Assumed Liabilities and the jurisdictions where each is registered (if any). The Company has good and marketable title to or possesses adequate licenses or other valid rights to use such Intellectual Property, free and clear of all Liens, and has paid all maintenance fees, renewals or expenses related to such Intellectual Property. Neither the use of such Intellectual Property nor the conduct of the Business in accordance with the Company's past practices misappropriates, infringes upon or conflicts with any Intellectual Property rights of any third party. No party has filed a claim or, to the Knowledge of the Company or Sellers, threatened to file a claim against the Company alleging that the Company has violated, infringed on or otherwise improperly used the Intellectual Property rights of such party, and the Company has not violated or infringed on any Intellectual Property right held by others.

Section 4.15. Transactions with Affiliates.

Except as set forth in Schedule 4.15, no officer, shareholder or director of the Company, or any Person with whom any such officer, shareholder or director has any direct or indirect relation by blood, marriage or adoption, or any entity in which any such Person, owns any beneficial interest (other than a publicly held corporation whose stock is traded on a national securities exchange or in the over-the-counter market and less than five percent (5%) of the stock of which is beneficially owned by all such Persons in the aggregate) or any Affiliate of any of the foregoing or any current or former Affiliate of the Company have any interest in: (a) any Contract, arrangement or understanding with, or relating to, the Business, the Assets or the Assumed Liabilities; (b) any loan, arrangement, understanding, or Contract for or relating to the Business, the Assets or the Assumed Liabilities; or (c) any property (real, personal or mixed), tangible or intangible, used or currently intended to be used by the Company relating to the Business, the Assets or the Assumed Liabilities. Schedule 4.15 also sets forth a complete list of all accounts receivable, notes receivable and other receivables and accounts payable owed to or due from any Affiliate to the Company relating to the Business, the Assets or the Assumed Liabilities.

Section 4.16. Nondisclosed Payments.

Neither the Company nor the officers, directors, members or managers of the Company, nor, to the Company's and the Sellers' Knowledge, anyone acting on behalf of any of them, has made or received payments not correctly categorized and fully disclosed in the Company's books and records in connection with or in any way relating to or affecting the Business, the Assets or the Assumed Liabilities.

Section 4.17. Payor Relations.

Schedule 4.17 contains a true and complete list of the name and address of those payors of the Company that, on a consolidated basis, constitute ten percent (10%) or more of the Company's gross revenue (including, without limitation, private insurers, hospitals, clinics, agencies, Medicare and Medicaid) and the amount and percentage of gross revenue attributable to such payor based on revenue on the 2009 Audited Financial Statements, and since the Latest Balance Sheet Date no such payor has terminated its relationship with or adversely curtailed its payments to the Company or indicated to the Company (for any reason) its intention to so terminate its relationship or curtail its payments.

Section 4.18. Employee Matters.

(a) Except as set forth in Schedule 4.18(a), there are no Company Employee Benefit Plans.

(b) The Company has provided to the Purchaser a true and complete list of all of the employees and independent contractors of the Business as of the date of this Agreement, specifying the annual salary, hourly wages, or independent contractor fees and position for such employee or independent contractor (the "Employee List"). The Company has not received a claim from any Governmental Entity that the Company improperly classified as an independent contractor any person named on the Employee List. The Company has not made any written or oral commitment to any employee or independent contractor with respect to compensation, promotion, retention, termination, severance or similar matters in connection with the transactions contemplated by this Agreement.

(c) Except as set forth on Schedule 4.18(c), (i) the Company is not delinquent in payments to any of its employees for any wages, salaries, commissions, bonuses or other direct compensation for any services performed by them to date or amounts required to be reimbursed to such employees, and (ii) to the Knowledge of the Company and the Sellers, the Company is in compliance in all material respects with all Laws respecting labor, employment and employment practices, terms and conditions of employment and wages and hours. There are no Employee Advances outstanding.

(d) The employees of the Business have not been, and currently are not, represented by any labor organization or group whatsoever. The Company has not been and is not a signatory to any collective bargaining agreement, and no union organizing campaign or other attempt to organize or establish a labor union, employee organization or labor organization involving or representing employees of the Company has occurred, is in progress or is threatened.

(e) Except as set forth on Schedule 4.18(e), no workers' compensation or retaliation claim, complaint, charge or investigation has been filed or is pending against the Company which is not currently being handled by the Company's insurance carrier(s), and the Company has maintained and currently maintains adequate insurance as required by applicable Law with respect to workers' compensation claims and unemployment benefits claims.

(f) To the Knowledge of the Company and the Sellers, the Company is in compliance with all applicable Laws and Orders and all Contracts or collective bargaining agreements governing or concerning labor relations, unions and collective bargaining, conditions of employment, employment discrimination and harassment, wages, hours or occupations safety and health, including, without limitation, ERISA, the Immigration Reform and Control Act of 1986, the National Labor Relations Act, the Civil Rights Acts of 1866 and 1964, the Equal Pay Act, the Age Discrimination in Employment Act, the Americans with Disabilities Act, the Family and Medical Leave Act, the Occupational Safety and Health Act, the Davis Bacon Act, the Walsh-Healey Act, the service Contract Act, Executive Order 11246, the Fair Labor Standards Act and the Rehabilitation Act of 1973 and all regulations under such acts.

Section 4.19. Permits.

Except as set forth on Schedule 4.19, the Company has all Permits necessary for its operations in the conduct of the Business, such Permits are in full force and effect and no violations are or have been recorded in respect of any thereof, and no Proceeding is pending or to the Knowledge of the Company or Sellers threatened to revoke or limit any thereof. The Company has taken all necessary action to maintain each Permit. Schedule 4.19 contains a true, correct and complete list of all such Permits under which the Company is operating or bound, and the Company has furnished or made available to the Purchaser true, correct and complete copies of the Permits set forth on Schedule 4.19. To the Knowledge of the Company or Sellers there is no proposed change in any applicable Law which would require the Company to obtain any Permits not set forth on Schedule 4.19 in order to conduct the Business as presently conducted. Except as set forth on Schedule 4.19, none of the Permits set forth on Schedule 4.19 shall be adversely affected as a result of the Company's execution and delivery of, or the performance of its obligations under, this Agreement or the consummation of the transactions contemplated hereby.

Section 4.20. Brokers, Finders and Investment Bankers.

Except as set forth on Schedule 4.20, none of the Company nor any officer, shareholder, director or employee of the Company or any Affiliate of the Company has employed any broker, finder or investment banker or incurred any Liability for any investment banking fees, financial advisory fees, brokerage fees or finders' fees in connection with the transactions contemplated by this Agreement.

Section 4.21. Taxes.

(a) Except as set forth on Schedule 4.21(a), the Company has timely filed (or caused to be timely filed) or has filed all appropriate extensions for time to file all Tax Returns required to be filed by it for all Pre-Closing Tax Periods that will have been required to be filed on or prior to the Closing Date and all such Tax Returns are true, correct and complete in all respects.

(b) The Company has timely paid (or caused to be timely paid) all Taxes for all Pre-Closing Tax Periods, whether or not shown (or required to be shown) on any Tax Return, that will have been required to be paid on or prior to the Closing Date, the non-payment of which would result in a Lien on any of the Assets, would otherwise adversely affect the Business or would result in the Purchaser becoming liable or responsible therefor. The Company has complied with all applicable Laws relating to the collection, payment and withholding of Taxes.

(c) The Company has adequate funds for the payment of, and will timely pay all Tax Liabilities, assessments, interest and penalties which arise from or with respect to the Assets or the operation of the Business and are incurred in or attributable to the Pre-Closing Tax Period, the non-payment of which would result in a Lien on any of the Assets, would otherwise adversely affect the Business or would result in the Purchaser becoming liable therefor.

(d) Schedule 4.21(d) sets forth as of the Closing Date those taxable years for which the Company's Tax Returns are currently being audited by any taxing authority and any assessments or threatened assessments in connection with such audit, or otherwise currently outstanding. Except as set forth in Schedule 4.21(d), neither the Company nor the Sellers have been notified that any Tax authority has raised any issues in connection with any Tax Return relating to Taxes, and to the Knowledge of the Company and the Sellers, no basis exists for any such issues to be raised; there are no pending Tax audits and no waivers of statutes of limitations have been given or requested and the Company has not otherwise agreed to any extension of time with respect to a Tax assessment or deficiency. Except as set forth in Schedule 4.21(d), neither the Company nor its predecessors is liable for any Taxes: (i) under any agreement (including any Tax sharing agreements), (ii) as a transferee or (iii) under Treasury Regulation Section 1.1502-6(a) or any analogous or similar state, local or foreign Law or regulation.

(e) Neither the Company nor its respective predecessors is liable for any Taxes of any other Person: (a) under any agreement (including any Tax sharing or similar agreements), (b) as a transferee or successor by Contract, Law or otherwise or (c) as a result of being a member of a combined, consolidated or unitary group, including under Treasury Regulation Section 1.1502-6(a) or any analogous or similar state, local or foreign Law or regulation.

(f) There are no Liens for Taxes of the Company or any other Person (other than Taxes not yet due and payable) upon any of the Assets, and as a result of the transactions contemplated hereby, none of the Assets will or could in the hands of the Purchaser subject the Purchaser to any Liability for Taxes of the Company or any other Person as a transferee or successor by Contract, Law or otherwise, nor would the nonpayment of any Taxes otherwise adversely affect the Business.

(g) As of the Closing Date, the Company has not agreed or been requested to make any adjustment under IRC Section 481(a), by reason of a change in accounting method or otherwise.

(h) The Company is not a foreign Person within the meaning of §1.1445-2(b) of the U.S. Treasury regulations promulgated under Section 1445 of the Code.

Section 4.22. Ethical Practices.

Neither the Company nor any representative thereof has offered or given, and neither the Company nor any Seller has Knowledge of any Person that has offered or given on their behalf, anything of value to: (i) any official of a Governmental Entity, any political party or official thereof, or any candidate for political office; (ii) any customer or member of the government; or (iii) any other Person, in any such case while knowing or having reason to know that all or a portion of such money or thing of value may be offered, given or promised, directly or indirectly, to any customer, member of the government or candidate for political office for the purpose of the following: (x) influencing any action or decision of such Person, in such Person's official capacity, including a decision to fail to perform such Person's official function; (y) inducing such Person to use such Person's influence with any government or instrumentality thereof to affect or influence any act or decision of such government or instrumentality to assist the Company in obtaining or retaining business for, or with, or directing business to, any Person; or (z) where such payment would constitute a bribe, kickback or illegal or improper payment to assist the Company in obtaining or retaining business for, or with, or directing business to, any Person.

Section 4.23. Solvency, Etc.

The Company is not insolvent and, immediately after giving effect to the transactions contemplated hereby, the Company will not be insolvent. The Company has assets, and immediately after giving effect to the transactions contemplated hereby, will have assets, (both tangible and intangible) with a fair saleable value in excess of the amount required to pay its Liabilities as they come due. The Company has adequate capital for the conduct of its business and discharge of its debts. The Company is not involved in any proceeding by or against it as a debtor before any Governmental Entity under Title 11 of the United States Bankruptcy Code or any other insolvency or debtors' relief act, whether state, federal or foreign, or for the appointment of a trustee, receiver, liquidator, assignee, sequestrator or other similar official for any part of the Company's property.

ARTICLE V
REPRESENTATIONS AND WARRANTIES OF THE SELLERS

The Sellers hereby severally represent and warrant to the Purchaser as follows:

Section 5.1. Authorization.

Each Seller has full power and authority to execute and deliver this Agreement, the Earn-Out Agreement and any other certificate, agreement, document or other instrument to be executed and delivered by him, her or it in connection with the transactions contemplated by this Agreement (collectively, the "Seller Ancillary Documents"), to perform his, her or its obligations under this Agreement and the Seller Ancillary Documents and to consummate the transactions contemplated by this Agreement and the Seller Ancillary Documents. The execution and delivery of this Agreement and the Seller Ancillary Documents by each Seller, the performance

by each Seller of his, her or its obligations under this Agreement and the Seller Ancillary Documents and the consummation of the transactions provided for in this Agreement and the Seller Ancillary Documents have been duly and validly authorized by all necessary action and corporate action, as applicable, on the part of each Seller. This Agreement and the Seller Ancillary Documents have been duly executed and delivered by each Seller and constitute the valid and binding agreements of each Seller, enforceable against each Seller in accordance with their respective terms, subject to applicable bankruptcy, insolvency and other similar Laws affecting the enforceability of creditors' rights generally, general equitable principles and the discretion of courts in granting equitable remedies.

Section 5.2. Absence of Restrictions and Conflicts.

The execution, delivery and performance of this Agreement and the Seller Ancillary Documents, the consummation of the transactions contemplated by this Agreement and the Seller Ancillary Documents and the fulfillment of and compliance with the terms and conditions of this Agreement and the Seller Ancillary Documents do not or will not, as the case may be, with the passing of time or the giving of notice or both, violate or conflict with, constitute a breach of or default under, result in the loss of any benefit under, or permit the acceleration of any obligation under, or otherwise require any action, approval, order, authorization, registration, declaration or filing with respect to (a) any term or provision of the organizational documents of the Company, (b) except as indicated on Schedule 4.11, any Contract to which any Seller is a party, (c) any judgment, decree or order of any Governmental Entity to which any Seller is a party or by which any Seller or any of its properties is bound or (d) any Permit or Law of any Governmental Entity or public or regulatory unit, agency or authority applicable to any Seller, that in any case would be reasonably likely to prevent or materially delay the performance by the purchase of any of its obligations under this Agreement or the consummation of any of the transactions contemplated hereby.

Section 5.3. Brokers, Finders and Investment Bankers.

Except as set forth on Schedule 5.3, no Seller has employed any broker, finder or investment banker or incurred any Liability for any investment banking fees, financial advisory fees, brokerage fees or finders' fees in connection with the transactions contemplated by this Agreement.

Section 5.4. Addus HomeCare Corporation Shares.

(a) Entirely for Own Account. The Sellers are acquiring the Shares for investment and have not previously solicited the transfer, resale or disposal of the Shares and presently do not have a view to, or the purpose of, engaging in a distribution thereof or of any interest therein in any transaction that would be in violation of the securities Laws of the United States or any state thereof.

(b) Restricted Securities. The Sellers understand that the Shares have not been registered under the Securities Act of 1933, as amended (the "Securities Act"), and will be "restricted securities" within the meaning of the regulations under the Securities Act, and by reason of the foregoing the Shares may not be resold in the absence of an effective registration statement

under, or applicable exemption from, the Securities Act. Notwithstanding the foregoing, any of the Sellers holding the Shares may distribute the Shares to any other Seller or Affiliate of such Seller in accordance with applicable Law, including applicable securities laws.

(c) Transferability. The Sellers understand that there are substantial restrictions on the transferability of the Shares. Accordingly, except as provided in Section 5.4(b), the Sellers may have to hold the Shares indefinitely and it may not be possible for the Sellers to liquidate their investment in the Shares.

(d) Disclosure. As of their respective dates, the Purchaser's Quarterly Report on Form 10-Q for the three (3) months ended March 31, 2010, filed with the SEC and Current Report on Form 8-K filed with the SEC on July 7, 2010 (collectively, the "SEC Filings"), complied in all materials respects with the laws, regulations, and forms governing the SEC Filings. The Sellers have had an opportunity to ask questions and receive answers concerning Addus and its subsidiaries and to obtain such additional information as they have requested. The Sellers are knowledgeable, sophisticated and experienced in business and financial matters and with respect to securities similar to the Shares, and are capable of evaluating the merits and risks of acquiring the Shares. Each of the Sellers is able to bear the economic risk of its investment in the Shares and is able to afford the complete loss of such investment. Each of the Sellers has relied solely on the representations and warranties contained herein and its own knowledge about the Company and Addus and its subsidiaries in making its decision to acquire the Shares. If the box relating to "Accredited Investor" status on the Investor Questionnaire, the form of which is set forth on Exhibit J (the "Investor Questionnaire") has been checked by a Seller, such Seller is an "Accredited Investor" within the meaning of Rule 501(a) of Regulation D under the Securities Act.

(e) Legends. The Sellers understand that the certificates representing the Shares shall bear a legend substantially as follows:

"THE SHARES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND MAY NOT BE SOLD, TRANSFERRED OR OTHERWISE DISPOSED OF UNLESS REGISTERED UNDER SAID ACT OR UNLESS AN EXEMPTION FROM SUCH REGISTRATION IS AVAILABLE."

ARTICLE VI
REPRESENTATIONS AND WARRANTIES OF PURCHASER

The Purchaser hereby represents and warrants to the Sellers and the Company as follows:

Section 6.1. Organization.

The Purchaser is a corporation duly organized, validly existing and in good standing under the Laws of its jurisdiction of incorporation and has all requisite corporate power and authority to own, lease and operate its properties and to carry on its business as now being conducted.

Section 6.2. Authorization.

The Purchaser has full corporate power and authority to execute and deliver this Agreement and any other certificate, agreement, document or other instrument to be executed and delivered by it in connection with the transactions contemplated by this Agreement (collectively, the "Purchaser Ancillary Documents"), to perform its obligations under this Agreement and the Purchaser Ancillary Documents and to consummate the transactions contemplated by this Agreement and the Purchaser Ancillary Documents. The execution and delivery of this Agreement and the Purchaser Ancillary Documents by the Purchaser, the performance by the Purchaser of its obligations under this Agreement and the Purchaser Ancillary Documents, and the consummation of the transactions provided for in this Agreement and the Purchaser Ancillary Documents have been duly and validly authorized by all necessary corporate action on the part of the Purchaser. This Agreement has been and, as of the Closing Date, the Purchaser Ancillary Documents will be, duly executed and delivered by the Purchaser and do or will, as the case may be, constitute the valid and binding agreements of the Purchaser, enforceable against the Purchaser in accordance with their respective terms, subject to applicable bankruptcy, insolvency and other similar Laws affecting the enforceability of creditors' rights generally, general equitable principles and the discretion of courts in granting equitable remedies.

Section 6.3. Absence of Restrictions and Conflicts.

The execution, delivery and performance of this Agreement and the Purchaser Ancillary Documents, the consummation of the transactions contemplated by this Agreement and the Purchaser Ancillary Documents and the fulfillment of and compliance with the terms and conditions of this Agreement and the Purchaser Ancillary Documents do not or will not, as the case may be, with the passing of time or the giving of notice or both, violate or conflict with, constitute a breach of or default under, result in the loss of any benefit under, or permit the acceleration of any obligation under, or otherwise require any action, approval, order, authorization, registration, declaration or filing with respect to (a) any term or provision of the charter documents of the Purchaser, (b) any Contract to which the Purchaser is a party, (c) any judgment, decree or order of any Governmental Entity to which the Purchaser is a party or by which the Purchaser or any of its properties is bound or (d) any Permit or Law of any Governmental Entity or public or regulatory unit, agency or authority applicable to the Purchaser, that in any case would be reasonably likely to prevent or materially delay the performance by the purchase of any of its obligations under this Agreement or the consummation of any of the transactions contemplated hereby.

Section 6.4. Brokers, Finders and Investment Bankers.

Neither the Purchaser, nor any officers, directors or employees of the Purchaser nor any Affiliate of the Purchaser, has employed any broker, finder or investment banker or incurred any Liability for any investment banking fees, financial advisory fees, brokerage fees or finders' fees in connection with the transactions contemplated by this Agreement.

Section 6.5. Investigations.

The Purchaser is not the subject of any investigation by the Securities and Exchange Commission or by any Governmental Entity with authority to regulate a Medical Reimbursement Program; and, to the Purchaser's Knowledge, no basis exists for any such investigation that would be material to the Purchaser's finances, operations, or prospects.

Section 6.6. Financing Documents.

As of the Closing Date, the Purchaser is not in default, and no Event of Default (as defined in the Loan and Security Agreement, dated as of November 2, 2009, and amended on March 18, 2010 (the "Credit Agreement"), among the Borrowers (as defined in the Credit Agreement), Fifth Third Bank, as agent, the financial institutions from time to time parties thereto, and Addus, as guarantor) has occurred under the Credit Agreement and, immediately after giving effect to the transactions contemplated hereby, the Purchaser and its Affiliates will be in pro forma compliance with the financial covenants contained in the Credit Agreement.

Section 6.7. Offering Exemption.

Assuming the accuracy of the representations and warranties of the Sellers in Section 5.4, the Shares to be issued by Addus as set forth in this Agreement will be issued pursuant to valid exemptions from registration under the Securities Act and all applicable state securities or "blue sky" laws.

Section 6.8. Shares.

As of the date of issuance, the Shares will have been duly authorized and will be validly issued, fully paid and non-assessable. Addus has, and will have as of the Closing Date, a sufficient number of authorized shares available to issue the Shares.

Section 6.9. Reporting Status.

Since January 1, 2010, Addus has filed or furnished with the Securities and Exchange Commission (the "SEC") in a timely manner all of the documents (each, an "Exchange Act Document") that Addus was required to file or furnish under the Securities Exchange Act of 1934, as amended (the "Exchange Act"). As of the date of filing thereof, each Exchange Act Document complied in all material respects with the requirements of the Exchange Act and the rules and regulations of the SEC promulgated thereunder applicable to such Exchange Act Document.

ARTICLE VII
CERTAIN COVENANTS AND AGREEMENTS

Section 7.1. Consents; Liens.

(a) To the extent that third party consents relating to (i) Assumed Contracts and (ii) all other Assets (subject to regulatory and other third party procedures) have not been obtained by the Company as of the Closing, the Company, the Seller Representative and the Sellers shall, during the remaining term of such Assumed Contracts and other Assets (the "Non-Assignable Contracts"), use each of their respective commercially reasonable efforts to (a) obtain the consent of the applicable third party, (b) make the benefit of such Non-Assignable Contracts and other Assets available to the Purchaser and (c) enforce at the request of the Purchaser and at the expense and for the account of the Purchaser, any rights of the Company arising from such Non-Assignable Contracts and other Assets against the other party or parties thereto (including the right to elect or terminate any such Non-Assignable Contracts in accordance with the terms thereof). The Company will not take any action or suffer any omission which would limit or restrict or terminate in any material respect the benefits to the Purchaser of such Non-Assignable Contracts or other Assets unless, in good faith and after consultation with and prior written notice to the Purchaser, the Company is ordered orally or in writing to do so by a Governmental Entity of competent jurisdiction or the Company and the Sellers are otherwise required to do so by Law; provided that if any such order is appealable, the Company and the Sellers will, at the Company's cost and expense, take such actions as are requested by the Purchaser to file and pursue such appeal and to obtain a stay of such order. With respect to any such Non-Assignable Contract or other Assets as to which the necessary approval or consent for the assignment or transfer to the Purchaser is obtained following the Closing, the Company or the Sellers shall transfer such Non-Assignable Contract to the Purchaser by execution and delivery of an instrument of conveyance reasonably satisfactory to the Purchaser within three (3) Business Days following receipt of such approval or consent. Notwithstanding the foregoing, the Company and the Sellers shall not be indemnified to the extent of any losses which result from (a) the Company's failure to take, at Purchaser's expense, any lawful action in accordance with the Purchaser's reasonable and timely instructions or (b) the Company's gross negligence or willful misconduct. The Purchaser shall cooperate promptly and fully with all reasonable requests from any third party, and all reasonable requests from the Company and/or the Seller Representative and/or the Sellers, in each case, relating to an approval or consent to assignment of one or more Assumed Contracts. Notwithstanding anything in this Section 7.1(a) to the contrary, the Purchaser shall be responsible for the expense of transferring, assigning, or reissuing Permits (including provider numbers).

(b) To the extent that, as of the Closing, (i) any Liens relating to the Assets, the Business or the Company have not been released or (ii) any evidence of the release of any Liens relating to the Assets, the Business or the Company has not been obtained or delivered to the Purchaser, the Company, the Seller Representative and the Sellers shall use each of their respective best efforts to have such Liens released and/or such evidence obtained and delivered to the Purchaser as soon as possible, at the Company's or the Sellers' expense, as applicable.

Section 7.2. Public Announcements.

Subject to their respective legal obligations, the Purchaser, the Company, the Seller Representative and the Sellers shall consult with one another regarding the timing and content of all announcements regarding any aspect of this Agreement or the transactions contemplated hereby to the financial community, Governmental Entities, employees, customers or the general public and shall use reasonable efforts to agree upon the text of any such announcement prior to its release. Notwithstanding the foregoing, none of the Company, the Seller Representative or the Sellers shall publicly announce the existence of the Agreement, the terms of the Agreement or the transactions contemplated hereby until the Purchaser or its Affiliate files with the SEC a Current Report on Form 8-K regarding this Agreement. The Purchaser or its Affiliate shall give the Seller Representative prompt written notice of the filing of such Form 8-K. In addition, the Purchaser shall be responsible for the timing and content of communications to customers of the Company and acknowledges that it has already made some such communications in the course of its due diligence and/or in preparation for the closing of the transactions contemplated hereby.

Section 7.3. Insurance.

(a) If requested by the Purchaser, the Company, the Seller Representative and the Sellers shall in good faith cooperate with the Purchaser and take all actions reasonably requested by the Purchaser, at Purchaser's sole expense and no additional risk to the Company or Sellers for deductible, stop loss or similar provisions that are necessary or desirable to permit the Purchaser to have available to it following the Closing the benefits (whether direct or indirect) of the insurance policies maintained by or on behalf of the Company with respect to the Business, the Assets or the Assumed Liabilities that are currently in force.

(b) The Company and the Sellers agree to obtain insurance coverage, or an endorsement thereto, which provides for professional liability coverage of the Company for three (3) years from the Closing Date with respect to claims arising prior to the Closing Date. The Company, the Seller Representative and the Sellers agree to provide evidence to Purchaser of such coverage within five (5) Business Days of the Closing Date.

Section 7.4. Non-Competition.

(a) Until three (3) years after the Closing Date (the "Three Year Non-Compete Period"), neither the Company nor the Restricted Sellers shall, and neither the Company nor the Restricted Sellers shall permit their respective Affiliates to, directly or indirectly, own, manage, control, participate in, consult with, render services for, or in any manner engage in or represent any business within any Restricted Territory that is competitive with the Restricted Business or any product of the Restricted Business. As used in this Agreement, "Restricted Territory" means any portion of the States of South Carolina and Georgia.

(b) Until one (1) year after the Closing Date (the "One Year Non-Compete Period", and together with the Three Year Non-Compete Period, as applicable, the "Non-Compete Period") neither the Company nor Mitchell shall, and neither the Company nor Mitchell shall permit their respective Affiliates to, directly or indirectly, own, manage, control, participate in, consult with, render services for, or in any manner engage in or

represent any business within any Restricted Territory that is competitive with Medicare certified home health and hospice services portion of the Business or any product of the Business related thereto and in place as of the Closing Date. During the Three-Year Non-Compete Period, neither the Company nor the Restricted Sellers (other than Mitchell) shall, and neither the Company nor the Restricted Sellers (other than Mitchell) shall permit their respective Affiliates to, directly or indirectly, own, manage, control, participate in, consult with, render services for, or in any manner engage in or represent any business within any Restricted Territory that is competitive with Medicare certified home health and hospice services portion of the Business or any product of the Business related thereto and in place as of the Closing Date.

(c) During the One Year Non-Compete Period, neither the Company nor the Other Sellers shall, and neither the Company nor the Other Sellers shall permit their respective Affiliates to, directly or indirectly, own, manage, control, participate in, consult with, render services for, or in any manner engage in or represent any business within any Restricted Territory that is competitive with the Business or any product of the Business as such Business is conducted as of the Closing Date.

(d) Nothing herein shall prohibit either the Company or the Sellers from being a passive owner of not more than one percent (1.0%) of the outstanding stock of any class of a corporation which is publicly traded, so long as the Company or Seller has no active participation in the business of such corporation.

(e) During the One Year Non-Compete Period with respect to Mitchell and the Three Year Non-Compete Period with respect to the Company and the Restricted Sellers (other than Mitchell), the Company and the Sellers shall not, and the Company and each of the Sellers shall cause its Affiliates not to, directly or indirectly through another Person (i) induce or attempt to induce any employee of any of the Purchaser or any of its Affiliates to leave the employ of the Purchaser or any such Affiliate or in any way interfere with the relationship between the Purchaser or such Affiliate, on the one hand, and any employee thereof, on the other hand; (ii) hire to compete with the Business any person who was an employee of the Purchaser or any of its Affiliates until one (1) year after such individual's employment relationship with the Purchaser or such Affiliate has been terminated; or (iii) induce or attempt to induce any customer, supplier, vendor, payor, licensee or other business relation of the Purchaser or any of its Affiliates to cease doing business with the Purchaser or such Affiliate, or in any way interfere with the relationship between any such customer, supplier, vendor, payor, licensee or business relation, on the one hand, and the Purchaser or such Affiliate, on the other hand.

(f) The Sellers understand that the foregoing restrictions may limit the Sellers' ability to earn a livelihood in a business similar to the Business, but nevertheless believe that each Seller has received and will receive sufficient consideration and other benefits as provided hereunder to clearly justify such restrictions which, in any event (given each Seller's education, skills and ability), the Sellers do not believe would prevent them from otherwise earning a living. Each Seller has carefully considered the nature and extent of the restrictions placed upon him, her or it by this Agreement, and hereby acknowledges and agrees that the same are reasonable in time, scope and territory, do not confer a benefit upon the Purchaser or any of its Affiliates disproportionate to the detriment of the Sellers, are reasonable and necessary for the protection of the Purchaser and its Affiliates and are an essential inducement to the Purchaser to consummate the transactions contemplated by this Agreement.

(g) If, at the time of enforcement of this Section 7.4, a court or arbitrator holds that the restrictions stated herein are unreasonable under the circumstances then existing, the Parties agree that the maximum period, scope or geographical area reasonable under such circumstances shall be substituted for the stated period, scope or area determined to be reasonable under the circumstances by such court or arbitrator, as applicable.

(h) The Company and each Seller covenants and agrees that the Company and such Seller will not seek to challenge the enforceability of the covenants contained in this Section 7.4 against the Purchaser or any of its Affiliates, nor will the Company and the Sellers assert as a defense to any action seeking enforcement of the provisions contained in this Section 7.4 (including an action seeking injunctive relief) that such provisions are not enforceable due to lack of sufficient consideration received by the Company and the Sellers. The parties hereto agree and acknowledge that money damages would be an inadequate remedy for any breach of this Section 7.4. Therefore, in the event of a breach or threatened breach by the Company or the Sellers of this Section 7.4, the Purchaser or its successors or assigns may, in addition to other rights and remedies existing in their favor, apply to any court of competent jurisdiction for specific performance and/or injunctive or other relief in order to enforce, or prevent any violations of, the provisions of this Section 7.4 (without posting a bond or other security).

Section 7.5. No Intent to Induce Referrals.

Each of the Purchaser, the Company and the Sellers acknowledges and agrees that no portion of the Purchase Price payable by the Purchaser to the Sellers pursuant to this Agreement is intended to represent a payment for any referral of future business to the Purchaser, or to any of the Purchaser's officers, directors, employees, or Affiliates, that is prohibited by 42 U.S.C. §1320a-7b, commonly referred to as the "Anti-Kickback Statute."

Section 7.6. Tax Cooperation.

(a) The Purchaser, the Company, the Seller Representative and the Sellers shall reasonably cooperate with each other in connection with the preparation or audit of any Tax Return(s) and any Tax claim or litigation in respect of the Business and the Assets, which cooperation shall include, but not be limited to, making reasonably available documents and employees at the expense of the requesting party for the documented out-of-pocket costs of the providing party, if any, capable of providing information or testimony.

(b) The Purchaser, the Company, the Seller Representative and the Sellers shall reasonably cooperate with each other in making available, at the expense of the requesting party for the documented out-of-pocket costs of the providing party and subject to reasonable security and confidentiality requirements, documents and employees of the Purchaser, if any, capable of providing information or testimony regarding any matter related to the Company for which the Company and/or any Seller retains or may retain a duty or obligation following the Closing, including those duties or obligations arising under Section 7.12 herein.

Section 7.7. Transfer Taxes.

All excise, sales, use, value added, registration stamp, recording, documentary, conveyancing, franchise, property, transfer, gains and similar Taxes (collectively, "Transfer Taxes") incurred in connection with the transactions contemplated by this Agreement shall be borne by the Company. The Purchaser and the Company shall cooperate in providing each other with any appropriate resale exemption certifications and other similar documentation. The Party that is required by applicable law to make the filings, reports, or returns with respect to any applicable Transfer Taxes shall do so, and the other Party shall cooperate with respect thereto as necessary.

Section 7.8. Employees.

(a) Commencing on the Closing Date, the Company shall terminate all employees of the Business who are actively at work on the Closing Date, and, at the Purchaser's sole discretion, the Purchaser may offer employment, on an "at will" basis, to any such employees.

(b) The Company shall be solely responsible and the Purchaser shall have no obligations whatsoever for any compensation or other amounts payable to any employee (or former employee) of the Company, including, without limitation, bonus, salary (including, without limitation, salary related to overtime and work-related travel), fringe, pension or profit sharing benefits, or severance pay payable to any employee (or former employee) of the Company for any period relating to the service with the Company at any time prior to the Effective Time (except accrued vacation and sick days as set forth on Schedule 2.4(b)) and the Company shall pay all such amounts to all entitled employees on or prior to the Effective Time or otherwise in accordance with its routine payroll procedures.

(c) The Company shall remain solely responsible for the satisfaction of all claims for medical, dental, life insurance, health accident or disability benefits brought by or in respect of employees (or former employees), agents or "leased" employees of the Company which claims relate to events occurring prior to the Effective Time. The Company also shall remain solely responsible for all worker's compensation claims of any employees (or former employees), agents or "leased" employees of the Company which relate to events occurring prior to the Effective Time. The Company shall pay, or cause to be paid, all such amounts to the appropriate Persons as and when due.

Section 7.9. Remittance Advice Amounts.

(a) From and after the date hereof, the Company and Sellers agree that any and all Remittance Advice Amounts received by the Company or the Sellers relating to services provided by the Purchaser following the Effective Time shall be delivered to the Purchaser within five (5) Business Days of receipt thereof, accompanied by a copy of the related Remittance Advice.

(b) From and after the date hereof, the Purchaser agrees that any and all Remittance Advice Amounts received by the Purchaser relating to services provided by the Company prior to the Effective Time shall be delivered to the Company within five (5) Business Days of receipt thereof, accompanied by a copy of the related Remittance Advice.

(c) The Sellers, the Company, and the Purchaser agree that such parties will take all commercially reasonable efforts to permit the Purchaser or the Company, as appropriate, to receive confirmation of all Remittance Advice Amounts from any applicable Governmental Entity or agent thereof. In the event that the Sellers, the Company, or the Purchaser fail to provide any Remittance Advice Amount pursuant to this Section 7.9, the Purchaser or the Company, as appropriate, shall be entitled to satisfy such obligation pursuant to Section 10.7 hereof.

Section 7.10. Cooperation.

The Company and Sellers will cooperate with the Purchaser and provide reasonable assistance to the Purchaser (including causing its personnel to be available for interviews during normal working hours and subject to the Company's reasonable security and confidentiality requirements) in connection with the preparation by the Purchaser or its Affiliates or accountants and other representatives of any historical or pro forma financial statements.

Section 7.11. Seller Representative.

(a) Each Seller irrevocably appoints Paul Mitchell (the "Seller Representative") as their agent and attorney-in-fact and authorizes the Seller Representative to take, and consent to the Seller Representative taking, the following actions for and on behalf of the Sellers under or in connection with this Agreement: (i) to give and receive notices and communications, (ii) to take any and all actions relating to claims to indemnify, hold harmless or reimburse any Indemnified Party hereunder, (iii) to object to any deliveries, (iv) to agree to, negotiate, enter into settlements and compromises of, and demand arbitration and comply with Orders of courts and awards of arbitrators with respect to, any claims, (v) to take all other actions contemplated for the Seller Representative in this Agreement, (vi) to execute and deliver all documents necessary or desirable to carry out the intent of this Agreement and any other documents and agreements contemplated by this Agreement or the Escrow Agreement, (vii) to make all elections or decisions contemplated by this Agreement and any other documents and agreements contemplated by this Agreement, (viii) to engage, employ or appoint any agents or representatives (including attorneys, accountants and consultants) to assist the Seller Representative in complying with its duties and obligations, and (x) to take all actions necessary or appropriate in the judgment of the Seller Representative for the accomplishment of the foregoing.

(b) Purchaser shall be entitled to deal exclusively with the Seller Representative on all such matters relating to this Agreement and shall be entitled to rely conclusively (without further evidence of any kind whatsoever) on any document executed or purported to be executed on behalf of any Seller by the Seller Representative, and on any other action taken or purported to be taken on behalf of any Seller by the Seller Representative, as fully binding upon such Seller. Notices or communications to or from the Seller Representative shall constitute notice to or from each Seller. Any decision or action by the Seller Representative hereunder, including any agreement between the Seller Representative, on the one hand, and Purchaser, on the other hand,

relating to the defense, payment or settlement of any claims to indemnify, hold harmless or reimburse any Indemnified Party hereunder, shall constitute a decision or action of all of the Sellers and shall be final, binding and conclusive upon each such Seller. No Seller shall have the right to object to, dissent from, protest or otherwise contest the same.

(c) The Seller Representative shall not be liable for any act done or omitted hereunder as the Seller Representatives while acting in good faith and in the exercise of reasonable judgment. Each Seller shall severally indemnify the Seller Representative and hold the Seller Representative harmless against and from any loss, liability or expense incurred without gross negligence, bad faith or willful misconduct on the part of the Seller Representative and arising out of or in connection with the acceptance or administration of the Seller Representative's duties hereunder, including the reasonable fees and expenses of any legal counsel retained by the Seller Representative.

(d) The Seller Representative shall be entitled to rely upon any order, judgment, certificate, demand, notice, instrument or other writing delivered to him hereunder without being required to investigate the validity or accuracy thereof nor shall the Seller Representative be responsible for the validity or sufficiency of this Agreement. In all questions arising under this Agreement, the Seller Representative may rely on the advice of counsel to the Company or, if appropriate, counsel obtained by the Seller Representative in such capacity, and for anything done, omitted or suffered in good faith by the Seller Representative based on such advice, the Seller Representative shall not be liable to anyone.

(e) No bond shall be required of the Seller Representative, and the Seller Representative shall receive no compensation for its services. The reasonable expenses incurred by the Seller Representative while acting on behalf of the Sellers shall be borne severally by the Sellers.

(f) The Seller Representative shall act as such in only a representative capacity and at Purchaser's request. The Seller Representative shall have no personal liability for any failure of any Seller to perform fully and timely any of such Seller's duties and obligations hereunder.

Section 7.12. Cost Reports.

The Company and Sellers shall complete and file all Medicare and other cost reports relating to all periods prior to the Effective Time required to be filed by the Company under any Contract (including all Permits) or applicable Law no later than their respective due dates.

Section 7.13. Transfer of Permits.

From the date hereof until the earlier to occur of (i) the date on which all of the Purchaser's payment obligations under the Earn-Out Agreement, to the extent payable, have been satisfied, or (ii) the date on which the Purchaser no longer has any payment obligations under the Earn-Out Agreement, the Purchaser shall not transfer to any Affiliate any Permit without the prior written consent of the Company (such consent may not be unreasonably withheld).

Section 7.14. Retained Patient and Employee Files.

Following the date hereof, (i) the Purchaser shall maintain in the primary office in Columbia, South Carolina or in the appropriate satellite office in Greenville, Florence, Rock Hill, or North Charleston, South Carolina or Augusta, Georgia, all active patient and employee files for current patients and employees or for Persons who have been patients or employees within the thirty (30) days prior to the Closing Date (the "Current Files"), and (ii) the Company shall maintain in the Storage Units, all historical patient and employee files for Persons which have not been patients or employees within the thirty (30) days prior to the Closing Date (the "Historical Files"), all as required by Law to be retained by the Purchaser and/or the Company. The Purchaser shall provide the Company with immediate access to the Current Files, and the Company shall provide the Purchaser with reasonable access to the Historical Files upon one (1) Business Day's notification from the Purchaser. With respect to such patient and/or employee files accessed by Purchaser, Purchaser shall comply in all material respects with all applicable Laws relating to the confidentiality thereof (including specifically HIPAA).

Section 7.15. Delivery of Shares.

Purchaser shall deliver the certificates representing the Shares as set forth in Section 3.2(b) within ten (10) Business Days following the Closing Date.

Section 7.16. Restrictions on Shares.

Except as otherwise provided in Section 5.4(b), the Sellers shall not, without the prior written consent of the Purchaser (which consent may be withheld in its sole discretion), directly or indirectly, sell, offer, contract or grant any option to sell (including, without limitation, any short sale), pledge, transfer, establish an open "put equivalent position" within the meaning of Rule 16a-1(h) under the Exchange Act, or otherwise dispose of (each, a "Transfer") any Shares, options or warrants to acquire Shares, or securities exchangeable or exercisable for or convertible into Shares currently or hereafter owned either of record or beneficially (as defined in Rule 13d-3 under the Exchange Act) by the Sellers (or such spouse or family member), or publicly announce an intention to do any of the foregoing, for a period commencing on the date hereof and continuing through the close of trading on the first anniversary of the first day of the first full month following the issuance of the Shares. Thereafter, each Seller shall be permitted to Transfer up to one-sixth (1/6) of the sum of (i) the number of Shares originally issued to such Seller pursuant to this Agreement plus (ii) the number of Shares transferred to such Seller by any other Seller pursuant to Section 5.4(b), in each successive three month period, without the prior written consent of the Purchaser. If a Seller elects to not Transfer all or a portion of the Shares he or she is permitted to so Transfer in any three month period, such Seller may Transfer, upon five (5) Business Days written notice to the Purchaser, all or a portion of such un-Transferred Shares in any subsequent three month period, in addition to the Shares that could otherwise be Transferred by the Seller in such subsequent three month period. At the end of the sixth (6th) three month period, no restrictions on the Transfer of the Shares other than those imposed by Rule 144 of the Securities Act or other applicable securities laws shall exist, and no notice to Purchaser of a Seller's intent to Transfer the Shares shall be required.

Section 7.17. Delivery of Financial Statements.

The Seller Representative shall deliver to the Purchaser an unaudited consolidated balance sheet of the Company as of June 30, 2010 and the related unaudited consolidated statements of income, changes in stockholders' equity and cash flow for the six (6) months from January 1, 2010 through June 30, 2010 within thirty (30) days following the Closing Date.

ARTICLE VIII
DELIVERIES AT CLOSING

Section 8.1. Deliveries by the Company and the Sellers.

At the Closing, the Company and the Sellers, as applicable, shall deliver the following items to Purchaser, each in form and substance satisfactory to Purchaser, in its sole discretion:

(a) Consents. All written consents (or waivers with respect to thereto) as described on Schedule 4.11 (all such consents and waivers shall be in full force and effect);

(b) Company Debt; Release of Liens. Evidence of satisfaction of all obligations for Company Debt (including any interest, prepayment premiums or penalties and other fees and charges), including (i) true, correct and complete payoff letters, which shall state that, if payment of the amounts set forth in the payoff letters is paid to the parties entitled to such amounts on the Closing Date, such parties will release any and all Liens that they or their Affiliates may have with respect to the Company or any of their respective assets and will take all actions necessary to effectuate such release (including executing and delivering to the Purchaser all reasonably necessary documentation in form suitable for filing with all appropriate Governmental Entities) and (ii) satisfactory evidence that all Liens affecting the Assets have been released;

(c) Opinion of Company Counsel. Opinions of McNair Law Firm, P.A., counsel to the Company and special counsel to the Sellers, dated the Closing Date, in substantially the forms attached as Exhibits B-1 and B-2;

(d) Ancillary Documents.

(i) executed deeds, bills of sale, instruments of assignment, certificates of title and other conveyance documents, dated the Closing Date, transferring to the Purchaser all of the Company's right, title and interest in and to the Assets, together with possession of the Assets, including the Bill of Sale (the "Bill of Sale") substantially in the form of Exhibit C attached hereto;

(ii) documents evidencing the assignment of the Assumed Contracts and the assignment of any Permits, including the Assignment and Assumption Agreement (the "Assignment and Assumption Agreement") substantially in the form of Exhibit D attached hereto;

(iii) a copy of resolutions of the board of directors of the Company authorizing the execution, delivery and performance of this Agreement by the Company and a certificate executed by an officer of the Company, dated the Closing Date, certifying that such resolutions were duly adopted and are in full force and effect;

(iv) a copy of the Earn-Out Agreement, duly executed by the Company, Seller Representative and the Sellers.

(v) a certificate of non-foreign status for the Company, substantially in the form of Exhibit E attached hereto;

(vi) a copy of the Confidentiality, Non-Competition and Non-Solicitation Agreement, dated as of the date hereof, between the Purchaser and Valarie Aiken, in substantially the form attached as Exhibit G hereto (the "Confidentiality Agreement"), duly executed by Valerie Aiken;

(vii) a copy of the Confidentiality Agreement, dated as of the date hereof, between the Purchaser and Charles Aiken (the "Charles Aiken Confidentiality Agreement"), duly executed by Charles Aiken;

(viii) copies of all filings and/or notices, if any, made by the Company and the Sellers with Governmental Entities in connection with the consummation of the transactions contemplated by this Agreement and the Company Ancillary Documents;

(ix) a certificate of the Secretary of State (or other applicable office) of the state in which the Company is organized and qualified to do business, dated as of a date not more than thirty (30) Business Days prior to the Closing Date, certifying as to the existence of the Company;

(x) a roster of all patients on service with the Company as of the Closing Date (the "Patient Roster");

(xi) evidence of the assignments of certain of the Real Property Leases, as indicated on Schedule 4.4(a), to the Purchaser; and

(xii) a copy of the Lease Agreement, dated as of the date hereof, between the Company and the Purchaser with respect to the premises at 109 Laurel Street, Florence, South Carolina 29501, in substantially the form attached as Exhibit H hereto, duly executed by the Company (the "Lease Agreement");

(xiii) duly executed and delivered Investor Questionnaires from each Seller; and

(xiv) all other documents required to be entered into by the Company pursuant to this Agreement or reasonably requested by the Purchaser to convey the Assets to the Purchaser or to otherwise consummate the transactions contemplated by this Agreement.

Section 8.2. Deliveries by the Purchaser to the Company.

At the Closing, the Purchaser shall deliver the following items to the Company:

(a) documents evidencing the assumption of the Assumed Contracts, the acceptance of Permits and the assumption of the Assumed Liabilities, including the Assignment and Assumption Agreement;

(b) a copy of the resolutions of the board of directors of the Purchaser authorizing the execution, delivery and performance of this Agreement by the Purchaser and a certificate of its secretary or assistant secretary, dated as of the Closing Date, that such resolutions were duly adopted and are in full force and effect;

(c) a copy of the Earn-Out Agreement, duly executed by the Purchaser;

(d) a copy of the Valerie Aiken Confidentiality Agreement, duly executed by the Purchaser;

(e) a copy of the Charles Aiken Confidentiality Agreement, duly executed by the Purchaser;

(f) a copy of the Lease Agreement, duly executed by the Purchaser;

(g) all other documents required to be entered into or delivered by the Purchaser at or prior to the Closing pursuant to this Agreement or the Purchaser Ancillary Documents;

(h) An opinion of Winston & Strawn LLP, counsel to the Purchaser, dated the Closing Date, in substantially the form attached as Exhibit I; and

(i) the Cash Purchase Price.

No later than four (4) Business Days following the Closing Date, the Purchaser shall deliver stock certificates representing the Shares.

ARTICLE IX
CLOSING

The closing of the transactions contemplated by this Agreement (the "Closing"), unless another date is agreed to by the parties, shall take place at the offices of Winston & Strawn LLP, 200 Park Avenue, New York, New York 10166 on the date hereof (the "Closing Date") or at such other place as the Parties may agree, and will be effective as of the Effective Time.

ARTICLE X
INDEMNIFICATION

Section 10.1. Indemnification Obligations of the Company and the Sellers.

The Company and Sellers will, jointly and severally, indemnify, defend and hold harmless the Purchaser and its Affiliates, each of their respective officers, directors, employees, agents and representatives and each of the heirs, executors, successors and assigns of any of the foregoing (collectively, the "Purchaser Indemnified Parties") from, against and in respect of any and all claims, Liabilities, losses (whether or not involving a third party claim), costs, expenses,

penalties, fines and judgments (at equity or at law) and damages whenever arising or incurred (including, without limitation, amounts paid in settlement, costs of investigation and reasonable attorneys' fees and expenses) arising out of, relating to or in connection with:

(a) any Liability of the Company or the Sellers of any nature whatsoever, except the Assumed Liabilities;

(b) events or circumstances occurring or existing with respect to the ownership, operation and maintenance of the Business and the Assets on or prior to the Closing Date;

(c) any breach or inaccuracy of any representation or warranty made by the Company or Sellers in this Agreement or in the Company Ancillary Documents or Seller Ancillary Documents (for purposes of this Article X, such representations and warranties shall be read without reference to materiality, Material Adverse Effect or similar phrases);

(d) any breach of any covenant, agreement or undertaking made by the Company or Sellers in this Agreement or in the Company Ancillary Documents or Seller Ancillary Documents (for purposes of this Article X, such covenants, agreements and undertakings shall be read without references to materiality, Material Adverse Effect or similar phrases);

(e) any fraud or willful misconduct of the Company or Sellers in connection with this Agreement or the Company Ancillary Documents or Seller Ancillary Documents;

(f) any fees, expenses or other payments incurred or owed by the Company to any brokers, financial advisors or comparable other Persons retained or employed by the Company or the Sellers in connection with the transactions contemplated by this Agreement, the Company Ancillary Documents and the Seller Ancillary Documents;

(g) any violation of any Law respecting labor, employment and employment practices, terms and conditions of employment and wages and hours (including, without limitation, payments related to employee overtime and work-related travel);

(h) any Liability, reimbursement, restitution, penalties, costs or other obligation to any party, including, without limitation, Medicare, Medicaid or any other third party payor arising out of or related to the operation of the Company or the Business prior to the Closing Date; and

(i) the Central Midlands Matter.

The claims, Liabilities, losses (including, without limitation, diminution in value of Assets or equity interests), costs, expenses (including reasonable attorneys' and accountants' and other professionals' fees and litigation expenses), penalties, fines, damages, shortages, assessments, Tax deficiencies and Taxes (including interest and penalties thereon) incurred in connection with the receipt of indemnification payments (including interest or penalties thereon) arising from or in connection with any such matter that is the subject of indemnification under this Article X, whether or not foreseeable, of the Purchaser Indemnified Parties described in this Section 10.1 as to which the Purchaser Indemnified Parties are entitled to indemnification are hereinafter collectively referred to as the "Purchaser Losses."

Section 10.2. Indemnification Obligations of the Purchaser.

The Purchaser will indemnify, defend and hold harmless the Company and its officers, directors, shareholders, employees, agents and representatives, Sellers, and the Seller Representative (collectively, the "Company's Indemnified Parties") from, against and in respect of any and all claims, Liabilities, costs, losses (whether or not involving a third party claim), expenses, penalties, fines and judgments (at equity or at law) and damages whenever arising or incurred (including, without limitation, amounts paid in settlement, costs of investigation and reasonable attorneys' fees and expenses) arising out of or incurred (including without limitation, amounts paid in settlement costs of investigation and reasonable attorneys' fees and expenses) arising out of, relating to or in connection with:

(a) the Purchaser's failure to perform, discharge or satisfy the Assumed Liabilities as such Assumed Liabilities come due;

(b) any breach or inaccuracy of any representation or warranty made by the Purchaser in this Agreement or in any of the Purchaser Ancillary Documents (for purposes of this Article X, such representations and warranties shall be read without reference to materiality, Material Adverse Effect or similar phrases);

(c) any breach of any covenant, agreement or undertaking made by the Purchaser in this Agreement or in any of the Purchaser Ancillary Documents (for purposes of this Article X, such covenants, agreements and undertakings shall be read without references to materiality, Material Adverse Effect or similar phrases); or

(d) any fraud or willful misconduct of the Purchaser in connection with this Agreement or the Purchaser Ancillary Documents.

The claims, Liabilities, costs, expenses (including reasonable attorneys' fees and accountants and other professional fees and litigation expenses), penalties, fines and damages of the Company's Indemnified Parties described in this Section 10.2 as to which the Company's Indemnified Parties are entitled to indemnification are hereinafter collectively referred to as "Company's Losses."

Section 10.3. Limitations on Indemnification.

(a) Indemnity Baskets for the Company and Sellers. Subject to Section 10.3(c), the Purchaser Indemnified Parties shall not have the right to be indemnified pursuant to Section 10.1(c) for breaches of representations and warranties unless and until the Purchaser Indemnified Parties shall have incurred on a cumulative basis aggregate Losses in an amount exceeding $45,000 (the "Indemnity Threshold"), in which event the right to be indemnified shall apply to all such Losses, including the amount of the Indemnity Threshold.

(b) Exceptions to the Indemnity Limitations for the Company and the Sellers.

(i) In no event shall the Indemnity Threshold apply to the rights of the Purchaser Indemnified Parties to be indemnified pursuant to Section 10.1(c) with respect to the representations and warranties set forth in (x) Sections 4.1 (*Organization; Ownership*), 4.2 (*Authorization*), 4.3 (*Absence of Restrictions and Conflicts*), 4.5 (first two sentences only) (*Title to Assets; Related Matters*), 4.19 (*Permits*) (collectively, the "Excluded Representations"), (y) Section 4.13 (*Environmental, Health and Safety Matters*), 4.18 (*Employee Matters*) or 4.21 (*Taxes*), or (z) Section 10.1(i).

(ii) The amount of any Loss for which the Purchaser Indemnified Parties shall be entitled to recover under Section 10.1 shall be net of any insurance proceeds actually received by the Purchaser Indemnified Parties (net of enforcement costs, deductibles, premium increases and other similar items) in respect of such Losses.

(iii) The amount of Losses for which the Purchaser Indemnified Parties shall be entitled to recover under Section 10.1(i) shall not exceed $10,000.

(c) Indemnity Limitations for the Purchaser. The Company's Indemnified Parties shall not have the right to be indemnified pursuant to Section 10.2(c) for breaches of representations and warranties unless and until the Seller Indemnified Parties shall have incurred on a cumulative basis aggregate Losses in an amount exceeding the Indemnity Threshold, in which event the right to be indemnified shall apply to all such Losses, including the amount of the Indemnity Threshold.

Section 10.4. Indemnification Procedure.

(a) Promptly after receipt by a Purchaser Indemnified Party or a Company's Indemnified Party (hereinafter collectively referred to as an "Indemnified Party") of notice by a third party (including any Governmental Entity) of any complaint or the commencement of any audit, investigation, action or proceeding with respect to which such Indemnified Party may be entitled to receive payment from the other Party for any Purchaser Losses or Company's Losses, as the case may be, such Indemnified Party will notify the Purchaser, the Company or the Seller Representative, as the case may be (the "Indemnifying Party"), promptly following the Indemnified Party's receipt of such complaint or of notice of the commencement of such audit, investigation, action or proceeding; provided, however, that the failure to so notify the Indemnifying Party will relieve the Indemnifying Party from Liability under this Agreement with respect to such claim only if, and only to the extent that, such failure to notify the Indemnifying Party results in the forfeiture by the Indemnifying Party of rights and defenses otherwise available to the Indemnifying Party with respect to such claim. Such notice shall contain a copy of such complaint or other notice of commencement. The Indemnifying Party will have the right, upon written notice delivered to the Indemnified Party within ten (10) days thereafter of assuming full responsibility for any Purchaser Losses or Company's Losses, as the case may be, resulting from such audit, investigation, action or proceeding, to assume the defense of such audit, investigation, action or proceeding, including the employment of counsel reasonably satisfactory to the Indemnified Party and the payment of the fees and disbursements of such counsel. If, however, the Indemnifying Party declines or fails to assume the defense of the audit, investigation, action or proceeding on the terms provided above or to employ counsel reasonably satisfactory to the Indemnified Party, in either case within such ten (10) day period, then such Indemnified Party may employ counsel to represent or defend it in any such audit, investigation, action or proceeding and the Indemnifying Party will pay the reasonable and documented fees and disbursements of such counsel as incurred; provided, however, that the Indemnifying Party will not be required to pay the fees and disbursements of more than one (1) counsel for all

Indemnified Parties in any jurisdiction in any single audit, investigation, action or proceeding. In any audit, investigation, action or proceeding with respect to which indemnification is being sought hereunder, the Indemnified Party or the Indemnifying Party, whichever is not assuming the defense of such action, will have the right to participate in such matter and to retain its own counsel at such Party's own expense. The Indemnifying Party or the Indemnified Party, as the case may be, will at all times use reasonable efforts to keep the Indemnifying Party or the Indemnified Party, as the case may be, reasonably apprised of the status of the defense of any matter the defense of which they are maintaining and to cooperate in good faith with each other with respect to the defense of any such matter.

(b) No Indemnified Party may settle or compromise any claim or consent to the entry of any judgment with respect to which indemnification is being sought hereunder without the prior written consent of the Indemnifying Party, unless (i) the Indemnifying Party fails to assume and maintain the defense of such claim pursuant to Section 10.4(a) or (ii) such settlement, compromise or consent includes an unconditional release of the Indemnifying Party from all Liability arising out of such claim. An Indemnifying Party may not, without the prior written consent of the Indemnified Party, settle or compromise any claim or consent to the entry of any judgment with respect to which indemnification is being sought hereunder unless (i) such settlement, compromise or consent includes an unconditional release of the Indemnified Party from all Liability arising out of such claim, (ii) does not contain any admission or statement suggesting any wrongdoing or liability on behalf of the Indemnified Party and (iii) does not contain any equitable order, judgment or term which in any manner affects, restrains or interferes with the business of the Indemnified Party or any of the Indemnified Party's Affiliates.

(c) In the event any Indemnified Party should have a claim for indemnity against any Indemnifying Party that does not involve a third party claim, the Indemnified Party shall deliver notice of such claim with reasonable promptness to the Indemnifying Party. Such notice shall specify the basis for such claim. The failure by any Indemnified party so to notify the Indemnifying Party shall not relieve the Indemnifying Party from any Liability that it may have to such Indemnified Party with respect to any claim made pursuant to this Section 10.4(c), it being understood that notices for claims in respect of a breach of a representation or warranty must be delivered prior to the expiration of the survival period for such representation or warranty under Section 10.5. If the Indemnifying Party does not notify the Indemnified Party within thirty (30) calendar days following its receipt of such notice that the Indemnifying Party disputes its liability to the Indemnified Party under this Article X, or the amount thereof, the claim specified by the Indemnified Party in such notice shall be conclusively deemed a liability of the Indemnifying Party under this Article X, and the Indemnifying Party shall pay the amount of such Liability to the Indemnified Party on demand or, in the case of any notice in which the amount of the claim (or any portion of the claim) is estimated, on such later date when the amount of such claim (or such portion of such claim) becomes finally determined. If the Indemnifying Party has timely disputed its liability with respect to such claim as provided above, as promptly as possible, such Indemnifying Party and the Indemnified Party will establish the merits and amount of such claim (by mutual agreement, litigation, arbitration or otherwise) and, within five (5) Business Days of the final determination of the merits and amount of such claim, the Indemnifying Party will pay to the Indemnified Party immediately available funds in an amount equal to such claim as determined hereunder.

Section 10.5. Claims Period.

For purposes of this Agreement, a "Claims Period" shall be the period during which a claim for indemnification may be asserted under this Agreement by an Indemnified Party. The Claims Periods under this Agreement shall begin on the date hereof and terminate as follows:

(a) with respect to Purchaser Losses arising under Section 10.1(c) with respect to any breach or inaccuracy of any Excluded Representation, or under Sections 10.1(d), 10.1(e), 10.1(f) or 10.1(h), the Claims Period shall continue indefinitely, except as limited by Law (including by applicable statutes of limitation with respect to the underlying claim);

(b) with respect to Purchaser Losses arising under Sections 10.1(a), 10.1(b), 10.1(c) with respect to any breach or inaccuracy of any representation or warranty in Section 4.13 (*Environmental, Health and Safety Matters*), 4.18 (*Employee Matters*) or 4.21 (*Taxes*), or under 10.1(g), the Claims Period shall terminate on the date that is seven (7) years after the Closing Date;

(c) with respect to Company's Losses arising under Sections 10.2(c) or 10.2(d), the Claims Period shall continue indefinitely, except as limited by Law (including any applicable statutes of limitation with respect to the underlying claim);

(d) with respect to Company's Losses arising under Section 10.2(a), the Claims Period shall terminate on the date that is seven (7) years after the Closing Date; and

(e) with respect to all other Purchaser Losses or Company's Losses arising under this Agreement, the Claims Period shall terminate on the date that is three (3) years after the Closing Date.

Notwithstanding the foregoing, if, prior to the close of business on the last day of the applicable Claims Period, an Indemnifying Party shall have been properly notified of a claim for indemnity hereunder and such claim shall not have been finally resolved or disposed of at such date, such claim shall continue to survive and shall remain a basis for indemnity hereunder until such claim is finally resolved or disposed of in accordance with the terms hereof. The Company's and Sellers' indemnification obligations under this Article X include, without limitation, the obligation to pay and reimburse the Purchaser for all Purchaser Losses, whether or not arising due to third party claims.

Section 10.6. Reliance.

(a) Each Party hereto shall be entitled to rely upon, and shall be deemed to have relied upon, all representations, warranties and covenants of each other Party set forth in this Agreement which have been or are made in favor of such Party, and the rights of the Purchaser under this Article X shall not be affected, notwithstanding (i) the making of this Agreement, (ii) any investigation or examination conducted with respect to, or any Knowledge acquired (or capable of being acquired) about the accuracy or inaccuracy of or compliance with, any representation, warranty, covenant, agreement, undertaking or obligation made by or on behalf of the Parties hereto or (iii) the Closing hereunder.

Section 10.7. Payment of Claims; Right of Setoff.

(a) Any obligation of the Company or the Sellers, as applicable, to indemnify the Purchaser or for any unpaid obligation under Section 7.9 shall be satisfied by the Company or the Sellers jointly and severally, by prompt payment in cash from the Company, the Sellers or the Seller Representative, as agent for the Sellers, to the Purchaser or the appropriate Purchaser Indemnified Party.

(b) The Purchaser shall have the right (but not the obligation) to reduce any Earn-Out Consideration payable to the Company or the Sellers if any, for any amount determined to be owed by the Company or the Sellers to the Purchaser under this Agreement, any Company Ancillary Documents, Seller Ancillary Documents, Purchaser Ancillary Documents or otherwise or pursuant to Section 7.9 hereof. The maximum aggregate amount for which the Purchaser shall be entitled to set-off is $1,000,000. The Purchaser shall deliver a written notice to the Company and the Seller Representative that sets forth the amount of any set off under this Section 10.7 and the basis therefor.

(c) The Company and the Sellers shall have the right (but not the obligation) to reduce any payment obligation to the Purchaser if any, and/or to reduce the amount of any set-off claimed by the Purchaser pursuant to Section 10.7(b), if any, for any amount determined to be owed by the Purchaser to the Company or Sellers under this Agreement, any Company Ancillary Documents, Seller Ancillary Documents, Purchaser Ancillary Documents or otherwise. The maximum aggregate amount for which the Company or the Sellers shall be entitled to set-off is $1,000,000. The Sellers shall deliver a written notice to the Purchaser that sets forth the amount of any set off under this Section 10.7 and the basis therefor.

ARTICLE XI
MISCELLANEOUS PROVISIONS

Section 11.1. Notices.

All notices, communications and deliveries under this Agreement will be made in writing signed by or on behalf of the Party making the same, will specify the Section under this Agreement pursuant to which it is given or being made, and will be delivered personally or by facsimile or other electronic transmission or sent by registered or certified mail (return receipt requested) or by next day courier (with evidence of delivery and postage and other fees prepaid) as follows:

To the Purchaser:

Addus HealthCare (South Carolina), Inc.
c/o Addus HealthCare, Inc.
2401 South Plum Grove Road
Palatine, IL 60067
Attn: Mark S. Heaney
Facsimile: 847-303-5376
E-Mail: mheaney@addus.com

with a copy to:

Winston & Strawn LLP
200 Park Avenue
New York, NY 10166
Attn: Bradley C. Vaiana, Esq.
Jennifer C. Kurtis, Esq.
Facsimile: 212-294-4700
E-Mail: bvaiana@winston.com; jkurtis@winston.com

To the Company:

Advantage Health System, Inc.
1545 Sumter Street, Suite 200
Columbia, SC 29201
Attn: Paul Mitchell
E-Mail: paul.mitchell@careprohh.com and
p.mitchell@southcoastpaper.com

with a copy (which shall not constitute notice) to:

McNair Law Firm, P.A.
1221 Main Street, Suite 1800
Columbia, SC 29201
Attn: M. Craig Garner, Jr., Esq.
Carrie L. DeVier, Esq.
Facsimile: (803) 799-9804
E-Mail: cgarner@mcnair.net; cdevier@mcnair.net

To the Seller Representative:

Paul Mitchell
1545 Sumter Street, Suite 200
Columbia, SC 29201

And also:

Paul Mitchell
P.O. Box 8053
Columbia, SC 29202
E-Mail: paul.mitchell@careprohh.com and
p.mitchell@southcoastpaper.com

with a copy (which shall not constitute notice) to:

McNair Law Firm, P.A.
1221 Main Street, Suite 1800
Columbia, SC 29201
Attn: M. Craig Garner, Jr., Esq.
Carrie L. DeVier, Esq.
Facsimile: (803) 799-9804
E-Mail: cgarner@mcnair.net; cdevier@mcnair.net

To the Sellers:

To the addresses set forth on Exhibit A hereto,

or to such other representative or at such other address of a Party as such Party may furnish to the other Parties in writing. Any notice which is delivered personally or by facsimile or other electronic transmission in the manner provided herein shall be deemed to have been duly given to the Party to whom it is directed upon actual receipt by such Party or its agent. Any notice which is addressed and mailed in the manner herein provided shall be conclusively presumed to have been duly given to the Party to which it is addressed at the close of business, local time of the recipient, on the fourth Business Day after the day it is so placed in the mail (or on the first Business Day after placed in the mail if sent by overnight courier) or, if earlier, the time of actual receipt.

Section 11.2. Schedules and Exhibits.

The Schedules and Exhibits to this Agreement are hereby incorporated into this Agreement and are hereby made a part of this Agreement as if set out in full in this Agreement.

Section 11.3. Assignment; Successors in Interest.

No assignment or transfer by any Party of such Party's rights and obligations under this Agreement will be made except with the prior written consent of the other Parties to this Agreement; provided, however, that the Purchaser may assign any or all of its rights, obligations and interests hereunder without any such written consent to any Affiliate of the Purchaser or to any of the Purchaser's lenders as security for any obligations arising in connection with the financing of the transactions contemplated hereby; provided, further, that Purchaser unconditionally guarantees the full and timely performance by each such assignee of all of Purchaser's obligations hereunder to the Company, Sellers and the Seller Representative (or any combination thereof). Notwithstanding the foregoing, any of the Company and the Sellers may, without the prior written consent of and upon reasonable notice to the Purchaser, assign any or all of its rights (but not its obligations) hereunder to any other of the Company or the Sellers, or in the case of the Sellers, in the course of bona fide estate planning or estate administration. This Agreement will be binding upon and will inure to the benefit of the Parties and their successors and permitted assigns, and any reference to a Party will also be a reference to a successor or permitted assign.

Section 11.4. Number; Gender.

Whenever the context so requires, the singular number will include the plural and the plural will include the singular, and the gender of any pronoun will include the other genders.

Section 11.5. Captions.

The titles, captions and table of contents contained in this Agreement are inserted in this Agreement only as a matter of convenience and for reference and in no way define, limit, extend or describe the scope of this Agreement or the intent of any provision of this Agreement. Unless otherwise specified to the contrary, all references to Articles and Sections are references to Articles and Sections of this Agreement and all references to Schedules or Exhibits are references to Schedules and Exhibits, respectively, to this Agreement.

Section 11.6. Controlling Law; Amendment.

This Agreement will be governed by and construed and enforced in accordance with the internal laws of the State of Delaware without reference to its choice of law rules. This Agreement may not be amended, modified or supplemented except by written agreement of the Parties.

Section 11.7. Consent to Jurisdiction, Etc.

Except as otherwise expressly provided in this Agreement, the Parties 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 Agreement or the transactions contemplated hereby shall be brought only to the exclusive jurisdiction of the courts of the State of Delaware or the federal courts located in the State of Delaware, and each of the Parties 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 Parties agree that, after a legal dispute is before a court as specified in this Section 11.7, 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 any Party anywhere in the world, whether within or without the jurisdiction of any such court. Each Party hereto agrees that a final judgment in any action, suit or Proceeding described in this Section 11.7 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 11.8. WAIVER OF JURY TRIAL.

EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY.

Section 11.9. Severability.

Any provision of this Agreement which 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 Agreement, 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 Parties waive any provision of law which renders any such provision prohibited or unenforceable in any respect.

Section 11.10. Counterparts.

This Agreement may be executed in two (2) or more counterparts (delivery of which may be by facsimile or via email as a portable document format (.pdf)), each of which will be deemed an original, and it will not be necessary in making proof of this Agreement or the terms of this Agreement to produce or account for more than one (1) of such counterparts.

Section 11.11. Enforcement of Certain Rights.

Nothing expressed or implied in this Agreement is intended, or will be construed, to confer upon or give any Person other than the Parties, and their successors or permitted assigns, any rights, remedies, obligations or liabilities under or by reason of this Agreement, or result in such Person being deemed a third party beneficiary of this Agreement.

Section 11.12. Waiver.

Any agreement on the part of a Party to any extension or waiver of any provision of this Agreement will be valid only if set forth in an instrument in writing signed on behalf of such Party. A waiver by a Party of the performance of any covenant, agreement, obligation, condition, representation or warranty will not be construed as a waiver of any other covenant, agreement, obligation, condition, representation or warranty. A waiver by a Party of a condition to Closing will not be considered as a waiver of any rights to indemnification that may be claimed by such Party with respect to the matters relating to such waived condition. A waiver by any Party of the performance of any act will not constitute a waiver of the performance of any other act or an identical act required to be performed at a later time.

Section 11.13. Integration.

This Agreement and the documents executed pursuant to this Agreement supersede all negotiations, agreements and understandings (both written and oral) among the Parties with respect to the subject matter of this Agreement, except for that Section 8 concerning Confidentiality within the Letter of Intent, dated as of February 19, 2010, among Addus HealthCare, Inc. and the Company, and constitutes the entire agreement between the Parties. The Parties hereby agree that for purposes of this Agreement (including, but not limited to, indemnification obligations) neither Party has made to the other any representations, warranties or covenants or other disclosures other than those contained in this Agreement.

Section 11.14. Cooperation Following the Closing.

Following the Closing, each of the Parties shall deliver to the others such further information and documents and shall execute and deliver to the others such further instruments and agreements as the other Party shall reasonably request to consummate or confirm the transactions provided for in this Agreement, to accomplish the purpose of this Agreement or to assure to the other Party the benefits of this Agreement.

Section 11.15. Transaction Costs.

Except as provided above or as otherwise expressly provided herein, (a) the Purchaser will pay its own fees, costs and expenses incurred in connection with this Agreement and the transactions contemplated by this Agreement, including the fees, costs and expenses of its financial advisors, accountants and counsel, and (b) the Company will pay the fees, costs and expenses of the Company, the Seller Representative and the Sellers incurred in connection with this Agreement and the transactions contemplated by this Agreement, including the fees, costs and expenses of their financial advisors, accountants and counsel.

Section 11.16. Interpretation; Constructions.

(a) The term "Agreement" means this agreement together with all Schedules and Exhibits hereto, as the same may from time to time be amended, modified, supplemented or restated in accordance with the terms hereof. Unless the context otherwise requires, words importing the singular shall include the plural, and vice versa. The use in this Agreement of the term "including" means "including, without limitation." The words "herein", "hereof', "hereunder", "hereby", "hereto", "hereinafter", and other words of similar import refer to this Agreement as a whole, including the Schedules and Exhibits, as the same may from time to time be amended, modified, supplemented or restated, and not to any particular article, section, subsection, paragraph, subparagraph or clause contained in this Agreement. All references to articles, sections, subsections, clauses, paragraphs, schedules and exhibits mean such provisions of this Agreement and the Schedules and Exhibits attached to this Agreement, except where otherwise stated. The use herein of the masculine, feminine or neuter forms shall also denote the other forms, as in each case the context may require. The use in this Agreement of the terms "furnished," "provided," "delivered," "made available" and similar terms refers, with respect to the provision of information and documents to the Purchaser, in addition to the physical delivery of such information or documents to the Purchaser, to such information and/or documents as are made available by the Company, the Seller Representative, the Sellers, or any of their respective employees, consultants, advisors or attorneys.

(b) The language used in this Agreement shall be deemed to be the language chosen by the parties to express their mutual intent, and no rule of strict construction shall be applied against any party.

(c) The Company and the Sellers hereby acknowledge and agree that he, she or it has had the opportunity to consult with his, her or its own counsel with respect to the subject matter of this Agreement, has read and understands all of the provisions of this Agreement (including the Schedules and Exhibits to this Agreement) and has had the opportunity to ask questions of, and to seek additional information from, the Purchaser with respect to each of the matters set forth in this Agreement (including the Schedules and Exhibits to this Agreement).

[Signature page follows]

IN WITNESS WHEREOF, the Parties have caused this Asset Purchase Agreement to be duly executed, as of the date first above written.

COMPANY

ADVANTAGE HEALTH SYSTEMS, INC.

By: /s/ Paul Mitchell
Name: Paul Mitchell
Title: President

SELLER REPRESENTATIVE

/s/ Paul Mitchell
Paul Mitchell

SELLERS

/s/ Paul Mitchell
Paul Mitchell

/s/ Valerie Aiken
Valerie Aiken

/s/ Charles Aiken
Charles Aiken

/s/ Kimberly Aiken Cockerham
Kimberly Aiken Cockerham

/s/ Henry Motes
Henry Motes

PURCHASER

ADDUS HEALTHCARE (SOUTH CAROLINA), INC.

By: /s/ Frank Leonard
Name: Frank Leonard
Title: Secretary

EARN-OUT AGREEMENT

This Earn-Out Agreement (this "Agreement") is entered into as of July 26, 2010 by and among Addus Healthcare (South Carolina), Inc., a Delaware corporation (the "Purchaser"), Addus HomeCare Corporation, a Delaware corporation, as Guarantor of this Agreement, Advantage Health Systems, Inc., a South Carolina corporation (the "Earn-Out Recipient"), Paul Mitchell as Seller Representative (the "Seller Representative") and the Sellers (each, a "Seller", and collectively, the "Sellers") set forth on Exhibit A to the Asset Purchase Agreement, dated as of the date hereof, by and among the Purchaser, the Earn-Out Recipient and the Sellers (the "Purchase Agreement").

RECITALS

WHEREAS, pursuant to the Purchase Agreement, on the date hereof, (A) the Earn-Out Recipient is selling certain assets used or held for use by the Earn-Out Recipient in the conduct of the Business (as defined in the Purchase Agreement) as a going concern (collectively, the "Acquired Business") to the Purchaser and (B) the Purchaser proposes to (x) assume certain of the liabilities and obligations of the Earn-Out Recipient and (y) pay to the Earn-Out Recipient cash and other consideration provided in the Purchase Agreement, including, without limitation, the right to the Earn-Out Payments (as further provided in this Agreement) (collectively, the "Acquisition");

WHEREAS, pursuant to the Purchase Agreement, the execution and delivery of this Agreement is a condition precedent to the consummation of the Acquisition; and

WHEREAS, capitalized terms that are used but not identified herein shall have the meaning assigned to such terms in Annex I attached hereto.

NOW, THEREFORE, in consideration of the premises and of the covenants and provisions contained herein, the parties hereby agree as follows:

ARTICLE I

EARN-OUT PAYMENT

1.1 Earn-Out Payments. Pursuant to the terms and subject to the conditions set forth herein, the Earn-Out Recipient shall be eligible to receive in the future additional, deferred consideration payable by the Purchaser based on achievement by the Acquired Business of the EBITDA Targets during the calendar years ending December 31, 2010 and December 31, 2011, as further provided in this Agreement. The amount of the Earn-Out Payment payable to the Earn-Out Recipient with respect to each of the years ending as of such dates shall be determined pursuant to **Exhibit A** hereto. Such amounts will be payable to the Earn-Out Recipient if and only if the Acquired Business is able to (i) satisfy the conditions set forth herein and (ii) meet the requirements and achieve the EBITDA Targets set forth on **Exhibit A**. Timing and Manner of Earn-Out Payment. Subject to Sections 1.4, 1.5 and 1.6 hereof, on each Earn Out Payment Date, the Purchaser shall pay and deliver to the Earn-Out Recipient, the Earn-Out

Payments, if any, that shall be due to the Earn-Out Recipient in accordance with **Exhibit A**. The Earn-Out Payments payable to the Earn-Out Recipient shall be payable in accordance with the terms and subject to the conditions of this Agreement (including, without limitation, those conditions set forth on **Exhibit A**), by wire transfer of immediately available funds to the bank account designated by the Earn-Out Recipient to the Purchaser on **Exhibit B** attached hereto. The right of the Earn-Out Recipient to receive the Earn-Out Payments shall not be transferable, in whole or in part, to any other Person without the prior written consent of the Purchaser, which shall not be unreasonably withheld or delayed; *provided*, *however*, that Earn-Out Recipient may transfer its right to receive the Earn-Out Payments to one or more Sellers without the consent of the Purchaser upon prior written notice to the Purchaser of such transfer, and each such Seller may transfer his or her right to receive the Earn-Out Payments by testate or intestate successor or to one or more of the other Sellers. Earn-Out Report. Within 30 days (or as soon as reasonably practicable) after receipt by the Purchaser of the consolidated audited annual financial statements for Addus HomeCare Corporation, a Delaware corporation ("Addus HomeCare") for the fiscal year ending on each of December 31, 2010 and December 31, 2011 (the "Audited Financial Statements"), the Purchaser will prepare and deliver to the Earn-Out Recipient a report, setting forth, in reasonable detail, a computation of EBITDA for the Acquired Business (which shall be computed in accordance with the definition of "EBITDA" set forth in Article II hereof) during the preceding fiscal year, and attaching a copy of the Audited Financial Statements and a copy of the consolidating financial statements applicable to the Purchaser for such period (each, an "Earn-Out Report"). The calculation of EBITDA in such Earn-Out Report shall be consistent with the methodology used in the report of Dixon Hughes PLLC (the Purchaser's accountants), dated May 18, 2010, and in accordance with Article II hereof. Unless the Earn-Out Recipient, within thirty (30) days after receipt of the Earn-Out Report, notifies the Purchaser in writing that it objects to the computation of EBITDA of the Acquired Business set forth in the Earn-Out Report, the Earn-Out Report shall be deemed accepted by the Earn-Out Recipient, the Seller Representative, the Sellers and the Purchaser and will be binding and conclusive for all purposes of this Agreement. The Earn-Out Recipient may make inquiries of the Purchaser and its accountants and appropriate employees regarding questions concerning or disagreements with an Earn-Out Report arising in the course of their review thereof, and the Purchaser shall use reasonable efforts to cause any such employees and accountants to cooperate with and respond to such inquiries in a timely manner (subject to the Earn-Out Recipient entering into any confidentiality and other agreements reasonably required by the accountants). For purposes of this Section 1.3, Purchaser shall be deemed to have received the consolidated audited financial statements of Addus HomeCare as of the date that Addus HomeCare first files its Form 10-K, or any successor form, with the Securities and Exchange Commission for the relevant fiscal year, if Purchaser has not periodically received such financial statements. Objections to Earn-Out Report; Arbitrating Accountants. If the Earn-Out Recipient objects to the computation of EBITDA set forth in the Earn-Out Report by providing the appropriate notice in accordance with Section 1.3, the amount of EBITDA shall be determined by good faith negotiation between the Earn-Out Recipient and the Purchaser. If the Purchaser and the Earn-Out Recipient are unable to reach agreement within thirty (30) days after such notification, the determination of the amount of EBITDA for the period in question shall be submitted to an accounting firm as may be mutually agreed upon by the parties hereto (the "Arbitrating Accountants"), whose determination shall be (i) in writing, (ii) furnished to the Earn-Out Recipient and the Purchaser as soon as practicable (and in no event later than thirty (30) days after submission of the dispute to the

Arbitrating Accountants), (iii) made in accordance with the preparation of the Audited Financial Statements and (iv) nonappealable and incontestable by the Earn-Out Recipient, the Seller Representative, the Sellers, the Purchaser and each of their respective Affiliates and successors and assigns and not subject to collateral attack for any reason other than manifest error or fraud. The fees and expenses of the Arbitrating Accountants shall be allocated between the Earn-Out Recipient, on the one hand, and the Purchaser, on the other hand, in the same proportion that the aggregate amount of the disputed EBITDA amount submitted to the Arbitrating Accountants that is unsuccessfully disputed by the Earn-Out Recipient (as ultimately determined by the Arbitrating Accountants) bears to the total amount of such disputed EBITDA amount so submitted. Each of the Seller Representative, the Sellers, the Earn-Out Recipient and the Purchaser agrees to use its respective commercially reasonable efforts to cooperate with the Arbitrating Accountants and to cause the Arbitrating Accountants to resolve any dispute no later than thirty (30) days after submission of the dispute to the Arbitrating Accountants in accordance with this Agreement. Right of Set-Off; Effect of Subsequent Restatements of Audited Financial Statements.

(a) Subject to the provisions of (x) the Purchase Agreement (including Section 10.7 thereof) and (y) Section 1.6 of this Agreement, the Purchaser shall have the right to withhold and set-off against any amount due to the Earn-Out Recipient under this Agreement the amount of (i) the Repayment Amount (as defined below) or (ii) any Losses that the Earn-Out Recipient, the Seller Representative or any Seller may be required to pay to the Purchaser or its Affiliates, each of their respective officers, directors, employees, agents and representatives or each of the heirs, executors, successors and assigns of any of the foregoing (as applicable, the "Indemnified Party") under Article X of the Purchase Agreement pursuant to any claim for indemnification made by the Indemnified Party on or prior to any Earn-Out Payment Date. If any Earn-Out Payment due under this Agreement is so set-off, the amount of such set-off shall be treated as an adjustment to the Purchase Price. In the event that any such outstanding claims for indemnification have not been finally determined in accordance with Article X of the Purchase Agreement on the respective Earn-Out Payment Date, the Purchaser shall have the right to withhold from the Earn-Out Payment due to the Earn-Out Recipient on such Earn-Out Payment Date the Indemnified Party's reasonable estimate of the maximum amount of Losses that the Earn-Out Recipient, the Seller Representative or the Sellers would be obligated to pay the Indemnified Party with respect to such claim in accordance with Article X of the Purchase Agreement and, upon final resolution of such claim in accordance with Article X thereof, the claim shall be set-off against the amount so withheld and the remaining balance, if any, shall be paid to the Earn-Out Recipient or Seller, as applicable, within five (5) Business Days.

If the Purchaser elects to set-off pursuant to this Section 1.5(a), and the Earn-Out Recipient and/or the Sellers have a right to set-off under Section 10.7 of the Purchase Agreement, the Purchaser's right to set off under this Agreement shall be reduced by the amount of such Earn-Out Recipient's and/or Sellers' set-off under the Purchase Agreement.

(b) Notwithstanding anything to the contrary contained in this Agreement (including, without limitation, **Exhibit A**), to the extent that any of the Audited Financial Statements are subject to restatement by the Purchaser's Auditor, and such restatement would result in the applicable EBITDA for the immediately preceding calendar year to be:

(i) less than the amount set forth in such Earn-Out Report (the "Reduced EBITDA"), then the achievement by the Acquired Business of the applicable EBITDA Target shall be recalculated using the Reduced EBITDA (such reduced Earn-Out Payment, the "Reduced Earn-Out Payment") and the Earn-Out Recipient shall be obligated to repay to the Purchaser the difference between the amount of the Earn-Out Payment actually received for the preceding calendar year and the amount of the Reduced Earn-Out Payment (the "Repayment Amount"); or

(ii) more than the amount set forth in such Earn-Out Report (the "Increased EBITDA"), then the achievement by the Acquired Business of the applicable EBITDA Target shall be recalculated using the Increased EBITDA and, if based on such Increased EBITDA, the Acquired Business achieved the EBITDA Target (or further exceeded the EBITDA Target) for the preceding year, the Earn-Out Recipient shall be entitled to receive the Earn-Out Payment less any Earn-Out Payment previously received by the Earn-Out Recipient for the preceding year from the Purchaser in accordance with **Exhibit A**.

(c) The Purchaser shall notify the Earn-Out Recipient of any restated Audited Financial Statements subject to this Agreement within five (5) Business Days of the date of any public announcement by Purchaser of its intention to restate such Audited Financial Statements. If such restated Audited Financial Statements results in an adjustment to an Earn-Out Payment, Purchaser will deliver to the Earn-Out Recipient a copy of such restated Audited Financial Statements (and a copy of the consolidating financial statements applicable to the Purchaser) within five (5) Business Days after the date that Purchaser makes the restated Audited Financial Statements publicly available.

1.6 Earn-Out Payment Conditions and Limitations.

(a) No Obligor shall be obligated to pay or deliver, and the Earn-Out Recipient shall not be entitled to receive, any Earn-Out Payment in cash, property or securities, by set-off or otherwise, to the extent that payment or delivery of such Earn-Out Payment (i) would be prohibited or blocked by or result in a default, with the passage of time, giving of notice or both, under any contractual arrangement to which any Obligor or any of its Affiliates is a party, including, without limitation, due to a default or an Event of Default under the Financing Documents (or if such default or Event of Default would result from the payment or delivery of such Earn-Out Payment) or (ii) would cause the Obligors or their Affiliates not to be in pro forma compliance with the covenants contained in the Financing Documents after giving effect to the payment or delivery of such Earn-Out Payment; *provided, however*, that any portion of the Earn-Out Payment that is payable and not prohibited from being paid pursuant to clauses (i) or (ii) of the preceding sentence shall be paid, notwithstanding clauses (i) or (ii).

(b) No Obligor shall be obligated to pay or deliver, and the Earn-Out Recipient shall not be entitled to receive, any Earn-Out Payment in cash, property or securities, by set-off or otherwise (i) if making such Earn-Out Payment would cause or make it likely that the Purchaser or any of its Affiliates would become the subject of a federal or state insolvency or bankruptcy proceeding or would otherwise cause any Obligor or any of its Affiliates to become insolvent, as determined by the Purchaser's board of directors in its sole discretion, (ii) if immediately after giving effect to such Earn-Out Payment, the Obligors and their Affiliates (taken as a whole) would not be able to pay their respective debts as they become due and would not own property which has a fair saleable value greater than the amounts required to pay their respective debts (including a reasonable estimate of the amount of all contingent liabilities) or (iii) if immediately after giving effect to such Earn-Out Payment, the Obligors and their Affiliates (taken as a whole) would not have adequate capital available to carry on their respective businesses. Subject to Section 1.6(a), the Purchaser's obligations to make such Earn-Out Payment shall be reinstated once such condition in clauses (i), (ii) or (iii) of the preceding sentence is no longer applicable. For purposes of clarification, any portion of the Earn-Out Payment that is payable and not prohibited from being paid pursuant to clauses (i), (ii) or (iii) of the preceding sentence shall be paid, notwithstanding clauses (i), (ii) or (iii).

(c) In the event of the inability or failure of Purchaser to make any payment, to the extent payable, to the Earn-Out Recipient within thirty (30) days following the First Earn-Out Payment Date or Second Earn-Out Payment Date, as applicable, then interest shall accrue on the amount due and not paid at the rate of ten percent (10%), per annum compounded annually from the date such payment is due until paid in full.

(d) The Purchaser shall not merge, recapitalize or consolidate with any affiliate or any third party, or sell or lease any material assets of the Purchaser, prior to one (1) business day following the Second Earn-Out Payment Date without the prior written consent of the Earn-Out Recipient, which consent shall not be unreasonably withheld or delayed.

(e) For the avoidance of doubt, it is agreed that any Earn-Out Payment, to the extent payable (including any portion thereof), blocked pursuant to the terms hereof shall accrue and shall be paid promptly after (A) such default(s) or Event of Default(s) resulting in the prohibition of such Earn-Out Payment is(are) no longer is existence and/or the Obligors and their Affiliates achieve pro forma compliance with the covenants contained in the Financing Documents after giving effect to the payment of any such Earn-Out Payment and (B) no default or Event of Default under the Financing Documents would result from the payment of any such Earn-Out Payment.

1.7 Additional Purchase Price. Any Earn-Out Payment paid or delivered to the Earn-Out Recipient will be treated by the parties as additional Purchase Price under the Purchase Agreement. Further, if any Earn-Out Payment due under this Agreement is set-off in accordance with Section 1.5(a), the amount of such set-off shall be treated as an adjustment to the Purchase Price.

ARTICLE II

COMPUTATION OF EBITDA

2.1 "EBITDA" for the Acquired Business, on a consolidated basis, for any period of computation, means:

(a) the sum (without duplication) of the following (each as reflected in the Earn-Out Report):

(i) Net Income;

(ii) **plus,** the amount of Taxes related to the earnings or income of the Acquired Business (whether accrued or paid in cash or deferred) deducted in determining Net Income;

(iii) **plus**, the amount of interest expense (net of any interest income) deducted in determining Net Income;

(iv) **plus,** the amount of depreciation and amortization related solely to the Acquired Business deducted in determining Net Income;

(v) **plus,** the amount of any foreign currency losses deducted in determining Net Income;

(vi) **minus,** the amount of any foreign currency gains added in determining Net Income; and

(vii) **minus,** all amounts of either non-cash or non-recurring gains, including without limitation any gains, losses or profits realized from the sale of any assets, included in determining Net Income.

(b) Notwithstanding the foregoing, in determining EBITDA:

(i) EBITDA shall not include any "extraordinary items" of gain or loss as that term is defined in GAAP, including, specifically, extraordinary bonuses;

(ii) EBITDA shall be adjusted to take into account the Reduced EBITDA or the Increased EBITDA, if any;

(iii) EBITDA shall not include any gain, loss, income or expense resulting from a change in the Purchaser's accounting methods, principles or practices, except to the extent required by Section 2.1(b)(x) or Section 2.2 below, or a change in GAAP;

(iv) EBITDA shall not be decreased by any expenses paid by the Purchaser related to the acquisition of the Acquired Business;

(v) EBITDA shall not include the amount of any intercompany transfers between the Purchaser and any of its Affiliates to the extent that such amounts exceed the actual documented cost of Purchaser or its Affiliates;

(vi) EBITDA shall not include any gain, loss, income or expense resulting from an adjustment or write-off to any goodwill, intangibles or earn-outs (including any Earn-Out Payments) related to the acquisition of the Acquired Business;

(vii) EBITDA shall not include any revenue, income or expenses related to the expansion of the Acquired Business into a new branch or satellite office or the expansion into a new line of service provided by the Acquired Business;

(viii) EBITDA shall be adjusted to take into account compensation and travel expenses of the Purchaser's Divisional Vice Presidents and subordinate divisional staff. Such compensation and travel expenses shall be allocated to the Acquired Business pro rata based on revenue, consistent with the methodology utilized prior to the Closing Date (as such term is defined in the Purchase Agreement) for the other locations owned by the Purchaser or its Affiliates, and shall be capped at $80,000;

(ix) Except as provided in subsection (xvi) below, EBITDA shall be adjusted to take into account the costs and expenses for work and responsibilities transitioned from the administrative operations of the Acquired Business to the Purchaser's Support Center, consistent with the methodology utilized prior to the Closing Date for the other locations owned by the Purchaser or its Affiliates. Furthermore, the amount of such adjustment shall not exceed the costs actually paid by the Acquired Business, prior to the Closing Date, for the work and responsibilities so transitioned absent the written consent of the Seller Representative;

(x) EBITDA shall be adjusted to take into account bad debt. The allowance for doubtful accounts and the related bad debts will be determined based on the aging of the Acquired Business' accounts receivable and the Purchaser's or its Affiliates' historical collection rates, consistent with the methodology utilized for the other locations owned by the Purchaser;

(xi) EBITDA shall not include any system implementation costs and expenses for any system not mandated by applicable law, including those for an automated time and attendance system;

(xii) EBITDA shall not include any increased wages and employee benefits incurred by the Acquired Business as a result of the Purchaser negotiating a collective bargaining agreement with any union;

(xiii) EBITDA shall not include the impact of any indebtedness incurred by the Purchaser following the date hereof;

(xiv) EBITDA shall be calculated (except as set forth in this Agreement) in accordance with GAAP applied consistently with the Earn-Out Recipient's accounting practices immediately prior to the date of this Agreement;

(xv) EBITDA shall not include the compensation and expenses of Rosa Gilmore, Peter Inglis, and Jerry Marsh, with the Earn-Out Recipient receiving a credit for the full amount of the compensation and expenses of each such employee or independent contractor through the Closing Date; and

(xvi) EBITDA shall not include the cost of services that had been performed by Mitchell Business Management prior to the Closing Date, which services shall be consistent with those provided in prior years.

2.2 Earn-Out Recipient 2010 Financial Statements. For purposes of the computation of EBITDA in accordance with this Article II, the Earn-Out Recipient shall deliver the 2010 Financial Statements to the Purchaser within 90 days of the date hereof. The 2010 Financial Statements shall (i) have been prepared from the books and records of the Earn-Out Recipient, (ii) fairly present the consolidated financial position, results of operations and cash flows of the Earn-Out Recipient for the periods indicated, subject to non-material year-end adjustments (the effect of which will not, individually or in the aggregate, be materially adverse) and the absence of notes (that, if presented, would not differ materially from those included in the 2010 Financial Statements) and (iii) have been prepared in accordance with GAAP applied on a consistent basis (except for the absence of footnotes, disclosures and typical year-end adjustments, none of which, if reflected, would be material and the inclusion of the calculation of EBITDA). The calculation of EBITDA reflected in the 2010 Financial Statements shall include adjustments for documented owners' compensation and expenses, related party expenses, professional fees and directors' fees, to the extent they will not be incurred by the Purchaser after the date hereof, and no other adjustments.

ARTICLE III

ACKNOWLEDGEMENTS AND AGREEMENTS OF EARN-OUT RECIPIENT

3.1 The Earn-Out Recipient acknowledges and agrees that (i) the Earn-Out Payments are speculative and subject to numerous factors outside the control of the Subject Persons, (ii) there is no assurance that the Earn-Out Recipient will receive any Earn-Out Payments and none of the Subject Persons has promised any Earn-Out Payments, (iii) none of the Subject Persons owes a fiduciary duty or express or implied duty to the Earn-Out Recipient (in such Person's capacity as Earn-Out Recipient), (iv) the parties solely intend the express provisions of this Agreement and the Purchase Agreement to govern their contractual relationship, (v) upon the closing of the transactions contemplated by the Purchase Agreement, Purchaser shall have the right to operate the Acquired Business and the Purchaser's other businesses in any way that the Purchaser deems appropriate in its sole discretion, and (vi) the Purchaser shall have no obligation to operate the Acquired Business in order to achieve or maximize any Earn-Out Payment. The Earn-Out Recipient (in such Person's capacity as Earn-Out Recipient) hereby waives any fiduciary duty or express or implied duty of any of the Subject Persons to the Earn-Out Recipient, except the implied duty of good faith and fair dealing, which shall not be waived. The Purchaser shall not take any affirmative action to intentionally circumvent any payment obligations it may have hereunder. The Earn-Out Recipient acknowledges that its contingent right to participate in the Earn-Out Payment is not an investment in the Purchaser or the Acquired Business.

ARTICLE IV

MISCELLANEOUS

4.1 Benefit of Parties. All the terms and provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto, the Subject Persons and their respective successors and permitted assigns, personal representatives, heirs and estates, as the case may be. Neither this Agreement nor any rights hereunder shall be assigned in whole or in part by any party hereto without the prior written consent of the other parties hereto; *provided*, *however*, that the Purchaser may assign any or all of its rights, obligations and interests hereunder without any such written consent to any Affiliate of the Purchaser or as security for any obligations arising in connection with the Financing Documents. No such transfer and no realization on any collateral resulting from any such transfer shall operate as a waiver of rights against Guarantor or relieve Guarantor of any of its duties or obligations hereunder for any reason, including frustration of subrogation rights. Entire Agreement. This Agreement contains the entire understanding of the parties with respect to the subject matter hereof and supersedes all prior agreements and understandings between the parties (whether written or oral) with respect thereto, including, without limitation, that certain Letter of Intent, dated February 19, 2010, between the Company and Addus HealthCare, Inc., and may not be contradicted or otherwise interpreted by evidence of any such prior or contemporaneous agreement, draft, understanding or representation (whether written or oral). Governing Law. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE DOMESTIC LAWS OF THE STATE OF NEW YORK WITHOUT REGARD TO THE CONFLICTS OF LAWS OR PRINCIPLES THEREOF THAT WOULD CAUSE THE APPLICATION OF THE LAWS OF ANY JURISDICTION OTHER THAN THE STATE OF DELAWARE. Severability. If any provision or section of this Agreement is determined to be void or otherwise unenforceable, it shall not affect the validity or enforceability of any other provisions of this Agreement which shall remain enforceable in accordance with their terms.
Counterparts; Facsimile Signatures. This Agreement may be executed in two (2) or more counterparts (delivery of which may be by facsimile or via email as a portable document format (.pdf)), each of which will be deemed an original instrument and all of which together shall constitute a single instrument, and it will not be necessary in making proof of this Agreement or the terms of this Agreement to produce or account for more than one (1) of such counterparts.
Cooperation. Without affecting the provisions in Article III, during the term of this Agreement, each party will cooperate with and assist the other parties in taking such acts as may be appropriate to enable all parties to effect compliance with the terms of this Agreement and to carry out the true intent and purposes hereof.
Taxes. The Purchaser shall withhold or cause to be withheld from any payments made to the Earn-Out Recipient any Taxes that are required by law to be withheld. Notices. All notices, amendments, waivers or other communications pursuant to this Agreement shall be in writing and shall be deemed to have been duly given if personally delivered, sent by e-mail, sent by facsimile, sent by nationally recognized overnight courier or mailed by registered or certified mail with postage prepaid, return receipt requested, to the parties hereto at the following addresses (or at such other address for a party as shall be specified by like notice): to the Purchaser, to:

Addus HealthCare (South Carolina), Inc.
c/o Addus HomeCare Corporation
2401 South Plum Grove Road
Palatine, IL 60067
Attention: Mark S. Heaney
Facsimile: (847) 303-5376
E-mail: mheaney@addus.com

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

Winston & Strawn LLP
200 Park Avenue
New York, NY 10166
Attn: Bradley C. Vaiana, Esq.
Jennifer C. Kurtis, Esq.
Facsimile: 212-294-4700
E-Mail: bvaiana@winston.com; jkurtis@winston.com

(b) if to the Earn-Out Recipient to:

Advantage Health Systems, Inc.
1545 Sumter Street, Suite 200
Columbia, SC 29201
Attn: Paul Mitchell
E-Mail: paul.mitchell@careprohh.com and p.mitchell@southcoastpaper.com

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

McNair Law Firm, P.A.
1221 Main Street, Suite 1800
Columbia, SC 29201
Attn: M. Craig Garner, Jr., Esq.
Carrie L. DeVier, Esq.
Facsimile: (803) 799-9804
E-Mail: cgarner@mcnair.net; cdevier@mcnair.net

Any such notice or communication shall be deemed to have been given and received (a) when delivered, if personally delivered; (b) when sent, if sent by facsimile or email on a Business Day (or, if not sent on a Business Day, on the next Business Day after the date sent by facsimile or email); (c) on the next Business Day after dispatch, if sent by nationally recognized, overnight courier guaranteeing next Business Day delivery, and (d) on the earlier of the date on which the piece of mail containing such communication is received, or three Business Days from the date posted, if sent by mail.

4.9 Amendments; Waiver. This Agreement may not be amended except by an instrument in writing signed by each of the Purchaser and the Sellers. By an instrument in writing the Purchaser, on the one hand, or the Sellers, on the other hand, may waive compliance by the other with any term or provision of this Agreement that such other party was or is obligated to comply with or perform. Disputes. Any controversy or claim arising out of or relating to this Agreement, or any breach hereof, shall be subject to good faith negotiations by the parties for a period of not less than thirty (30) days and following such thirty (30) day period, shall be: (a) subject to Section 1.4 to the extent such controversy or claim relates to either (i) an objection to the computation of EBITDA or (ii) the computation of any other financial information or measurements; and (b) subject to Section 11.7 of the Purchase Agreement, to the extent such controversy or claim relates to anything other than as provided for in this Section 4.10. Section 409A Compliance. The parties hereto intend that this Agreement meet the requirements of paragraphs (2), (3) and (4) of Section 409A(a) of the Internal Revenue Code of 1986, as amended (and any successor provision thereof) and the regulations and other guidance issued thereunder (the "Requirements") and be operated in accordance with the Requirements so that benefits under this Agreement shall not be included in ordinary income under Section 409A of the Code at any time. Any ambiguities in this Agreement shall be construed to effect the intent as described in this Section 4.11. If any provision of this Agreement is found to be in violation of the Requirements, then such provision shall be deemed to be modified or restricted to the extent and in the manner necessary to render such provision in conformity with the Requirements, or shall be deemed excised from this Agreement, and this Agreement shall be construed and enforced to the maximum extent permitted under applicable law. Construction. Where specific language is used to clarify by example a general statement contained herein, such specific language shall not be deemed to modify, limit or restrict in any manner the construction of the general statement to which it relates. The language used in this Agreement shall be deemed to be the language chosen by the parties to express their mutual intent, and no rule of strict construction shall be applied against any party hereto. Without limitation, there shall be no presumption against any party on the ground that such party was responsible for drafting this Agreement or any part hereof. Captions. The captions of the Articles and Sections of this Agreement are solely for convenient reference and shall not be deemed to affect the meaning or interpretation of any Article or Section hereof. Addus HomeCare Corporation Guaranty. The Guarantor acknowledges that the Company is an indirect, wholly-owned subsidiary of the Guarantor and that, as a result thereof, the Guarantor is able to exercise control over the Company and access information with respect to the Company. The Guarantor hereby guarantees unconditionally any payment obligation of the Purchaser under this Earn-Out Agreement and all costs incurred by the Earn-Out Recipient, Sellers and the Seller Representative in pursuing remedies and causes of action against the Purchaser or the Guarantor, as permitted by this Section 4.14, to the extent that any of the Earn-Out Recipient, Sellers or the Seller Representative is the prevailing party in such action (collectively, the "Guaranteed Obligations"). The Guarantor's Guaranteed Obligations are unconditional irrespective of any circumstances which might otherwise constitute, by operation of law, a discharge of a guarantor; *provided*, *however*, the Earn-Out Recipient, Sellers and Seller Representative shall institute or exhaust any remedies or causes of action against the Purchaser or any other Person as a condition to proceeding against the Guarantor in respect of the Guaranteed Obligations hereunder; and that, in acknowledgement of Guarantor's ability to exercise control over the Company, Guarantor agrees that all statutes of limitation with respect to any claim for payment of any Guaranteed Obligations will be tolled for the period required to exhaust all remedies and causes of action against the Purchaser or any other Person as required hereby.

[Signature page follows.]

IN WITNESS WHEREOF, the parties have hereunto caused this Agreement to be executed as of the date set forth above.

EARN-OUT RECIPIENT

Advantage Health Systems, Inc.

By: /s/ Paul Mitchell
Name: Paul Mitchell
Title: President

SELLER REPRESENTATIVE

/s/ Paul Mitchell
Paul Mitchell

SELLERS

/s/ Paul Mitchell
Paul Mitchell

/s/ Valerie Aiken
Valerie Aiken

/s/ Charles Aiken
Charles Aiken

/s/ Kimberly Aiken
Kimberly Aiken

/s/ Henry Motes
Henry Motes

PURCHASER

Addus HealthCare (South Carolina), Inc.

By: /s/ Frank Leonard
Name: Frank Leonard
Title: Secretary

GUARANTOR

Addus HomeCare Corporation

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

ANNEX I

DEFINITIONS

"2010 Financial Statements" means the unaudited consolidated balance sheet of the Earn-Out Recipient as of the date hereof and the related unaudited consolidated statements of income, changes in stockholders' equity and cash flow for the period from January 1, 2010 through the Closing Date, including a calculation of EBITDA.

"Acquired Entity" means any Person that is the subject of an acquisition by the Purchaser (whether by stock purchase, asset purchase, merger, recapitalization or otherwise) during the Earn-Out Period.

"Acquisition" shall have the meaning set forth in the recitals to this Agreement.

"Additional Earn-Out Payment" means a dollar amount equal to (x) the dollar amount that EBITDA for the year ending on the First Earn-Out Date or Second Earn-Out Date, as applicable, exceeds the Additional EBITDA Target multiplied by (y) 0.5; *provided, however,* that such aggregate dollar amount shall not exceed the Additional Earn-Out Payment Cap.

"Additional Earn-Out Payment Cap" means $250,000.

"Additional EBITDA Target" means $2,500,000.

"Affiliate" means with respect to any Person, any Persons directly or indirectly controlling, controlled by or under common control with, such other Person as of the date on which, or at any time during the period for which, the determination of affiliation is being made.

"Arbitrating Accountants" shall have the meaning set forth in Section 1.4 hereto.

"Auditor" means a nationally recognized independent public accounting firm.

"Business" shall have the meaning set forth in the Purchase Agreement.

"Business Day" means any day that is not a Saturday, Sunday or a day on which banking institutions in New York, New York are required to be open.

"Company" shall have the meaning set forth in the caption to this Agreement.

"Earn-Out Payments" means the First Earn-Out Payment, Second Earn-Out Payment, any Additional Earn-Out Payment, or any interest payable under Section 1.6(c), as applicable.

"Earn-Out Payment Date" means the First Earn-Out Payment Date or the Second Earn-Out Payment Date, as applicable.

"Earn-Out Period" means the period commencing on January 1, 2010 and ending on December 31, 2011.

"Earn-Out Recipient" shall have the meaning set forth in the preamble of this Agreement.

"Earn-Out Report" shall have the meaning set forth in Section 1.3.

"EBITDA Targets" means the Initial EBIDTA Target and the Additional EBITDA Target.

"Financing Documents" means the Purchaser's and its Affiliates' third party financing documents and any subsequent refinancing thereof.

"First Earn-Out Date" means December 31, 2010.

"First Earn-Out Payment" means a dollar amount equal to (x) the dollar amount that EBITDA for the year ending on the First Earn-Out Date exceeds the Initial EBITDA Target multiplied by (y) 1.0; *provided, however,* that such aggregate dollar amount shall not exceed the First Earn-Out Payment Cap.

"First Earn-Out Payment Cap" means $500,000.

"First Earn-Out Payment Date" has the meaning set forth in Section I of **Exhibit A**.

"GAAP" means generally accepted accounting principles in the United States.

"Increased EBITDA" has the meaning set forth in Section 1.5(b)(ii).

"Indemnified Party" has the meaning set forth in Section 1.5(a).

"Initial EBITDA Target" means $1,500,000.

"Net Income" means, for any period, the aggregate amount of net income of the Acquired Business on the Earn-Out Report, determined in accordance with GAAP consistently applied.

"Obligor" means, collectively, the Purchaser and the Guarantor.

"Person" means any individual, partnership, limited liability company, corporation, trust, unincorporated organization, or any other form of legal entity.

"Purchase Agreement" shall have the meaning set forth in the recitals to this Agreement.

"Purchaser" shall have the meaning set forth in the caption to this Agreement.

"Reduced EBITDA" has the meaning set forth in Section 1.5(b)(i).

"Reduced Earn-Out Payment" has the meaning set forth in Section 1.5(b)(i).

"Repayment Amount" has the meaning set forth in Section 1.5(b).

"Requirements" shall have the meaning set forth in Section 4.11.

"Second Earn-Out Date" means December 31, 2011.

"Second Earn-Out Payment" means a dollar amount equal to (x) the dollar amount that EBITDA for the year ending on the Second Earn-Out Date exceeds the Initial EBITDA Target multiplied by (y) 2.0; *provided, however*, that such aggregate dollar amount shall not exceed the Second Earn-Out Payment Cap.

"Second Earn-Out Payment Cap" means $1,000,000.

"Second Earn-Out Payment Date" has the meaning set forth in Section II of **Exhibit A**.

"Subject Persons" means the Purchaser and its respective Affiliates, shareholders and directors.

"Tax" means any United States federal, state, local or foreign taxes which are based on earnings or income, including, but not limited to, any income, profits or similar tax, any alternative or add-on minimum tax, and any estimated tax, in each case, including any interest, penalty, or addition thereto, whether disputed or not.

EXHIBIT A

EARN-OUT PAYMENT CALCULATIONS

I. First Earn-Out Payment.

If EBITDA for the year beginning on January 1, 2010 and ending on the First Earn-Out Date exceeds the Initial EBITDA Target, the Purchaser shall pay, or cause to be paid, the First Earn-Out Payment for such year to the Earn-Out Recipient. If EBITDA for the year beginning on January 1, 2010 and ending on the First Earn-Out Date exceeds the Additional EBITDA Target, the Purchaser shall pay, or cause to be paid, the Additional Earn-Out Payment for such year to the Earn-Out Recipient. The First Earn-Out Payment and Additional Earn-Out Payment shall be payable to the Earn-Out Recipient five (5) Business Days following the earliest to occur of (w) the thirty-first day after receipt of the Earn-Out Report for the fiscal year ending December 31, 2010 without the Earn-Out Recipient notifying the Purchaser that the Earn-Out Recipient objects to the computation of EBITDA set forth in such Earn-Out Report, (x) the date on which the Earn-Out Recipient shall have given the Purchaser notice to the effect that the Earn-Out Recipient has no objection to the computation of EBITDA set forth in the Earn-Out Report for the fiscal year ending December 31, 2010, (y) the date as of which the Purchaser and the Earn-Out Recipient reach a settlement in accordance with Section 1.4, and (z) the date as of which the Purchaser and the Earn-Out Recipient shall have received the determination of the Arbitrating Accountant in accordance with Section 1.4 (the "First Earn-Out Payment Date"). If EBITDA for the fiscal year ended December 31, 2010 is less than the Initial EBITDA Target, the Earn-Out Recipient shall not be entitled to the First Earn-Out Payment or Additional Earn-Out Payment.

II. Second Earn-Out Payment.

If EBITDA for the year beginning on January 1, 2011 and ending on the Second Earn-Out Date exceeds the Initial EBITDA Target, the Purchaser shall pay, or cause to be paid, the Second Earn-Out Payment for such year to the Earn-Out Recipient. If EBITDA for the year beginning on January 1, 2011 and ending on the Second Earn-Out Date exceeds the Additional EBITDA Target, the Purchaser shall pay, or cause to be paid, the Additional Earn-Out Payment for such year to the Earn-Out Recipient. The Second Earn-Out Payment and Additional Earn-Out Payment shall be payable to the Earn-Out Recipient five (5) Business Days following the earliest to occur of (w) the thirty-first day after receipt of the Earn-Out Report for the fiscal year ending December 31, 2011 without the Earn-Out Recipient notifying the Purchaser that the Earn-Out Recipient objects to the computation of EBITDA set forth in such Earn-Out Report, (x) the date on which the Earn-Out Recipient shall have given the Purchaser notice to the effect that the Earn-Out Recipient has no objection to the computation of EBITDA set forth in the Earn-Out Report for the fiscal year ending December 31, 2011, (y) the date as of which the Purchaser and the Earn-Out Recipient reach a settlement in accordance with Section 1.4, and (z) the date as of which the Purchaser and the Earn-Out Recipient shall have received the determination of the Arbitrating Accountant in accordance with Section 1.4 (the "Second Earn-Out Payment Date"). If EBITDA for the fiscal year ended December 31, 2011 is less than the Initial EBITDA Target, the Earn-Out Recipient shall not be entitled to the Second Earn-Out Payment or Additional Earn-Out Payment.

EXHIBIT 99.4

Addus HomeCare Expands Presence in Southeast U.S. with Acquisition of Advantage Health Systems

Acquisition Expected to be Accretive in 2010

Palatine, IL., July 27, 2010 – Addus HomeCare Corporation (Nasdaq: ADUS), a provider of comprehensive in-home social and medical services, announced today the acquisition of the operations and certain assets of Advantage Health Systems, Inc., which provides these services in South Carolina and Georgia.

Under the terms of the transaction, total consideration from Addus to Advantage Health Systems shareholders will be up to $8.34 million including $5.1 million in cash, $1.24 million in stock and up to $2 million in earn out milestones. Advantage Health reported revenues of $13 million in 2009 and was profitable and cash flow positive. Addus expects the acquisition to be accretive to earnings for 2010 in the range of $.02 to $.03. Additional information will be reported on Form 8-K. Management will be discussing the transaction on its previously announced second quarter earnings call scheduled for August 5, 2010.

Advantage Health Systems, doing business as CarePro Health Services, serves approximately 1,200 patients in its five locations in South Carolina and one in Georgia. The company has a strong local presence, offering personal care, private duty, home health and hospice services.

Mark Heaney, President and CEO of Addus Homecare, stated “The acquisition of Advantage Health Systems offers a very attractive opportunity to expand Addus’ services in the Southeast market while further enhancing our geographic and payor diversification. Advantage Health Systems’ model of integrated care is consistent with Addus’ model with 84 percent of revenues from home & community services and 16 percent from home health services.”

Heaney continued, “Advantage Health Systems is a leading provider of social services in South Carolina and holds Certificates of Need (CONs) in two of South Carolina’s most populated counties. Advantage, which has provided hospice services since 2009, also recently obtained certification for a statewide hospice operation. Advantage Health Systems is a highly respected provider with an outstanding reputation for quality of care that is the hallmark of Addus HomeCare. We welcome their employees and management to the Addus family.”

Paul Mitchell, President and Chief Executive Officer of Advantage Health Systems, remarked, “Addus HomeCare is an excellent partner for Advantage Health Systems’ business. We share the same vision for providing the highest quality, integrated home health and home & community care to our patients. This partnership will only strengthen our dedication to

providing superior service in the markets in which we operate and we expect this will benefit our company, patients and the communities that we serve."

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 13,000 employees that provide services through more than 125 locations across 18 states to over 24,000 consumers.

About Advantage Health Systems, Inc.

Prior to the acquisition, Advantage Health Systems, doing business as CarePro Health Services, was a full service home health company providing personal care, skilled home health services primarily for the elderly and disabled and hospice services. This business serves approximately 1,200 consumers through five locations in South Carolina and one in Georgia.

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 the expected benefits and costs of the transaction, management plans relating to the transaction, the possibility that expected benefits may not materialize as expected, the failure of the target company's business to perform as expected, Addus HomeCare's inability to successfully implement integration strategies, 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 and in Addus HomeCare's Annual Report on Form 10-K, filed with the Securities and Exchange Commission, each of which is 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.

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