

EXHIBIT 1

UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF LOUISIANA
LAFAYETTE DIVISION

CITY OF OMAHA POLICE AND FIRE
RETIREMENT SYSTEM, Individually and
on Behalf of All Others Similarly Situated,

Plaintiff,

v.

LHC GROUP, INC. AND KEITH G.
MYERS,

Defendants.

CIVIL ACTION
NO. 6:12-CV-01609-JTT-CMH

STIPULATION OF SETTLEMENT

This Stipulation of Settlement dated as of June 16, 2014 (the “Stipulation”), is made and entered into by and among the following Settling Parties (all capitalized terms not defined immediately thereafter in the text are defined in §IV(1) hereof) to the above-captioned case (the “Litigation”): (i) Lead Plaintiff (as defined herein, on behalf of itself and each of the Class Members), by and through Plaintiff’s Counsel; and (ii) Defendants, by and through their counsel of record in the Litigation. The Stipulation is intended by the Settling Parties to fully, finally, and forever resolve, discharge, and settle the Released Claims, upon and subject to the terms and conditions hereof.

I. THE LITIGATION

On June 13, 2012, a securities class action complaint styled *City of Omaha Police and Fire Retirement System v. LHC Group, Inc. and Keith G. Myers*, Civil Action No. 6:12-cv-01609-JTT-CMH (W.D. La.) was filed in the United States District Court for the Western District of Louisiana.

On September 18, 2012, the Court issued an Order granting a Motion to Appoint Lead Plaintiff, Lead Plaintiff’s Counsel, and Liaison Counsel, and appointing the City of Omaha Police and Fire Retirement System as Lead Plaintiff.

On November 2, 2012, the Lead Plaintiff filed an Amended Complaint (“AC”). Defendants moved to dismiss the AC on December 17, 2012. On March 15, 2013, the Court issued a Memorandum Ruling and Judgment denying Defendants’ Motion to Dismiss. On April 12, 2013, Defendants moved to amend the Court’s Memorandum Ruling and Judgment to include certification for interlocutory appeal. On May 23, 2013, the Court granted Defendants’ Motion to Amend. On July 18, 2013, the U.S. Court of Appeals for the Fifth Circuit denied Defendants’ Motion for Leave to Appeal from an Interlocutory Order. While fact discovery was proceeding, the parties participated in a one-day mediation with the assistance of the Hon. Layn

R. Phillips, U.S. District Court Judge (Ret.). Although a settlement was not reached that day, the parties and Judge Phillips continued to negotiate and the parties subsequently reached an agreement-in-principle to settle the Litigation.

II. CLAIMS OF LEAD PLAINTIFF AND BENEFITS OF SETTLEMENT

Lead Plaintiff and Plaintiff's Counsel believe that the claims asserted in the Litigation have merit and that the evidence developed to date supports the claims. Lead Plaintiff and Plaintiff's Counsel recognize and acknowledge, however, that prosecuting the Litigation against Defendants through trial and possible appeals would be protracted and expensive. Lead Plaintiff and Plaintiff's Counsel also have taken into account the uncertain outcome and the risk of any litigation, especially in complex actions such as this Litigation, as well as the difficulties and delays inherent in such litigation. Lead Plaintiff and Plaintiff's Counsel also are mindful of the inherent problems of proof under and possible defenses to the federal securities law violations asserted in the Litigation. Lead Plaintiff and Plaintiff's Counsel believe that the settlement set forth in the Stipulation confers substantial benefits upon the Class and is in the best interests of the Class.

III. DEFENDANTS' DENIALS OF WRONGDOING AND LIABILITY

Defendants have denied and continue to deny each and all of the claims and contentions alleged by Lead Plaintiff in the Litigation. Defendants have denied expressly and continue to deny all charges of wrongdoing or liability against them arising out of any of the conduct, statements, acts, or omissions alleged, or that could have been alleged, in the Litigation. Defendants also have denied and continue to deny, *inter alia*, the allegations that they made any materially false statements or had any intent to make any, that Lead Plaintiff or Class Members have suffered damages, that the price of LHC's stock was artificially inflated by reasons of alleged misrepresentations, non-disclosures, or otherwise, or that Lead Plaintiff or Class

Members were harmed by the conduct that was or could have been alleged in the Litigation. Defendants also have denied and continue to deny, *inter alia*, that Keith Myers engaged in insider trading, or that Keith Myers knowingly traded on any material non-public information.

Nonetheless, Defendants have concluded that further litigation would be protracted and expensive and that it is desirable that the Litigation be fully and finally settled in the manner and upon the terms and conditions set forth in the Stipulation. Defendants also have taken into account the uncertainty and risks inherent in any litigation, especially in complex cases like this Litigation. Defendants have, therefore, determined that it is desirable and beneficial that the Litigation be settled in the manner and upon the terms and conditions set forth in the Stipulation.

IV. TERMS OF STIPULATION AND AGREEMENT OF SETTLEMENT

NOW, THEREFORE, IT IS HEREBY STIPULATED AND AGREED by and among Lead Plaintiff (for itself and the Class Members) and Defendants, by and through their respective counsel or attorneys of record, that, subject to the approval of the Court, the Litigation and the Released Claims shall be finally and fully compromised, settled, and released, and the Litigation shall be dismissed with prejudice, as to all Settling Parties, upon and subject to the terms and conditions of the Stipulation.

1. Definitions

As used in the Stipulation, the following terms have the meanings specified below.

1.1 “Authorized Claimant” means any Class Member whose claim for recovery has been allowed pursuant to the terms of the Stipulation.

1.2 “Claimant” means any Class Member who files a Proof of Claim and Release in such form and manner, and within such time, as the Court shall prescribe.

1.3 “Claims Administrator” means the firm of Garden City Group, Inc., which shall administer the settlement.

1.4 “Class” means all Persons who purchased or otherwise acquired LHC common stock between July 30, 2008 and October 26, 2011, inclusive. Excluded from the Class are Defendants, directors and officers of LHC and their families and affiliates.

1.5 “Class Member” or “Member of the Class” means, for purposes of this Stipulation only, a Person who falls within the definition of the Class as set forth in this Stipulation and who does not timely exercise his, her, or its right to opt out of the Class.

1.6 “Class Period” means the period beginning on July 30, 2008 through October 26, 2011, inclusive.

1.7 “Court” means the United States District Court for the Western District of Louisiana.

1.8 “Defendants” means LHC and Keith Myers.

1.9 “Effective Date” means the first date by which all of the events and conditions specified in §IV(7.1) of the Stipulation have been met and have occurred.

1.10 “Escrow Account” means the bank account maintained by the Escrow Agent into which the Settlement Amount shall be deposited.

1.11 “Escrow Agent” means the law firm of Garden City Group, Inc., or its successor(s).

1.12 “Exhibits” means collectively all exhibits attached to and made a part of the Stipulation, namely Exhibits A, A-1, A-2, A-3, and B.

1.13 “Final” with respect to the Judgment to be entered pursuant to this Stipulation means that the Judgment has been entered by the Court and has not been modified, and (i) no appeal has been filed within the period in which an appeal might be filed under Rule 4 of the Federal Rules of Appellate Procedure; or (ii) if an appeal is filed, the Court of Appeals has

affirmed the Judgment in all respects and the time for further appeal (including petition for a writ of certiorari) has expired without further appeal or the Judgment has been finally affirmed and no further appeal is permitted. Any proceeding or order, or any appeal or petition for a writ of certiorari, pertaining solely to any Plan of Allocation (as defined in §IV(1.21) hereof) and/or Fee and Expense Application (as defined in §IV(6.1) hereof) shall not in any way delay or preclude the Judgment from becoming Final.

1.14 “Judgment” means the final judgment and order of dismissal with prejudice to be rendered by the Court that contains all material terms of the proposed form of order attached hereto as Exhibit B.

1.15 “Lead Counsel” means Scott+Scott, Attorneys at Law, LLP.

1.16 “Lead Plaintiff” means the Court-appointed lead plaintiff City of Omaha Police and Fire Retirement System.

1.17 “LHC” means LHC Group, Inc.

1.18 “Liaison Counsel” means Lemmon Law Firm, LLC.

1.19 “Person” means an individual, corporation, partnership, limited partnership, association, joint stock company, estate, legal representative, trust, unincorporated association, government or any political subdivision or agency thereof, and any business or legal entity and their spouses, heirs, predecessors, successors, representatives, or assignees.

1.20 “Plaintiff’s Counsel” means, collectively, Lead Counsel and Liaison Counsel.

1.21 “Plan of Allocation” means a plan or formula of allocation of the Settlement Fund whereby the Settlement Fund shall be distributed to Authorized Claimants after payment from the Settlement Fund of expenses of notice and administration of the settlement, Taxes and Tax Expenses (as defined in §§IV(1.28) and (2.5(b)) hereof), and such attorneys’ fees, costs,

expenses, and interest as may be awarded by the Court. Any Plan of Allocation is not part of the Stipulation and the Released Persons shall have no responsibility or liability with respect thereto.

1.22 “Related Parties” means, with respect to each Defendant, past or present directors, officers, employees, partners, members, principals, agents, insurers, co-insurers, reinsurers, controlling shareholders, attorneys, accountants or auditors, banks or investment banks, underwriters, associates, personal or legal representatives, predecessors, successors, parents, subsidiaries, divisions, joint ventures, assigns, spouses, estates, related or affiliated entities, any entity in which a Defendant has a controlling interest, any members of any Defendant’s immediate family, any trust of which any Defendant is the settlor or which is for the benefit of any Defendant and/or member(s) of his family, and the heirs, successors and assigns of the foregoing.

1.23 “Released Claims” means any and all rights, demands, claims (including “Unknown Claims” as defined in §IV(1.29) hereof), liabilities, suits, debts, obligations, damages, losses, judgments, matters, issues, and causes of action of every nature and description, in law or equity, whether accrued or unaccrued, fixed or contingent, liquidated or un-liquidated, matured or un-matured, known or unknown, discoverable or undiscoverable, concealed or hidden, disclosed or undisclosed, whether arising under federal, state, local, statutory, common law, foreign law, or any other law, rule, or regulation, and whether class and/or individual in nature, that: (i) have been asserted in this Litigation or in the AC by the Lead Plaintiff or any Class Member against any of the Released Persons, or (ii) could have been asserted, or in the future could or might have been asserted, in this Litigation or any other forum whatsoever by the Lead Plaintiff or any Class Member against any of the Released Persons which arise out of, or are based upon or related in any way to, the allegations, transactions, acts, events, disclosures,

statements, facts, matters or occurrences, representations or omissions involved in the Litigation, or are set forth or referred to in the AC, and that relate to the purchase, acquisition, holding, or sale of LHC common stock during the Class Period. “Released Claims” does not include claims to enforce the settlement. “Released Claims” also does not include the derivative claims asserted on behalf of the Company in *In re LHC Group Inc. Derivative Litigation*, Case No. 6:13-cv-02899-JTT-CMH (W.D. La.).

1.24 “Released Persons” means each and all of Defendants and each and all of their Related Parties.

1.25 “Settlement Amount” means seven million, eight hundred and fifty thousand dollars (\$7,850,000).

1.26 “Settlement Fund” means the Settlement Amount, deposited in an interest-bearing Escrow Account, as set forth in §IV(2.1), maintained by the Escrow Agent. Interest earned on the Settlement Amount shall be added to and included in the Settlement Fund.

1.27 “Settling Parties” means, collectively, each of the Defendants and Lead Plaintiff on behalf of itself and the members of the Class.

1.28 “Taxes” means all federal, state, and local taxes (including any estimated Taxes, interest, or penalties) arising with respect to the income earned by the Settlement Fund, including any Taxes or tax detriments that may be imposed upon Defendants or their counsel with respect to any income earned by the Settlement Fund for any period during which the Settlement Fund does not qualify as a “qualified settlement fund” for federal or state income tax purposes.

1.29 “Unknown Claims” means any Released Claims which Lead Plaintiff or any Class Member do not know or suspect to exist in his, her, or its favor at the time of the release of the Released Persons which, if known by him, her, or it might have affected his, her, or its

settlement with and release of the Released Persons, or might have affected his, her, or its decision not to object to this settlement. With respect to any and all Released Claims, the Settling Parties stipulate and agree that, upon the Effective Date, Lead Plaintiff shall expressly waive and each of the Class Members shall be deemed to have waived, and by operation of the Judgment shall have waived, the provisions, rights, and benefits of California Civil Code §1542, which provides:

A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his or her settlement with the debtor.

Lead Plaintiff shall expressly waive and each of the Class Members shall be deemed to have waived, and by operation of the Judgment shall have waived, any and all provisions, rights, and benefits conferred by any law of any state or territory of the United States, or principle of common law, which is similar, comparable, and/or equivalent to California Civil Code §1542. Lead Plaintiff or any Class Member may hereafter discover facts in addition to or different from those which he, she, or it now knows or believes to be true with respect to the subject matter of the Released Claims, but Lead Plaintiff shall expressly, and each Class Member, upon the Effective Date, shall be deemed to have, and by operation of the Judgment shall have, fully, finally, and forever settled and released any and all Released Claims, known or unknown, suspected or unsuspected, contingent or non-contingent, whether or not concealed or hidden, which now exist, or heretofore have existed upon any theory of law or equity now existing or coming into existence in the future, including, but not limited to, conduct which is negligent, intentional, with or without malice, or a breach of any duty, law or rule, without regard to the subsequent discovery or existence of such different or additional facts. Lead Plaintiff acknowledges, and the Class Members shall be deemed by operation of the Judgment to have

acknowledged, that the foregoing waiver was separately bargained for and a key element of the settlement of which this release is a part.

2. The Settlement

a. The Settlement Fund

2.1 LHC, on behalf of Defendants, shall cause its insurer to pay the Settlement Amount directly into the Escrow Account via check or wire transfer within fifteen (15) business days of the later of: (a) the Court's entry of an order preliminarily approving the settlement as set forth in the Stipulation (or substantially similar order), or (b) Lead Counsel providing to Defendants' counsel written payment instructions and a completed W-9.

2.2 All fees, costs, and expenses incurred by or on behalf of Lead Plaintiff and the Class associated with the settlement, including, but not limited to, Taxes, Tax Expenses (as defined in §§IV(1.28) and (2.5(b)) hereof), any administrative costs, costs of providing notice of the settlement to Class Members, and any award of attorneys' fees or expenses to Lead Counsel, Plaintiff's Counsel or Lead Plaintiff, shall be paid from the Settlement Fund or the Notice and Administrative Fund (as defined in §IV(2.4) hereof) and in no event shall Defendants bear any responsibility for such fees, costs, or expenses.

b. The Escrow Agent

2.3 The Escrow Agent shall invest the amounts deposited pursuant to §IV(2.1) only in short-term United States agency or treasury securities backed by the full faith and credit of the United States (or a mutual fund invested solely in such instruments), or in a fully United States government-insured account, and shall reinvest the proceeds as they mature in similar instruments at their then-current market rates. In the event that the yield on securities identified herein is negative, in lieu of purchasing such securities, all or any portion of the Settlement Fund held by the Escrow Agent may be deposited in a non-interest bearing account that is fully insured

by the FDIC. The Escrow Agent shall not disburse any of the Settlement Fund except as provided in the Stipulation or by order of the Court. Prior to the Effective Date, except as provided in §§IV(2.4), (2.5), and (7.7), the Escrow Agent shall not disburse any of the Settlement Fund without the written agreement of counsel for Defendants. The Settlement Fund shall be deemed and considered to be in *custodia legis* of the Court, and shall remain subject to the jurisdiction of the Court until such time as such funds shall be distributed pursuant to the Stipulation and/or further order(s) of the Court. The Settlement Fund shall bear all risks related to investment of the Settlement Fund.

2.4 Without written agreement of counsel for Defendants or any further order of the Court, after preliminary approval of the Settlement by the Court, the Escrow Agent may establish a “Notice and Administration Fund,” and may deposit up to \$150,000.00 from the Settlement Fund in it. The Notice and Administration Fund may be used by the Escrow Agent without further consent of Defendants or order of the Court to pay reasonable costs and expenses associated with administering the Settlement, including, without limitation, providing Notice (defined below) to the Class, locating Class Members, soliciting Class claims, assisting with the filing of claims, administering and distributing the Settlement Fund to Authorized Claimants, processing Proof of Claim and Release forms, and paying escrow fees and costs, if any. The Notice and Administration Fund may also be invested and earn interest.

c. Taxes

2.5 The Settling Parties and the Escrow Agent agree to treat the Settlement Fund as being at all times a “qualified settlement fund” within the meaning of Treas. Reg. §1.468B-1. In addition, the Escrow Agent shall timely make such elections as necessary or advisable to carry out the provisions of this §IV(2.5), including the “relation-back election” (as defined in Treas. Reg. §1.468B-1) back to the earliest permitted date. Such elections shall be made in compliance

with the procedures and requirements contained in such regulations. It shall be the responsibility of the Escrow Agent to timely and properly prepare and deliver the necessary documentation for signature by all necessary parties, and thereafter to cause the appropriate filing to occur.

(a) For the purpose of §1.468B of the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder, the “administrator” shall be the Escrow Agent. The Escrow Agent shall timely and properly file all informational and other tax returns necessary or advisable with respect to the Settlement Fund (including, without limitation, the returns described in Treas. Reg. §1.468B-2(k)). Such returns (as well as the election described in §IV(2.5) hereof) shall be consistent with §IV(2.5) and in all events shall reflect that all Taxes (including any estimated Taxes, interest, or penalties) on the income earned by the Settlement Fund shall be paid out of the Settlement Fund as provided in §IV(2.5(b)) hereof. After preliminary approval, the Escrow Agent may pay such Taxes without further order of the Court or written agreement by counsel for Defendants.

(b) All (a) Taxes and (b) expenses and costs incurred in connection with the operation and implementation of this §IV(2.5) (including, without limitation, expenses of tax attorneys and/or accountants and mailing and distribution costs and expenses relating to filing (or failing to file) the returns described in this §IV(2.5) (collectively, “Tax Expenses”)) shall be paid out of the Settlement Fund. In all events, the Released Persons shall have no liability or responsibility for the Taxes or the Tax Expenses. Further, Taxes and Tax Expenses shall be treated as, and considered to be, a cost of administration of the Settlement Fund and shall be timely paid by the Escrow Agent out of the Settlement Fund without prior order from the Court, and the Escrow Agent shall be obligated (notwithstanding anything herein to the contrary) to withhold from distribution to Authorized Claimants any funds necessary to pay such amounts,

including the establishment of adequate reserves for any Taxes and Tax Expenses (as well as any amounts that may be required to be withheld under Treas. Reg. §1.468B-2(l)(2)); none of the Released Persons are responsible nor shall they have any liability therefor. The Settling Parties agree to cooperate reasonably with the Escrow Agent, each other, and their tax attorneys and accountants to the extent reasonably necessary to carry out the provisions of this §IV(2.5).

(c) For the purpose of this §IV(2.5), references to the Settlement Fund shall include both the Settlement Fund and the Notice and Administration Fund and shall also include any earnings thereon.

3. Notice Order and Settlement Hearing

3.1 Promptly after execution of the Stipulation, Lead Counsel shall submit the Stipulation together with its Exhibits to the Court and shall apply for entry of an order (the “Notice Order”) substantially in the form of Exhibit A attached hereto, requesting, *inter alia*, the preliminary approval of the settlement set forth in the Stipulation, approval for the mailing of a settlement notice (the “Notice”) substantially in the form attached hereto as Exhibit A-1, and publication of a summary notice substantially in the form attached hereto as Exhibit A-3.

3.2 Lead Counsel shall request that after notice is given, the Court hold a hearing (the “Settlement Hearing”) and finally approve the settlement of the Litigation as set forth herein. At or after the Settlement Hearing, Lead Counsel also will request that the Court approve the proposed Plan of Allocation and the Fee and Expense Application.

4. Releases and Covenant Not to Sue

4.1 Upon the Effective Date, as defined in §IV(1.9) hereof, Lead Plaintiff and each of the Class Members shall be deemed to have, and by operation of the Judgment shall have, fully, finally, and forever remised, released, relinquished, and discharged all Released Claims against

the Released Persons, regardless whether such a Class Member executes and delivers a Proof of Claim and Release.

4.2 Upon the Effective Date, as defined in §IV(1.9) hereof, each of the Released Persons shall be deemed to have, and by operation of the Judgment shall have, fully, finally, and forever released, relinquished, and discharged Lead Plaintiff, each and all of the Class Members, Lead Counsel, and Liaison Counsel from all claims (including Unknown Claims) arising out of, relating to, or in connection with, the institution, prosecution, assertion, settlement or resolution of the Litigation or the Released Claims.

4.3 Lead Plaintiff agrees and covenants not to file or pursue any of the Released Claims against any of the Released Persons between the date of this Stipulation and the Effective Date. The Settling Parties agree that, if the settlement does not become Final, the period of time between the date of this Stipulation and the Effective Date shall not be counted for purposes of any defense based on the passage of time.

5. Administration and Calculation of Claims, Final Awards, and Supervision and Distribution of the Settlement Fund

5.1 The Claims Administrator, subject to such supervision and direction of the Court or Lead Counsel as may be necessary or as circumstances may require, shall administer and calculate the claims submitted by Class Members and shall oversee distribution of the Net Settlement Fund (defined below) to Authorized Claimants. Lead Counsel will apply to the Court for an order (the “Class Distribution Order”) approving the Claims Administrator’s administrative determinations concerning the acceptance and rejection of the claims submitted herein and approving any fees and expenses not previously applied for, including the fees and

expenses of the Claims Administrator, and, if the Effective Date has occurred, directing payment of the Net Settlement Fund to or for the account of Authorized Claimants, as the case may be.

5.2 The Settlement Fund shall be applied as follows:

(a) to pay all the costs and expenses reasonably and actually incurred in connection with providing notice, locating Class Members, soliciting Class claims, assisting with the filing of claims, administering and distributing the Net Settlement Fund to Authorized Claimants, processing Proof of Claim and Release forms, and paying escrow fees and costs, if any;

(b) to pay the Taxes and Tax Expenses described in §§IV(1.28) and (2.5(b)) hereof, if any;

(c) to pay Plaintiff's Counsel's attorneys' fees, expenses, and costs pursuant to §IV(6.1) hereof, if and to the extent allowed by the Court (the "Fee and Expense Award"); and

(d) to distribute the balance of the Settlement Fund (the "Net Settlement Fund") to Authorized Claimants as allowed by the Stipulation, the Plan of Allocation, or the Court.

5.3 Following the Effective Date, and in accordance with the terms of the Stipulation, the Plan of Allocation, or such further approval and further order(s) of the Court as may be necessary or as circumstances may require, the Net Settlement Fund shall be distributed to Authorized Claimants, subject to and in accordance with §§IV(5.4)-(5.9).

5.4 Within ninety (90) calendar days after the mailing of the Notice or such other time as may be set by the Court, each Person claiming to be an Authorized Claimant shall be required to submit to the Claims Administrator a completed Proof of Claim and Release, in a form containing all material terms of the form of Exhibit A-2 attached hereto, signed under penalty of

perjury and supported by such documents as specified in the Proof of Claim and Release and as are reasonably available to the Class Member.

5.5 Except as otherwise ordered by the Court, all Class Members who fail to timely submit a Proof of Claim and Release within such period, or such other period as may be ordered by the Court, or otherwise allowed, shall be forever barred from receiving any payments pursuant to the Stipulation and the settlement set forth therein, but will in all other respects be subject to and bound by the provisions of the Stipulation, the releases contained herein, and the Judgment. Notwithstanding the foregoing, Lead Counsel may, in their discretion, accept for processing late filed claims so long as distribution of the Net Settlement Fund to Authorized Claimants is not materially delayed.

5.6 The Net Settlement Fund shall be distributed to Authorized Claimants substantially in accordance with a Plan of Allocation to be described in the Notice and approved by the Court. However, if there is any balance remaining in the Net Settlement Fund after six (6) months from the date of distribution of the Net Settlement Fund (whether by reason of tax refunds, uncashed checks, or otherwise), Lead Counsel shall reallocate such balance among Authorized Claimants in an equitable and economic fashion. Thereafter, any balance which still remains in the Net Settlement Fund shall be donated to a legal aid organization serving Louisiana.

5.7 The Released Persons shall have no responsibility for or liability whatsoever with respect to the investment or distribution of the Settlement Fund, the Plan of Allocation, the determination, administration, or calculation of claims, the payment or withholding of Taxes, or any losses incurred in connection therewith.

5.8 No Person shall have any claim against Plaintiff's Counsel, Lead Plaintiff, the Claims Administrator, or any Released Person, based on the distributions made substantially in accordance with the Stipulation and the settlement contained therein, the Plan of Allocation, or further order(s) of the Court.

5.9 It is understood and agreed by the Settling Parties that any proposed plan of allocation of the Net Settlement Fund including, but not limited to, any adjustments to an Authorized Claimant's claim set forth therein, is not a part of the Stipulation and is to be considered by the Court separately from the Court's consideration of the fairness, reasonableness, and adequacy of the settlement set forth in the Stipulation, and any orders or proceedings relating to the Plan of Allocation shall not operate to terminate or cancel the Stipulation or affect the finality of the Court's Judgment approving the Stipulation and the settlement set forth therein, or any other orders entered pursuant to the Stipulation.

6. Attorneys' Fees and Payment of Expenses

6.1 Lead Counsel will submit an application or applications (the "Fee and Expense Application") to the Court for an award from the Settlement Fund of: (i) attorneys' fees of up to 33-1/3% of the Settlement Fund; (ii) payment of litigation expenses incurred in connection with the prosecution of the Action; and (iii) the reasonable costs and expenses (including lost wages) incurred by Lead Plaintiff in conjunction with its representation of the Class. Defendants will take no position regarding the Fee and Expense Application. Attorneys' fees and expenses as awarded by the Court to Lead Counsel shall be paid from the Settlement Fund to Lead Counsel immediately upon entry by the Court of an order awarding such amounts, notwithstanding the existence of any timely filed objections thereto, or potential for appeal therefrom, or collateral attack on the Settlement or any part thereof, subject to Lead Counsel's obligation to repay those

amounts to the Settlement Fund, if and when, as a result of any appeal and/or further proceedings on remand, or successful collateral attack, the fee or cost award is reduced or reversed or return of the Settlement Fund is required consistent with the provisions of §IV(7.6) hereof. In such event, all Plaintiff's Counsel who receive any payment of attorneys' fees or expenses agree that they accept payment subject to the joint and several obligation of each such Plaintiff's Counsel (including their respective partners, shareholders, and/or firms), to make repayment to the Settlement Fund within fifteen (15) business days from receiving notice from Lead Counsel or from a court of appropriate jurisdiction of the amount required to be refunded. Furthermore, all Plaintiff's Counsel (including their respective partners, shareholders, and/or firms) agree that they remain subject to the continuing jurisdiction of the Court for the purpose of enforcing their obligation to repay required attorneys' fees and expenses to the Settlement Fund as provided in this paragraph.

6.2 The procedure for and the allowance or disallowance by the Court of any Fee and Expense Application are not part of the settlement set forth in the Stipulation, and are to be considered by the Court separately from the Court's consideration of the fairness, reasonableness, and adequacy of the settlement set forth in the Stipulation, and any order or proceeding relating to the provisions of §IV(6.1) of this Stipulation, the Fee and Expense Application, or any appeal from any order relating thereto or reversal or modification thereof, shall not operate to terminate or cancel the Stipulation, or affect or delay the finality of the Judgment approving the Stipulation and the settlement of the Litigation set forth therein.

6.3 Defendants and the Related Parties shall have no responsibility for, and no liability whatsoever with respect to, any payment to Plaintiff's Counsel, or any other counsel or Person who receives payment from the Settlement Fund.

6.4 Defendants and the Related Parties shall have no responsibility for, and no liability whatsoever with respect to, the allocation among Plaintiff's Counsel and/or any other Person who may assert some claim thereto, of any Fee and Expense Award that the Court may make in the Litigation, and Defendants and their respective Related Parties take no position with respect to such matters.

7. Conditions of Settlement, Effect of Disapproval, Cancellation, or Termination

7.1 The Effective Date of the Stipulation shall be conditioned on the occurrence of all of the following events:

(a) the Settlement Amount shall have been transferred to the Escrow Agent as required by §IV(2.1) hereof;

(b) the Court has entered the Notice Order as required by §IV(3.1) hereof;

(c) the Court has entered the Judgment substantially in the form and content of Exhibit B attached hereto; and

(d) the Judgment has become Final, as defined in §IV(1.13) hereof.

7.2 Upon the occurrence of all of the events referenced in §IV(7.1) hereof, any and all remaining interest or right of Defendants in or to the Settlement Fund, if any, shall be absolutely and forever extinguished.

7.3 If all of the conditions specified in §IV(7.1) hereof are not met or cannot be met, then the Stipulation shall be canceled and terminated subject to §§IV(7.4)-(7.7) hereof unless Lead Counsel and counsel for Defendants mutually agree in writing to proceed with the Stipulation.

7.4 If, prior to the Settlement Hearing, the aggregate number of shares of LHC common stock purchased by Persons who would otherwise be members of the Class, but who request exclusion from that Class, exceeds the sum specified in a separate supplemental agreement between Lead Plaintiff and Defendants (the “Supplemental Agreement”), Defendants shall have, in their sole and absolute discretion (which must be unanimously exercised), the option to terminate this Stipulation in accordance with the procedures set forth in the Supplemental Agreement. The Supplemental Agreement will not be filed with the Court unless required by the Court or unless and until a dispute as between Lead Plaintiff and Defendants concerning its interpretation or application arises.

7.5 Unless otherwise ordered by the Court, in the event the Stipulation shall terminate, or be canceled, or shall not become effective for any reason, the Settlement Fund (including accrued interest), plus any amount then remaining in the Notice and Administration Fund (including accrued interest), less expenses, Taxes due, if any, and any costs that have either been disbursed pursuant to §§IV(2.4) or (2.5) hereof, or are chargeable to the Notice and Administration Fund, shall be refunded by the Escrow Agent to the entity that paid the proceeds into the Settlement Fund within five (5) business days after written notification of such event is sent by counsel for Defendants. At the request of Defendants’ counsel, the Escrow Agent or its designee shall apply for any refund of Taxes owed to the Settlement Fund and pay the proceeds, after deduction of any fees or expenses incurred in connection with such application(s) for refund, to the entity that paid the proceeds into the Settlement Fund.

7.6 In the event that the Stipulation is not approved by the Court or the settlement set forth in the Stipulation is terminated or fails to become effective in accordance with its terms, the Settling Parties shall be restored to their respective positions in the Litigation as of the date of

this Stipulation. In such event, the terms and provisions of the Stipulation shall have no further force and effect with respect to the Settling Parties and shall not be used in this Litigation or in any other proceeding for any purpose, and any judgment or order entered by the Court in accordance with the terms of the Stipulation shall be treated as vacated, *nunc pro tunc*. No order of the Court or modification or reversal on appeal of any order of the Court concerning the Plan of Allocation or the Fee and Expense Award shall constitute grounds for cancellation or termination of the Stipulation.

7.7 If the Effective Date does not occur, or if the Stipulation is terminated pursuant to its terms, neither Lead Plaintiff nor any Plaintiff's Counsel shall have any obligation to repay any amounts actually and properly disbursed from the Notice and Administration Fund or pursuant to §IV(2.5) hereof. In addition, any expenses already incurred and properly chargeable to the Notice and Administration Fund pursuant to §IV(2.4) hereof at the time of such termination or cancellation, but which have not been paid, shall be paid by the Escrow Agent in accordance with the terms of the Stipulation prior to the balance being refunded in accordance with §IV(7.5) hereof.

7.8 If a case is commenced in respect to any Defendant under Title 11 of the United States Code (Bankruptcy), or a trustee, receiver, or conservator is appointed under any similar law, and in the event of the entry of a final order of a court of competent jurisdiction determining the transfer of the Settlement Fund, or any portion thereof, by or on behalf of such Defendant to be a preference, voidable transfer, fraudulent transfer, or similar transaction, then, as to such Defendant, the releases given and Judgment entered in favor of such Defendant pursuant to this Stipulation shall be null and void.

8. Miscellaneous Provisions

8.1 The Settling Parties: (a) acknowledge that it is their intent to consummate this agreement; and (b) agree to cooperate to the extent reasonably necessary to effectuate and implement all terms and conditions of the Stipulation and to exercise their reasonable best efforts to accomplish the foregoing terms and conditions of the Stipulation.

8.2 The Settling Parties intend this Stipulation to be a final and complete resolution of all disputes between them with respect to the Litigation. The settlement compromises claims that are contested and shall not be deemed an admission by any Settling Party as to the merits of any claim or defense.

8.3 The Final Judgment will contain a statement that during the course of the Litigation, the parties and their respective counsel at all times complied with the requirements of Federal Rule of Civil Procedure 11. The parties agree that the amount paid to the Settlement Fund and the other terms of the settlement were negotiated in good faith by the Settling Parties, and reflect a settlement that was reached voluntarily after consultation with competent legal counsel.

8.4 This Stipulation, whether or not consummated, and any negotiations, discussions, or proceedings in connection herewith shall not be:

(a) offered or received against any Defendant as evidence of or construed as or deemed to be evidence of any presumption, concession, or admission by any Defendant of the truth of any fact alleged by the Class Members, the validity of any claim that has been or could have been asserted in the Litigation, the deficiency of any defense that has been or could have been asserted in the Litigation, or of any liability, negligence, fault, or wrongdoing of Defendants;

(b) offered or received against any Defendant as evidence of a presumption, concession, admission of any fault, misrepresentation, or omission with respect to any statement or written document approved or made by any Defendant;

(c) offered or received against any Defendant as evidence of a presumption, concession, or admission of any liability, negligence, fault, or wrongdoing, or in any way referred to for any other reason as against any of the parties to the Stipulation, in any other civil, criminal, or administrative action or proceeding, other than such proceedings as may be necessary to effectuate the provisions of this Stipulation; provided, however, that Defendants may file the Stipulation and/or the Judgment in any action that may be brought against them in order to support a defense or counterclaim based on principles of *res judicata*, collateral estoppel, release, good faith settlement, judgment bar or reduction or any other theory of claim preclusion or issue preclusion or similar defense or counterclaim. In addition, nothing contained in this paragraph shall prevent this Stipulation (or any agreement or order relating thereto) from being used, offered, or received in evidence in any proceeding to approve, enforce, or otherwise effectuate the Stipulation (or any agreement or order relating thereto) or the Judgment, or to enforce or effectuate provisions of this settlement, the Judgment, or the Proofs of Claim and Release as to Defendants and Released Persons; or

(d) construed against Defendants as an admission or concession that the consideration to be given hereunder represents the amount which could be or would have been recovered after trial.

8.5 All agreements made and orders entered during the course of the Litigation relating to the confidentiality of information shall survive this Stipulation.

8.6 All of the Exhibits to the Stipulation are material and integral parts thereof and are fully incorporated therein by this reference.

8.7 The Stipulation may be amended or modified only by a written instrument signed by or on behalf of all Settling Parties or their respective successors-in-interest.

8.8 The Stipulation, the Exhibits attached hereto, and the Supplemental Agreement constitute the entire agreement among the Settling Parties hereto and no representations, warranties, or inducements have been made to any Settling Party concerning the Stipulation, its Exhibits, or the Supplemental Agreement other than the representations, warranties, and covenants contained and memorialized in such documents. Except as otherwise provided therein, each Settling Party shall bear its own costs.

8.9 Lead Counsel is expressly authorized by Lead Plaintiff to take all appropriate action required by the Stipulation to effectuate its terms and also are expressly authorized to enter into any modifications or amendments to the Stipulation that they deem appropriate.

8.10 Each counsel or other Person executing the Stipulation or any of its Exhibits on behalf of any Settling Party hereto hereby warrants that such Person has the full authority to do so.

8.11 The Stipulation may be executed in one or more counterparts. All executed counterparts and each of them shall be deemed to be one and the same instrument. A complete set of original executed counterparts shall be filed with the Court pursuant to §IV(3.1) hereof.

8.12 The Stipulation shall be binding upon, and inure to the benefit of, the successors and assigns of the Settling Parties hereto.


8.13 The Court shall retain jurisdiction with respect to implementation and enforcement of the terms of the Stipulation, and all Settling Parties hereto submit to the

jurisdiction of the Court for purposes of implementing and enforcing the settlement embodied in the Stipulation.

8.14 In the event that the Court or any other court is called upon to interpret this Stipulation, no one Settling Party or group of Settling Parties shall be deemed to have drafted this Stipulation.

8.15 The section headings used throughout this Stipulation are for convenience only and shall not affect the interpretation or construction of this Stipulation.

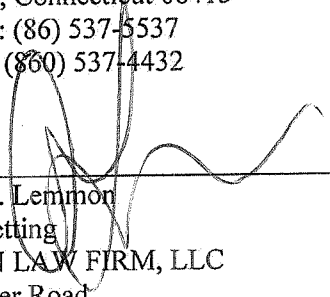
IN WITNESS WHEREOF, the parties hereto have caused the Stipulation to be executed, by their duly authorized attorneys dated as of June 16, 2014.



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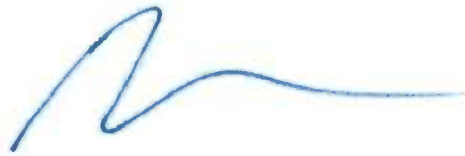
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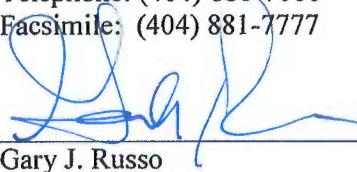


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