SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

---

FORM 10-K

[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 1994

or

[ ] Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 (No Fee Required)

For the Transition period from ______________ to _____________

Commission File Number: 1-8351

CHEMED CORPORATION
(Exact name of registrant as specified in its charter)

| | |
|---|---|
| DELAWARE | 31-0791746 |
| (State or other jurisdiction of incorporation or organization) | (I.R.S. Employer Identification Number) |

2600 Chemed Center, 255 East Fifth Street, Cincinnati, Ohio 45202-4726
(Address of principal executive offices) (Zip Code)

(513) 762-6900
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

| Title of each class | Name of each exchange on which registered |
|---|---|
| Capital Stock - Par Value $1 Per Share | New York Stock Exchange |

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes X No .

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. X

The aggregate market value of the voting stock held by non-affiliates of the registrant, based upon the closing price of said stock on the New York Stock Exchange - Composite Transaction Listing on March 20, 1995 ($31.875 per share), was $308,650,210.

At March 20, 1995, 9,932,148 shares of Chemed Corporation Capital Stock (par value $1 per share) were outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

| DOCUMENT | WHERE INCORPORATED |
| --- | --- |
| 1994 Annual Report to Stockholders (Specified Portions) | Parts I, II and IV |
| Proxy Statement for Annual Meeting to be held May 15, 1995. | Part III |



CHEMED CORPORATION

1994 FORM 10-K ANNUAL REPORT

TABLE OF CONTENTS





PART I

ITEM 1. BUSINESS

GENERAL

Chemed Corporation was incorporated in Delaware in 1970 as a subsidiary of W. R. Grace & Co. and succeeded to the business of W. R. Grace & Co.'s Specialty Products Group as of April 30, 1971 and remained a subsidiary of W. R. Grace & Co. until March 10, 1982. As used herein, "Company" refers to Chemed Corporation, "Chemed" refers to Chemed Corporation and its subsidiaries and "Grace" refers to W. R. Grace & Co. and its subsidiaries.

On March 10, 1982, the Company transferred to Dearborn Chemical Company, a wholly owned subsidiary of the Company, the business and assets of the Company's Dearborn Group, including the stock of certain subsidiaries within the Dearborn Group, plus $185 million in cash, and Dearborn Chemical Company assumed the Dearborn Group's liabilities. Thereafter, on March 10, 1982 the Company transferred all of the stock of Dearborn Chemical Company to Grace in exchange for 16,740,802 shares of the capital stock of the Company owned by Grace with the result that Grace no longer has any ownership interest in the Company.

On December 31, 1986, the Company completed the sale of substantially all of the business and assets of Vestal Laboratories, Inc., a wholly owned subsidiary ("Vestal"). The Company received cash payments aggregating approximately $67.4 million over the four-year period following the closing, the substantial portion of which was received on December 31, 1986.

On April 2, 1991, the Company completed the sale of DuBois Chemicals, Inc. ("DuBois"), a wholly owned subsidiary, to the Diversey Corporation ("Diversey"), a subsidiary of The Molson Companies Ltd. Under the terms of the sale, Diversey agreed to pay the Company net cash payments aggregating $223,386,000, including deferred payments aggregating $32,432,000. As of December 31, 1994, the Company had received cash payments totaling $209,738,000.

On December 21, 1992, the Company acquired The Veratex Corporation and related businesses ("Veratex Group") from Omnicare, Inc., a publicly traded company in which Chemed currently maintains a 5.8%-ownership interest. The purchase price was $62,120,000 in cash paid at closing, plus a post-closing payment of $1,514,000 (paid in April 1993) based on the net assets of Veratex.

Effective January 1, 1994, the Company acquired all the capital stock of Patient Care, Inc. ("Patient Care"), for cash payments aggregating $20,582,000, including deferred payments with a present value of $6,582,000, plus 17,500 shares of the Company's Capital Stock. Additional cash payments of up to $2,000,000 may be made, the amount being contingent upon the earnings of Patient Care.

During 1994, the Company conducted its business operations in four segments: National Sanitary Supply Company ("National Sanitary Supply"), Roto-Rooter, Inc. ("Roto-Rooter"), Veratex Group ("Veratex") and Patient Care.

## FINANCIAL INFORMATION ABOUT INDUSTRY SEGMENTS

The required segment and geographic data for the Company's continuing operations (as described below) for the three years ended December 31, 1992, 1993 and 1994, are shown in the "Sales and Profit Statistics by Business Segment" and the "Additional Segment Data" on pages 32, 33 and 36 of the 1994 Annual Report to Stockholders and are incorporated herein by reference.





## DESCRIPTION OF BUSINESS BY SEGMENT

The information called for by this item is included within Note 1 of the Notes to Financial Statements appearing on page 23 of the 1994 Annual Report to Stockholders and is incorporated herein by reference.

## PRODUCT AND MARKET DEVELOPMENT

Each segment of Chemed's business engages in a continuing program for the development and marketing of new products. While new product and new market development are important factors for the growth of each active segment of

Chemed's business, Chemed does not expect that any new product or marketing effort, including those in the development stage, will require the investment of a material amount of Chemed's assets.

RAW MATERIALS

The principal raw materials needed for each active segment of Chemed's United States manufacturing operations are purchased from United States sources. No segment of Chemed experienced any material raw material shortages during 1994, although such shortages may occur in the future. Products manufactured and sold by Chemed's active business segments generally may be reformulated to avoid the adverse impact of a specific raw material shortage.

PATENTS, SERVICE MARKS AND LICENSES

The Roto-Rooter(R) trademark and service mark have been used and advertised since 1935 by Roto-Rooter Corporation, a wholly owned subsidiary of Roto-Rooter, Inc., a 59%-owned subsidiary of the Company. The Roto-Rooter(R) marks are among the most highly recognized trademarks and service marks in the United States. Chemed considers the Roto-Rooter(R) marks to be a valuable asset and a significant factor in the marketing of Roto-Rooter's franchises, products and services and the products and services provided by its franchisees.

INVENTORIES

Chemed maintains local warehousing and delivery arrangements throughout the United States to provide prompt delivery service to its customers. Inventories on hand for each active segment are not considered high in relation to industry standards for the business involved. In general, terms and conditions of sale for each segment follow usual and customary industry standards.

COMPETITION

NATIONAL SANITARY SUPPLY

Chemed considers National Sanitary Supply (with its subsidiaries Century Papers, Inc. and NSS Development) to be a leader in the janitorial maintenance supply distribution market in the western, southwestern and midwestern United States (Arizona, California, Colorado, Indiana, Louisiana, Michigan, Mississippi, Missouri, Nevada, New Mexico, Ohio, Oklahoma, Oregon, Tennessee, Texas, Utah and Washington). This subsidiary markets a broad line of cleaning chemicals, paper goods, plastic products, waste handling products and other janitorial supplies to a wide range of customers. The market for sanitary maintenance and paper supplies is highly competitive and entry is relatively easy. Competition is, however, highly fragmented in most geographic markets. In the United States, approximately 9,000 firms compete in the sanitary maintenance supply distribution business on a local or regional basis. The principal competitive factors in this market are the level of service provided; range of products offered; speed, efficiency and reliability of delivery; and price. There are a number of local janitorial supply companies that compete with National Sanitary Supply in its market. The principal competitive factors in the janitorial supply market in order of importance are breadth of product line, prompt delivery and price. While remaining price competitive, National Sanitary Supply maintains a product line that is generally broader than its competitors and has earned an excellent reputation for prompt delivery and customer service.





Federal, state and local governmental agencies accounted for approximately 6 percent of National Sanitary Supply's total sales for 1994. These sales are attributable to over 4,000 different agencies whose purchasing decisions are made separately. While it is believed that the loss of the sales to these agencies in the aggregate would be material, the decentralized purchasing decisions make the loss of a significant number of such accounts at any given time unlikely. National Sanitary Supply also had sales to one customer, Sonic Corporation, which comprised approximately 14 percent of sales in 1994. This customer is a fast-food restaurant chain consisting of approximately 1,250 franchises and 150 company-owned restaurants. Sales to this customer consisted primarily of low-margin food-service products such as paper napkins, plates and cups. Other than sales to the aforementioned entities, no one customer accounts for more than two percent of net sales.

### ROTO-ROOTER

All aspects of the sewer, drain, and pipe cleaning, and appliance and plumbing repair businesses are highly competitive. Competition is, however, fragmented in most markets with local and regional firms providing the primary competition. The principal methods of competition are advertising, range of services provided, speed and quality of customer service, service guarantees, and pricing.

No individual customer or market group is critical to the total sales of this segment.

### VERATEX

In distributing medical and dental products, Veratex competes with numerous mail-order businesses; medical, dental and veterinary supply houses; and manufacturers of disposable paper, cotton and gauze products. Veratex competes in this market on the basis of customer service, product quality and price. At times, its pricing policy has been subject to considerable competitive pressures, limiting the ability to implement price increases.

No individual customer or market group is critical to the total sales of this segment.

### PATIENT CARE

The home healthcare services industry and, in particular, the nursing and personal care segment is highly competitive. Patient Care competes with numerous local, regional and national home healthcare services companies. Patient Care competes on the basis of quality, cost- effectiveness and its ability to service its referral base quickly throughout its regional markets.

Patient Care has contracts with several customers, the loss of any one or more of which could have a material adverse effect on this segment.

## RESEARCH AND DEVELOPMENT

Chemed engages in a continuous program directed toward the development of new products and processes, the improvement of existing products and processes, and the development of new and different uses of existing products. The research and development expenditures from continuing operations have not been nor are they expected to be material.

## ENVIRONMENTAL MATTERS

Chemed's operations are subject to various federal, state and local laws and regulations regarding the environmental aspects of the manufacture and distribution of chemical products. Chemed, to the best of its knowledge, is currently in compliance in all material respects with the environmental laws and regulations affecting its operations. Such environmental laws, regulations and enforcement proceedings have not required Chemed to make material increases in or modifications to its capital expenditures and they have not had a material adverse effect on sales or net income.

In connection with the sale of DuBois to the Diversey Corporation, the Company contractually assumed for a period of ten years the estimated liability for potential environmental cleanup and related costs arising from the sale of DuBois up to a maximum of $25,500,000. The Company has accrued $15,500,000 with respect to these potential liabilities. Prior to the sale of DuBois, DuBois had been designated as a Potentially Responsible Party ("PRP") at fourteen Superfund sites by the U.S. Environmental Protection Agency ("USEPA"). With respect to all of these sites, the Company has been unable to locate any records indicating it disposed of waste of any kind at such sites. Nevertheless, it settled claims at five such sites at minimal cost. In addition, because there were a number of other financially responsible companies designated as PRPs relative to these sites, management believes that it is unlikely that such actions will have a material effect on the Company's financial condition or results of operations. With respect to one of these sites, the Company's involvement is based on the location of one of its manufacturing plants. Currently, the USEPA and the state governmental agency are attempting to resolve jurisdictional issues, and action against PRPs is not proceeding.

Capital expenditures for the purposes of complying with environmental laws and regulations during 1995 and 1996 with respect to continuing operations are not expected to be material in amount; there can be no assurance, however, that presently unforeseen legislative or enforcement actions will not require additional expenditures.

EMPLOYEES

On December 31, 1994, Chemed had a total of 6,602 employees; 6,549 were located in the United States and 53 were in Canada.

ITEM 2. PROPERTIES

Chemed has plants and offices in various locations in the United States. The major facilities operated by Chemed are listed below by industry segment. All "owned" property is held in fee and is not subject to any major encumbrance. Except as otherwise shown, the leases have terms ranging from one year to thirteen years. Management does not foresee any difficulty in renewing or replacing the remainder of its current leases. Chemed considers all of its major operating properties to be maintained in good operating condition and to be generally adequate for present and anticipated needs.

| Location | Type | Owned | Leased |
|---|---|---|---|
| | NATIONAL SANITARY SUPPLY COMPANY | | |
| Los Angeles, CA | Office, manufacturing and distribution center | 190,000 sq. ft. | -- |
| Tempe, AZ | Office and distribution center | 69,000 sq. ft. | -- |
| San Francisco (Area), CA | Office and distribution center | -- | 66,000 sq. ft. |
| Denver, CO | Office and distribution center | -- | 53,000 sq. ft. |
| Marion, IN | Office and distribution center | 30,000 sq. ft. | -- |
| Jackson, MS | Office and distribution center | -- | 19,000 sq. ft. |

| | | | |
|---|---|---|---|
| Tupelo, MS | Office and distribution center | -- | 33,000 sq. ft. |
| Kansas City, MO | Office and distribution center | -- | 25,000 sq. ft. |





| Location | Type | Owned | Leased |
|---|---|---|---|
| (NATIONAL SANITARY SUPPLY COMPANY - CONTINUED) | | | |
| St. Louis, MO | Office and distribution center | -- | 16,000 sq. ft. |
| Las Vegas, NV | Office and distribution center | 24,000 sq. ft. | -- |
| Albuquerque, NM | Office and distribution center | -- | 38,000 sq. ft. |
| Fairfield, OH | Office and distribution center | -- | 38,000 sq. ft. |
| Toledo, OH | Office and distribution center | -- | 65,000 sq. ft. |
| Oklahoma City, OK | Office and distribution center | 14,000 sq. ft. | 77,000 sq. ft. |
| Portland, OR | Office and distribution center | 56,000 sq. ft. | -- |
| Memphis, TN | Office and distribution center | -- | 66,000 sq. ft. |
| Knoxville, TN | Office and distribution center | -- | 17,000 sq. ft. |
| Amarillo, TX | Office and distribution center | -- | 25,000 sq. ft. |
| Beaumont, TX | Office and distribution center | -- | 14,000 sq. ft. |
| Corpus Christi, TX | Office and distribution center | -- | 58,000 sq. ft. |
| Dallas, TX | Office and distribution center | 54,000 sq. ft. | -- |
| El Paso, TX | Office and distribution center | 18,000 sq. ft. | -- |
| Houston, TX | Office and distribution center | -- | 102,000 sq. ft. |
| Laredo, TX | Office and distribution center | -- | 10,000 sq. ft. |
| McAllen, TX | Office and distribution center | -- | 9,000 sq. ft. |
| New Braunfels, TX | Office and distribution center | -- | 54,000 sq. ft. |
| Salt Lake City, UT | Office and distribution center | -- | 20,000 sq. ft. |
| Seattle, WA | Office and distribution center | -- | 15,000 sq. ft. |





| Location | Type | Owned | Leased |
|---|---|---|---|
| (NATIONAL SANITARY SUPPLY COMPANY - CONTINUED) | | | |
| Branch Sales Offices (1) | Branch sales offices | 3,000 sq. ft. | 184,000 sq. ft. |

| | | | |
|---|---|---|---|
| | | ROTO-ROOTER, INC. | |
| Cincinnati, OH | Office and service facilities | 19,000 sq. ft. | 24,000 sq. ft. |
| West Des Moines IA | Office, manufacturing and distribution facilities | 29,000 sq. ft. | -- |
| Northeastern U.S. Area (2) | Office and service facilities | 42,000 sq. ft. | 21,000 sq. ft. |
| Central U.S. Area (3) | Office and service facilities | 36,000 sq. ft. | 23,000 sq. ft. |
| Mid-Atlantic U.S. Area (4) | Office and service facilities | 57,000 sq. ft. | 87,000 sq. ft. |
| Western U.S. Area (5) | Office and service facilities | 19,000 sq. ft. | 38,000 sq. ft. |
| Canada (6) | Office and service facilities | -- | 7,000 sq. ft. |
| | | VERATEX | |
| Troy, MI | Office and distribution center | -- | 81,000 sq. ft. |
| Detroit, MI | Manufacturing facility | 64,000 sq. ft. | -- |
| Lexington, KY | Office and distribution center | -- | 157,000 sq. ft. |
| Lakeland, FL | Office, manufacturing and distribution center | -- | 76,000 sq. ft. |
| Rialto, CA (7) | Office, manufacturing and distribution center | 132,000 sq. ft. | -- |
| | | PATIENT CARE | |
| New Jersey (8) | Office | - | 55,000 sq. ft. |
| Connecticut (9) | Office | - | 7,000 sq. ft. |
| New York(10) | Office | - | 27,000 sq. ft. |
| | | CORPORATE | |
| CORPORATE (11) | | | |
| Cincinnati, OH | Corporate offices and related facilities | -- | 48,000 sq. ft. |

______________________





<FN>

- ---------------

(1) Comprising forty-three separate branch sales offices located throughout the western, midwestern, and southwestern United States.

(2) Comprising locations in Baltimore and Jessup, Maryland; Stoughton and Woburn, Massachusetts; Stratford and Bloomfield, Connecticut; West Seneca, West Hempstead, Bayside and Hawthorne, New York; and Cranston, Rhode Island.

(3) Comprising locations in Atlanta, Georgia; Birmingham, Alabama; Charlotte, North Carolina; Hilliard and Cleveland, Ohio; Memphis and Nashville, Tennessee; Wilmerding, Pennsylvania; and St. Louis, Missouri.

(4) Comprising locations in Pennsauken and North Brunswick, New Jersey; Jacksonville, Medley, Pompano Beach, Ft. Myers, St. Petersburg, Boca Raton, Daytona Beach and Orlando, Florida; Virginia Beach and Fairfax, Virginia; Levittown, Pennsylvania; Raleigh, North Carolina; and Newark, Delaware.

(5) Comprising locations in Houston and San Antonio, Texas; Addison, Elk Grove Village and Posen, Illinois; Denver, Colorado; Honolulu, Hawaii; Minneapolis, Minnesota; Tacoma, Washington; and Phoenix, Arizona.

(6) Comprising locations in Delta, British Columbia and Boucherville, Quebec.

(7) Excludes 36,000 square feet of office, manufacturing and warehouse facilities in Pomona, California that are sublet to an outside third party.

(8) Comprising locations in Camden, Englewood, Milburn, Princeton, Ridgewood, Somerville, Spring Lake, Trenton, Upper Montclair, Westfield, and West Orange, New Jersey.

(9) Comprising locations in Greenwich, Hartford, and Madison, Connecticut.

(10) Comprising locations in Brooklyn, Manhattan, Queens, and Staten Island, New York.

(11) Excludes 93,000 square feet in current Cincinnati, Ohio office facilities that are sublet to outside parties - portions of this space may revert to the Company beginning 2000. Includes 38,000 square feet leased for the Company's corporate office facilities.

ITEM 3. LEGAL PROCEEDINGS

None.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS.

None.

EXECUTIVE OFFICERS OF THE COMPANY

| Name | Age | Office | First Elected |
|---|---|---|---|
| Edward L. Hutton | 75 | Chairman and Chief Executive Officer | November 3, 1993 (1) |
| Kevin J. McNamara | 41 | President | August 2, 1994 (2) |
| Paul C. Voet | 48 | Executive Vice President | May 20, 1991 (3) |
| Timothy S. O'Toole | 39 | Executive Vice President and Treasurer | May 18, 1992 (4) |
| Sandra E. Laney | 51 | Senior Vice President and Chief Administrative Officer | November 3, 1993 (5) |
| Arthur V. Tucker | 45 | Vice President and Controller | May 20, 1991 (6) |

<FN>

(1) Mr. E. L. Hutton is the Chairman and Chief Executive Officer of the Company and has held these positions since November 1993. Previously, from April 1970 to November 1993, Mr. E. L. Hutton held the positions of President and Chief Executive Officer of the Company. Mr. E. L. Hutton is the father of Mr. T. C. Hutton, a director and a Vice President of the Company.





(2) Mr. K. J. McNamara is President of the Company and has held this position since August 1994. Previously, he served as an Executive Vice President, Secretary and General Counsel of the Company, since November 1993, August 1986 and August 1986, respectively. He previously held the position of Vice President of the Company, from August 1986 to May 1992.

(3) Mr. P. C. Voet is an Executive Vice President of the Company and has held this position since May 1991. From May 1988 to November 1993, he

served the Company as Vice Chairman. Mr. Voet is President and Chief Executive Officer of National Sanitary Supply.

(4) Mr. T. S. O'Toole is an Executive Vice President and the Treasurer of the Company and has held these positions since May 1992 and February 1989, respectively.

(5) Ms. S. E. Laney is Senior Vice President and the Chief Administrative Officer of the Company and has held these positions since November 1993 and May 1991, respectively. Previously, from May 1984 to November 1993, she held the position of Vice President of the Company.

(6) Mr. A. V. Tucker is a Vice President and Controller of the Company and has held these positions since February 1989. From May 1983 to February 1989, he held the position of Assistant Controller of the Company.

Each executive officer holds office until the annual election at the next annual organizational meeting of the Board of Directors of the Company which is scheduled to be held on May 15, 1995.

# PART II

## ITEM 5. MARKET FOR THE REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS.

The Company's Capital Stock (par value $1 per share) is traded on the New York Stock Exchange under the symbol CHE. The range of the high and low sale prices on the New York Stock Exchange and dividends paid per share for each quarter of 1993 and 1994 are set forth below.

| | Closing | | |
|---|---|---|---|
| | High | Low | Dividends Paid Per Share |
| 1994 | | | |
| First Quarter | $34-3/4 | $30-5/8 | $.51 |
| Second Quarter | 35-3/4 | 31-5/8 | .51 |
| Third Quarter | 36 | 32-1/2 | .51 |
| Fourth Quarter | 35-1/2 | 31 | .51 |
| 1993 | | | |
| First Quarter | $29-1/2 | $26-1/4 | $.50 |
| Second Quarter | 30-7/8 | 25-3/4 | .50 |
| Third Quarter | 31-3/4 | 29-7/8 | .50 |
| Fourth Quarter | 32-3/4 | 29-3/4 | .51 |

Future dividends are necessarily dependent upon the Company's earnings and financial condition, compliance with certain debt covenants and other factors not presently determinable.

As of March 20, 1995, there were approximately 6,766 stockholders of record of the Company's Capital Stock. This number only includes stockholders of record and does not include stockholders with shares beneficially held for them in nominee name or within clearinghouse positions of brokers, banks or other institutions.

## ITEM 6. SELECTED FINANCIAL DATA.

The information called for by this Item for the five years ended December 31, 1994 is set forth on pages 34 and 35 of the 1994 Annual Report to Stockholders and the information for each of the five years in the period ending December 31, 1994 is incorporated herein by reference.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

The information called for by this Item is set forth on pages 37 through 40 of the 1994 Annual Report to Stockholders and is incorporated herein by reference.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.

The consolidated financial statements, together with the report thereon of Price Waterhouse dated February 1, 1995, appearing on pages 17 through 30 of the 1994 Annual Report to Stockholders, along with the Supplementary Data (Unaudited Summary of Quarterly Results) appearing on page 31, are incorporated herein by reference.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE.

None.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT.

The directors of the Company are:

| | |
|---|---|
| J. Peter Grace | Sandra E. Laney |
| Edward L. Hutton | Kevin J. McNamara |
| James A. Cunningham | John M. Mount |
| James H. Devlin | Timothy S. O'Toole |
| Charles H. Erhart, Jr. | D. Walter Robbins, Jr. |
| Joel F. Gemunder | Paul C. Voet |
| William R. Griffin | Hugh A. Westbrook |
| Thomas C. Hutton | |

Except with respect to the age and business experience of Mr. Westbrook, the additional information required under this Item with respect to directors and executive officers is set forth in the Company's 1995 Proxy Statement and in Part I hereof under the caption "Executive Officers of the Registrant" and is incorporated herein by reference. The information with respect to Mr. Westbrook is set forth below:

Mr. Westbrook is Chairman and Chief Executive Officer of Vitas Healthcare Corporation, Miami, Florida (comprehensive health care for terminally ill persons and their families). He has held these positions since September 1983. Mr. Westbrook is fifty years old.

ITEM 11. EXECUTIVE COMPENSATION.

Information required under this Item is set forth in the Company's 1995 Proxy Statement, which is incorporated herein by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT.

Information required under this Item is set forth in the Company's 1995 Proxy Statement, which is incorporated herein by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS.

Information required under this Item is set forth in the Company's 1995 Proxy Statement, which is incorporated herein by reference.

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULE AND REPORTS ON FORM 8-K.

EXHIBITS





| | |
|---|---|
| 3.1 | Certificate of Incorporation of Chemed Corporation.* |
| 3.2 | By-Laws of Chemed Corporation.* |
| 10.1 | Agreement and Plan of Merger among Diversey U.S. Holdings, Inc., D. C. Acquisition Inc., Chemed Corporation and DuBois Chemicals, Inc., dated as of February 25, 1991.* |
| 10.2 | Stock Purchase Agreement between Omnicare, Inc. and Chemed Corporation, dated as of August 5, 1992.* |
| 10.3 | 1978 Stock Incentive Plan, as amended through May 20, 1991.*,** |
| 10.4 | 1981 Stock Incentive Plan, as amended through May 20, 1991.*,** |
| 10.5 | 1983 Incentive Stock Option Plan, as amended through May 20, 1991.*,** |
| 10.6 | 1986 Stock Incentive Plan, as amended through May 20, 1991.*,** |
| 10.7 | 1988 Stock Incentive Plan, as amended through May 20, 1991.*,** |
| 10.8 | 1993 Stock Incentive Plan.*,** |
| 10.9 | Executive Salary Protection Plan, as amended through November 3, 1988.*,** |
| 10.10 | Excess Benefits Plan, as amended effective November 1, 1985.*,** |
| 10.11 | Non-Employee Directors' Deferred Compensation Plan.*,** |
| 10.12 | Directors Emeriti Plan.*,** |
| 10.13 | Employment Contracts with Executives.*,** |
| 10.14 | Amendment No. 6 to Employment Contracts with Executives.** |
| 11. | Statement re: Computation of Earnings Per Common Share. |
| 13. | 1994 Annual Report to Stockholders. |
| 21. | Subsidiaries of Chemed Corporation. |
| 23. | Consent of Independent Accountants. |
| 24. | Powers of Attorney. |
| 27. | Financial Data Schedule |

<FN>

* This exhibit is being filed by means of incorporation by reference (see Index to Exhibits on page E-1). Each other exhibit is being filed with this Annual Report on Form 10-K.

** Management contract or compensatory plan or arrangement.

FINANCIAL STATEMENT SCHEDULE

See Index to Financial Statements and Financial Statement Schedule on page S-1.

REPORTS ON FORM 8-K

A report on Form 8-K was filed dated November 30, 1994 reporting the sale of 1,570,000 shares of the capital stock of Omnicare, Inc. This report included an unaudited pro forma consolidated balance sheet of Chemed as of September 30, 1994 and unaudited pro forma statements of income of Chemed for the nine months ended September 30, 1994 and for the year ended December 31, 1993.

## SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

CHEMED CORPORATION

March 28, 1995

By /s/ Edward L. Hutton

Edward L. Hutton
Chairman and Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

| Signature | Title | Date |
|---|---|---|
| /s/ Edward L. Hutton<br>Edward L. Hutton | Chairman and Chief Executive Officer and a Director (Principal Executive Officer) | March 28, 1995 |
| /s/ Timothy S. O'Toole<br>Timothy S. O'Toole | Executive Vice President and Treasurer and a Director (Principal Financial Officer) | March 28, 1995 |
| /s/ Arthur V. Tucker<br>Arthur V. Tucker | Vice President and Controller (Principal Accounting Officer) | March 28, 1995 |
| J. Peter Grace*<br>James A. Cunningham*<br>James H. Devlin*<br>Charles H. Erhart, Jr.*<br>Joel F. Gemunder*<br>William R. Griffin*<br>Thomas C. Hutton* | Sandra E. Laney*<br>Kevin J. McNamara*<br>John M. Mount*<br>D. Walter Robbins, Jr.*<br>Paul C. Voet*<br>Hugh A. Westbrook*<br>--Directors | March 28, 1995 |

---

* Naomi C. Dallob by signing her name hereto signs this document on behalf of each of the persons indicated above pursuant to powers of attorney duly executed by such persons and filed with the Securities and Exchange Commission.

March 28, 1995
Date

/s/ Naomi C. Dallob

Naomi C. Dallob
(Attorney-in-Fact)



CHEMED CORPORATION AND SUBSIDIARY COMPANIES

INDEX TO FINANCIAL STATEMENTS AND FINANCIAL STATEMENT SCHEDULE

1992, 1993 AND 1994

CHEMED CORPORATION CONSOLIDATED FINANCIAL STATEMENTS AND FINANCIAL STATEMENT SCHEDULE — PAGE(S)



<FN>
* Indicates page numbers in Chemed Corporation 1994 Annual Report to Stockholders.

---

The consolidated financial statements of Chemed Corporation listed above, appearing in the 1994 Annual Report to Stockholders, are incorporated herein by reference. The Financial Statement Schedule should be read in conjunction with the consolidated financial statements listed above. Schedules not included have been omitted because they are not applicable or the required information is shown in the financial statements or notes thereto as listed above.





REPORT OF INDEPENDENT ACCOUNTANTS ON FINANCIAL STATEMENT SCHEDULE

To the Board of Directors
of Chemed Corporation

Our audits of the consolidated financial statements referred to in our report dated February 1, 1995 appearing on page 17 of the 1994 Annual Report to Stockholders of Chemed Corporation (which report and consolidated financial statements are incorporated by reference in this Annual Report on Form 10-K) also included an audit of the Financial Statement Schedule listed in Item 14 of this Form 10-K. In our opinion, the Financial Statement Schedule presents fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements.

/s/ Price Waterhouse LLP
\- ------------------------
PRICE WATERHOUSE LLP

Cincinnati, Ohio
February 1, 1995

SCHEDULE VIII

CHEMED CORPORATION AND SUBSIDIARY COMPANIES
VALUATION AND QUALIFYING ACCOUNTS (a)
(in thousands)
Dr/(Cr)

| | | Additions | | | | |
|---|---|---|---|---|---|---|
| Description | Balance at Beginning of Period | (Charged) Credited to Costs and Expenses | (Charged) Credited to Other Accounts | Applicable to Companies Acquired in Period | Deductions (b) | Balance at End of Period |
| Allowances for doubtful accounts (c) - | | | | | | |
| For the year 1994......... | $ (2,391) | $(1,774) | $ - | $ (218) | $ 1,409 | $ (2,974) |
| For the year 1993......... | $ (1,837) | $(1,766) | $ - | $ ( 19) | $ 1,231 | $ (2,391) |
| For the year 1992......... | $ (1,910) | $(1,616) | $ - | $ (222) | $ 1,911 | $ (1,837) |
| Allowances for doubtful accounts - notes receivable (d) - | | | | | | |
| For the year 1994......... | $ (493) | $ (81) | $ - | $ - | $ 307 | $ (267) |
| For the year 1993......... | $ (312) | $ (253) | $ - | $ - | $ 72 | $ (493) |
| For the year 1992......... | $ (319) | $ - | $ - | $ - | $ 7 | $ (312) |

<FN>
(a) Amounts are presented on a continuing operations basis.
(b) Deductions include accounts considered uncollectible or written off, payments, companies divested, etc. With respect to marketable securities, deductions relate to the sale of securities.
(c) Classified in consolidated balance sheet as a reduction of accounts receivable.
(d) Classified in consolidated balance sheet as a reduction of other assets.





INDEX TO EXHIBITS

| | | Page Number or Incorporation by Reference | |
|---|---|---|---|
| Exhibit Number | | File No. and Filing Date | Previous Exhibit No. |
| 3.1 | Certificate of Incorporation of Chemed Corporation | Form S-3 Reg. No. 33-44177 11/26/91 | 4.1 |

| | | | |
|---|---|---|---|
| 3.2 | By-Laws of Chemed Corporation | Form 10-K 3/23/89 | 3 |
| 10.1 | Agreement and Plan of Merger among Diversey U. S. Holdings, Inc., D. C. Acquisition Inc., Chemed Corporation and DuBois Chemicals, Inc., dated as of February 25, 1991 | Form 8-K 3/11/91 | 1 |
| 10.2 | Stock Purchase Agreement between Omnicare, Inc. and Chemed Corporation dated as of August 5, 1992 | Form 10-K 3/25/93 | 5 |
| 10.3 | 1978 Stock Incentive Plan, as amended through May 20, 1991 | Form 10-K 3/27/92 | 6 |
| 10.4 | 1981 Stock Incentive Plan, as amended through May 20, 1991 | Form 10-K 3/27/92 | 7 |
| 10.5 | 1983 Incentive Stock Option Plan, as amended through May 20, 1991 | Form 10-K 3/27/92 | 8 |
| 10.6 | 1986 Stock Incentive Plan, as amended through May 20, 1991 | Form 10-K 3/27/92 | 9 |
| 10.7 | 1988 Stock Incentive Plan, as amended through May 20, 1991 | Form 10-K 3/27/92 | 10 |
| 10.8 | 1993 Stock Incentive Plan | Form 10-K 3/29/94 | 10.8 |
| 10.9 | Executive Salary Protection Plan, as amended through November 3, 1988 | Form 10-K 3/28/89 | 11 |
| 10.10 | Excess Benefits Plan, as amended effective November 1, 1985 | Form 10-Q 11/12/85 | 3 |
| 10.11 | Non-Employee Directors' Deferred Compensation Plan | Form 10-K 3/24/88 | 12 |
| 10.12 | Directors Emeriti Plan | Form 10-Q 5/12/88 | 2 |
| 10.13 | Employment Contracts with Executives | Form 10-K 3/28/89 | 18 |
| 10.14 | Amendment No. 6 to Employment Contracts with Executives | * | |



| | | |
|---|---|---|
| 11 | Statement re: Computation of Earnings Per Common Share | * |
| 13 | 1994 Annual Report to Stockholders | * |
| 21 | Subsidiaries of Chemed Corporation | * |
| 23 | Consent of Independent Accountants | * |
| 24 | Powers of Attorney | * |
| 27 | Financial Data Schedule | * |

_______________________
<FN>
* Filed herewith

1

EXHIBIT 10.14

AMENDMENT NO. 6
TO EMPLOYMENT AGREEMENT

AGREEMENT dated as of May 16, 1994 between _________________ ("Employee") and Chemed Corporation (the "Company").

WHEREAS, Employee and the Company have entered into an Employment Agreement dated as of May 2, 1988 and amended May 15, 1989, May 21, 1990, May 20, 1991, May 18, 1992 and May 17, 1993 ("Employment Agreement"); and

WHEREAS, Employee and the Company desire to further amend the Employment Agreement in certain respects.

NOW, THEREFORE, Employee and the Company mutually agree that the Employment Agreement shall be amended, effective as of May 16, 1994, as follows:

A. The date, amended as of May 17, 1993, set forth in Section 1.2 of the Employment Agreement, is hereby deleted and the date of May 3, 1999 is hereby substituted therefor.

B. The amount of unrestricted stock award recognized in lieu of incentive compensation in 1993 is $_________________.

Except as specifically amended in this Amendment No. 6 to Employment Agreement, the Employment Agreement, as amended, shall continue in full force and effect in accordance with its terms, conditions and provisions.

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

EMPLOYEE

_____________________

CHEMED CORPORATION

_____________________
Kevin J. McNamara
Executive Vice President,
Secretary and General Counsel

2

SCHEDULE TO EXHIBIT 10.14

| Name and Position | Minimum Annual Base Salary and Bonus | Current (a) Stock Award Compensation | Current Expiration Date of Agreement |
|---|---|---|---|
| Edward L. Hutton<br>Chairman and Chief Executive Officer | $500,000<br>246,000 | $273,217 | 5/3/99 |
| Kevin J. McNamara<br>President | 146,000<br>35,750 | 16,557 | 5/3/99 |

| | | | |
|---|---|---|---|
| Paul C. Voet<br>Executive Vice President | 240,500<br>85,000 | 10,778 | 5/3/99 |
| Timothy S. O'Toole<br>Executive Vice President<br>and Treasurer | 105,000<br>22,300 | 30,860 | 5/3/99 |
| Sandra E. Laney<br>Senior Vice President and<br>Chief Administrative Officer | 100,000<br>32,500 | 18,669 | 5/3/99 |
| Arthur V. Tucker<br>Vice President and Controller | 90,000<br>16,000 | 3,933 | 5/3/99 |

______________________________
<FN>
(a) Amount of unrestricted stock award recognized in lieu of incentive compensation in 1994.

# EXHIBIT 11

## CHEMED CORPORATION AND SUBSIDIARY COMPANIES

## COMPUTATIONS OF EARNINGS PER COMMON SHARE AS SHOWN IN ANNUAL REPORT ON FORM 10-K
(in thousands except per share data)

| | 1992 | |
|---|---|---|
| | Income from Continuing Operations | Net Income |
| Computation of Earnings per Common and Common Equivalent Share: (a) | | |
| Reported income. . . . . . . . . . . . . . . . . . . . | $ 12,506 | $ 15,651 |
| Average number of shares used to compute earnings per common share. . . . . . . . . . . . . . . | 9,803 | 9,803 |
| Effect of unexercised stock options. . . . . . . . . . | 41 | 41 |
| Average number of shares used to compute earnings per common and common equivalent share . . . . . . . . . | $ 9,844 | $ 9,844 |
| Earnings per common and common equivalent share . . . . . . . . . . . . . . . . . . . | $ 1.27 | $ 1.59 |
| Computation of Earnings per Common Share Assuming Full Dilution: (a) | | |
| Reported income. . . . . . . . . . . . . . . . . . . . | $ 12,506 | $ 15,651 |
| Average number of shares used to compute earnings per common share. . . . . . . . . . . . . . . | 9,803 | 9,803 |
| Effect of unexercised stock options. . . . . . . . . . | 48 | 48 |
| Average number of shares used to compute earnings per common share assuming full dilution. . | 9,851 | 9,851 |
| Earnings per share assuming full dilution . . . . . . | $ 1.27 | $ 1.59 |

<FN>
(a) This calculation is submitted in accordance with Regulation S-K Item 601(b)(11) although not required by APB Opinion No. 15 because it results in dilution of less than 3%.



# EXHIBIT 11
(Continued)

## CHEMED CORPORATION AND SUBSIDIARY COMPANIES

## COMPUTATIONS OF EARNINGS PER COMMON SHARE AS SHOWN IN ANNUAL REPORT ON FORM 10-K
(in thousands except per share data)

| | 1993 | |
|---|---|---|
| | Income from Continuing Operations | Net Income |
| Computation of Earnings per Common and Common Equivalent Share: (a) | | |
| Reported income. . . . . . . . . . . . . . . . . . . . | $ 14,843 | $ 19,480 |
| Average number of shares used to compute earnings per common share. . . . . . . . . . . . . . . | 9,778 | 9,778 |
| Effect of unexercised stock options. . . . . . . . . . | 52 | 52 |
| Average number of shares used to compute earnings per common and common equivalent share . . . . . . . . . | $ 9,830 | $ 9,830 |

| | | |
|---|---|---|
| Earnings per common and common equivalent share . . . . . . . . . . . . . . . . . . | $ 1.51 | $ 1.98 |
| Computation of Earnings per Common Share Assuming Full Dilution: (a) | | |
| Reported income. . . . . . . . . . . . . . . . . . . | $ 14,843 | $ 19,480 |
| Average number of shares used to compute earnings per common share. . . . . . . . . . . . . | 9,778 | 9,778 |
| Effect of unexercised stock options. . . . . . . . . | 59 | 59 |
| Average number of shares used to compute earnings per common share assuming full dilution. . | 9,837 | 9,837 |
| Earnings per share assuming full dilution . . . . . . | $ 1.51 | $ 1.98 |

<FN>
(a) This calculation is submitted in accordance with Regulation S-K Item 601(b)(11) although not required by APB Opinion No. 15 because it results in dilution of less than 3%.



EXHIBIT 11
(Continued)

CHEMED CORPORATION AND SUBSIDIARY COMPANIES

COMPUTATIONS OF EARNINGS PER COMMON SHARE AS SHOWN
IN ANNUAL REPORT ON FORM 10-K
(in thousands except per share data)

| | 1994 | |
|---|---|---|
| | Income from Continuing Operations | Net Income |
| Computation of Earnings per Common and Common Equivalent Share: (a) | | |
| Reported income. . . . . . . . . . . . . . . . . . . . | $14,532 | $43,922 |
| Average number of shares used to compute earnings per common share. . . . . . . . . . . . . . | 9,856 | 9,856 |
| Effect of unexercised stock options. . . . . . . . . . | 59 | 59 |
| Average number of shares used to compute earnings per common and common equivalent share . . . . . . . . . | $ 9,915 | $ 9,915 |
| Earnings per common and common equivalent share . . . . . . . . . . . . . . . . . . | $ 1.47 | $ 4.43 |
| Computation of Earnings per Common Share Assuming Full Dilution: (a) | | |
| Reported income. . . . . . . . . . . . . . . . . . . . | $14,532 | $43,922 |
| Average number of shares used to compute earnings per common share. . . . . . . . . . . . . . | 9,856 | 9,856 |
| Effect of unexercised stock options. . . . . . . . . . | 68 | 68 |
| Average number of shares used to compute earnings per common share assuming full dilution. . | 9,924 | 9,924 |
| Earnings per share assuming full dilution . . . . . . | $ 1.46 | $ 4.43 |

<FN>
(a) This calculation is submitted in accordance with Regulation S-K Item 601(b)(11) although not required by APB Opinion No. 15 because it results in dilution of less than 3 percent.

Exhibit 13

FINANCIAL REVIEW

CONTENTS



PRICE WATERHOUSE LLP [Price Waterhouse Logo]

REPORT OF INDEPENDENT ACCOUNTANTS

To the Stockholders and Board of Directors of Chemed Corporation

In our opinion, the consolidated financial statements appearing on pages 18 through 30 and pages 32, 33 and 36 of this report present fairly, in all material respects, the financial position of Chemed Corporation and its subsidiaries ("the Company") at December 31, 1994 and 1993, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 1994, in conformity with generally accepted accounting principles. These financial statements are the responsibility of the Company's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with generally accepted auditing standards which require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for the opinion expressed above.

As discussed in the Statement of Accounting Policies and Note 6 of the Notes to Financial Statements, the Company changed its method of accounting for income taxes in 1993.

/s/ Price Waterhouse LLP

Cincinnati, Ohio

February 1, 1995



STATEMENT OF ACCOUNTING POLICIES

Chemed Corporation and Subsidiary Companies

PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include the accounts of the Company and its majority-owned subsidiaries. All significant intercompany transactions have been eliminated. Long-term investments in affiliated companies representing ownership interests of 20% to 50% are accounted for using the equity method.

CASH EQUIVALENTS

Cash equivalents comprise short-term, highly liquid investments that have been purchased within three months of their date of maturity.

MARKETABLE SECURITIES AND OTHER INVESTMENTS

Marketable securities and other investments at December 31, 1994, are recorded at their estimated fair value in accordance with Statement of Financial Accounting Standards ("SFAS") No. 115, "Accounting for Certain Investments in Debt and Equity Securities," which was adopted effective January 1, 1994. Prior to 1994, such investments were recorded at the lower of cost or market.

In calculating realized gains and losses on the sales of investments, the specific identification method is used to determine the cost of investments sold.

INVENTORIES

Inventories are stated at the lower of cost or market. For determining the value of inventories, the average cost method is used by the National Sanitary Supply segment, and the first-in, first-out ("FIFO") method is used by the Roto-Rooter and Veratex segments.

DEPRECIATION AND PROPERTIES AND EQUIPMENT

Depreciation of properties and equipment is computed using the straight-line method over the estimated useful lives of the assets. Expenditures for maintenance, repairs, renewals and betterments that do not materially prolong the useful lives of the assets are expensed. The cost of property retired or sold and the related accumulated depreciation are removed from the accounts and the resulting gain or loss is reflected currently in income.

GOODWILL AND IDENTIFIABLE INTANGIBLE ASSETS

Goodwill and identifiable intangible assets arise from business combinations accounted for as purchase transactions and are amortized using the straight-line method over the estimated useful lives but not in excess of 40 years.

The lives of the Company's intangible assets at December 31, 1994, are as follows (in thousands):

| | |
|---|---|
| 1 - 10 years | $ 1,426 |
| 11 - 20 years | 1,980 |
| 21 - 30 years | 7,454 |
| 31 - 40 years | 123,749 |

The Company periodically makes an estimation and valuation of the future benefits of its intangible assets based on key financial indicators. If the projected undiscounted cash flows of a major business unit indicate that goodwill or identifiable intangible assets have been impaired, a write-down to fair value is made.

REVENUE RECOGNITION

Revenues received under prepaid contractual service agreements are recognized on a straight-line basis over the life of the contract. All other sales and service revenues are recognized when the products are delivered or the services are provided.

INCOME TAXES

Effective January 1, 1993, the Company adopted SFAS No. 109, "Accounting for Income Taxes." For 1992, income taxes were accounted for under rules specified in SFAS No. 96, "Accounting for Income Taxes."

COMPUTATION OF EARNINGS PER SHARE

Earnings per common share are computed using the weighted average number of shares of capital stock outstanding and exclude the dilutive effect of outstanding stock options as it is not material.

PENSIONS AND RETIREMENT PLANS

The Company's major pension and retirement plans and other similar employee benefit plans are defined contribution plans. Contributions are based on employees' compensation and are funded currently.

EMPLOYEE STOCK OWNERSHIP PLANS ("ESOPS")

Contributions to the Company's ESOPs are based on established debt repayment schedules and approximate contributions previously made to other employee benefit plans. The Company's policy is to record its ESOP expense by applying the transition rule under the level principal amortization concept.

RECLASSIFICATIONS

Certain amounts in the 1993 and 1992 financial statements have been reclassified to conform with the 1994 presentation.





CONSOLIDATED STATEMENT OF INCOME

Chemed Corporation and Subsidiary Companies

(in thousands, except per share data)

| For the Years Ended December 31, | 1994 | 1993 | 1992 |
|---|---|---|---|
| Continuing Operations | | | |
| Sales | $415,807 | $401,372 | $305,301 |
| Service revenues | 229,220 | 123,721 | 95,661 |
| Total sales and service revenues | 645,027 | 525,093 | 400,962 |
| Cost of goods sold | 284,973 | 269,284 | 208,679 |
| Cost of services provided | 142,696 | 79,909 | 53,766 |
| Selling and marketing expenses | 96,144 | 89,784 | 71,800 |
| General and administrative expenses | 81,417 | 54,136 | 45,189 |
| Depreciation | 10,686 | 8,817 | 6,348 |
| Nonrecurring expenses (Note 3) | 1,705 | -- | -- |
| Total costs and expenses | 617,621 | 501,930 | 385,782 |
| Income from operations | 27,406 | 23,163 | 15,180 |
| Interest expense | (8,807) | (8,889) | (5,732) |
| Other income--net (Note 5) | 11,175 | 13,656 | 12,736 |
| Income before income taxes and minority interest | 29,774 | 27,930 | 22,184 |
| Income taxes (Note 6) | (10,954) | (9,278) | (6,531) |
| Minority interest in earnings of subsidiaries (Note 1) | (4,288) | (3,809) | (3,147) |
| Income from continuing operations | 14,532 | 14,843 | 12,506 |
| Discontinued Operations (Note 4) | 29,390 | 2,986 | 3,145 |
| Income before cumulative effect of a change in accounting principle | 43,922 | 17,829 | 15,651 |
| Cumulative effect of a change in accounting principle (Note 6) | -- | 1,651 | -- |
| Net Income | $ 43,922 | $ 19,480 | $ 15,651 |
| Earnings Per Common Share | | | |
| Income from continuing operations | $ 1.47 | $ 1.52 | $ 1 .28 |
| Income before cumulative effect of a change in accounting principle | $ 4.46 | $ 1.82 | $ 1.60 |
| Net income | $ 4.46 | $ 1.99 | $ 1.60 |
| Average number of shares outstanding | 9,856 | 9,778 | 9,803 |

======== ======== ========

<FN>

The Statement of Accounting Policies and the accompanying Notes to Financial Statements are integral parts of this statement.





CONSOLIDATED BALANCE SHEET

Chemed Corporation and Subsidiary Companies

(in thousands, except share and per share data)

| December 31, | 1994 | 1993 |
|---|---|---|
| **Assets** | | |
| Current assets | | |
| Cash and cash equivalents (Note 7) | $ 4,722 | $ 14,615 |
| Marketable securities (Note 7) | 19,517 | 1,200 |
| Accounts receivable less allowances of $2,974 (1993--$2,391) | 81,822 | 58,350 |
| Current portion of note receivable (Note 8) | 5,740 | 5,627 |
| Inventories (Note 9) | 60,273 | 54,745 |
| Other current assets | 11,245 | 10,677 |
| Total current assets | 183,319 | 145,214 |
| Investment in affiliate (Note 4) | -- | 30,656 |
| Other investments (Note 16) | 85,073 | 37,657 |
| Properties and equipment, at cost less accumulated depreciation (Note 10) | 77,116 | 70,758 |
| Note receivable (Note 8) | 5,455 | 10,413 |
| Identifiable intangible assets less accumulated amortization of $1,928 (1993--$884) | 21,192 | 22,166 |
| Goodwill less accumulated amortization of $17,346 (1993--$14,073) | 113,417 | 94,867 |
| Other assets | 19,911 | 18,522 |
| Total Assets | $505,483 | $430,253 |
| **Liabilities** | | |
| Current liabilities | | |
| Accounts payable | $ 31,386 | $ 24,124 |
| Bank notes and loans payable (Note 11) | 25,000 | 25,000 |
| Current portion of long-term debt (Note 12) | 6,391 | 5,688 |
| Income taxes (Note 6) | 17,233 | 20,448 |
| Deferred contract revenue | 22,630 | 23,783 |
| Other current liabilities (Note 13) | 40,026 | 28,606 |
| Total current liabilities | 142,666 | 127,649 |
| Deferred income taxes (Note 6) | 7,606 | 374 |
| Long-term debt (Note 12) | 92,133 | 98,059 |
| Other liabilities and deferred income (Note 13) | 40,564 | 35,009 |
| Minority interest (Note 1) | 36,194 | 32,011 |
| Total Liabilities | 319,163 | 293,102 |
| **Stockholders' Equity** | | |
| Capital stock--authorized 15,000,000 shares $1 par; issued 12,369,212 shares (1993--12,087,894 shares) | 12,369 | 12,088 |
| Paid-in capital | 138,733 | 132,095 |
| Retained earnings | 123,993 | 99,851 |
| Treasury stock, at cost--2,504,641 shares (1993--2,289,120 shares) | (71,230) | (63,914) |
| Unearned compensation--ESOPs (Note 14) | (38,486) | (42,969) |
| Unrealized appreciation on investments (Note 16) | 20,941 | -- |
| Total Stockholders' Equity | 186,320 | 137,151 |
| Commitments and contingencies (Notes 2, 13 and 15) | | |
| Total Liabilities and Stockholders' Equity | $505,483 | $430,253 |

<FN>

The Statement of Accounting Policies and the accompanying Notes to Financial Statements are integral parts of this statement.





CONSOLIDATED STATEMENT OF CASH FLOWS

Chemed Corporation and Subsidiary Companies

(in thousands)

| For the Years Ended December 31, | 1994 | 1993 | 1992 |
|---|---|---|---|
| **Cash Flows from Operating Activities** | | | |
| Net income | $ 43,922 | $ 19,480 | $ 15,651 |
| Adjustments to reconcile net income to net cash provided by operations: | | | |
| Depreciation and amortization | 15,807 | 13,123 | 9,234 |
| Gains on sales of investments (Note 5) | (5,471) | (6,695) | (2,877) |
| Minority interest in earnings of subsidiaries (Note 1) | 4,288 | 3,809 | 3,147 |
| Proceeds from sales of trading securities | 2,984 | -- | -- |
| Purchases of trading securities | (2,000) | -- | -- |
| Provision for uncollectible accounts receivable | 1,855 | 2,018 | 1,616 |
| Provision for deferred income taxes (Note 6) | 1,101 | 1,327 | (1,583) |
| Discontinued operations (Note 4) | (29,390) | (2,986) | (3,145) |
| Cumulative effect of a change in accounting principle (Note 6) | -- | (1,651) | -- |
| Changes in operating assets and liabilities, excluding amounts acquired in business combinations: | | | |
| Increase in accounts receivable | (13,300) | (4,588) | (4,896) |
| (Increase)/decrease in inventories and other current assets | (6,610) | (4,932) | 831 |
| Increase in accounts payable, deferred contract revenue and other current liabilities | 12,219 | 3,397 | 1,986 |
| Decrease in income taxes (Note 6) | (1,037) | (1,828) | (187) |
| Other--net | (1,686) | (3,195) | (4,214) |
| Net cash provided by continuing operations | 22,682 | 17,279 | 15,563 |
| Net cash provided by discontinued operations | 428 | 407 | 357 |
| Net cash provided by operating activities | 23,110 | 17,686 | 15,920 |
| **Cash Flows from Investing Activities** | | | |
| Net proceeds from sale of discontinued operations (Note 4) | 49,496 | 1,468 | 1,366 |
| Purchases of investments | (29,788) | (4,396) | (903) |
| Capital expenditures | (18,400) | (13,851) | (8,232) |
| Business combinations, net of cash acquired (Note 2) | (18,383) | (25,762) | (68,247) |
| Proceeds from sales of investments | 9,196 | 9,193 | 2,133 |
| Proceeds from sales of marketable securities | -- | 78,858 | 239,820 |
| Purchases of marketable securities | -- | (47,114) | (195,800) |
| Other--net | 2,449 | 834 | 2,399 |
| Net cash used by investing activities | (5,430) | (770) | (27,464) |
| **Cash Flows from Financing Activities** | | | |
| Dividends paid | (20,114) | (19,659) | (19,603) |
| Repayment of long-term debt (Note 12) | (18,232) | (21,452) | (1,644) |
| Proceeds from issuance of long-term debt (Note 12) | 10,000 | -- | 50,825 |
| Issuances of capital stock (Note 17) | 7,592 | 4,263 | 2,345 |
| Purchases of treasury stock | (7,316) | (3,837) | (6,433) |
| Increase/(decrease) in bank notes and loans payable (Note 11) | -- | 25,000 | (5,000) |
| Other--net | 497 | (1,143) | (278) |
| Net cash provided/(used) by financing activities | (27,573) | (16,828) | 20,212 |
| Increase/(decrease) in cash and cash equivalents | (9,893) | 88 | 8,668 |
| Cash and cash equivalents at beginning of year | 14,615 | 14,527 | 5,859 |
| Cash and cash equivalents at end of year | $ 4,722 | $ 14,615 | $ 14,527 |

<FN>

The Statement of Accounting Policies and the accompanying Notes to Financial Statements are integral parts of this statement.





CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY

Chemed Corporation and Subsidiary Companies

(in thousands, except per share data)

| | Capital Stock | Paid-in Capital | Retained Earnings | Treasury Stock--at Cost | Unearned Compensation--ESOPs | Unrealized Appreciation on Investments | Total |
|---|---|---|---|---|---|---|---|
| Balance at December 31, 1991 | $11,830 | $126,209 | $103,982 | $(53,644) | $(48,970) | $ -- | $139,407 |
| Net income | -- | -- | 15,651 | -- | -- | -- | 15,651 |
| Dividends paid ($2.00 per share) | -- | -- | (19,603) | -- | -- | -- | (19,603) |
| Purchases of treasury stock | -- | -- | -- | (6,433) | -- | -- | (6,433) |
| Stock awards and exercise of stock options (Note 17) | 92 | 2,253 | -- | -- | -- | -- | 2,345 |
| Decrease in unearned compensation --ESOPs (Note 14) | -- | -- | -- | -- | 2,164 | -- | 2,164 |
| Other | -- | (20) | -- | -- | -- | -- | (20) |
| Balance at December 31, 1992 | 11,922 | 128,442 | 100,030 | (60,077) | (46,806) | -- | 133,511 |
| Net income | -- | -- | 19,480 | -- | -- | -- | 19,480 |
| Dividends paid ($2.01 per share) | -- | -- | (19,659) | -- | -- | -- | (19,659) |
| Stock awards and exercise of stock options (Note 17) | 166 | 4,097 | -- | -- | -- | -- | 4,263 |
| Purchases of treasury stock | -- | -- | -- | (3,837) | -- | -- | (3,837) |
| Decrease in unearned compensation --ESOPs (Note 14) | -- | -- | -- | -- | 3,837 | -- | 3,837 |
| Other | -- | (444) | -- | -- | -- | -- | (444) |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| Balance at December 31, 1993 | 12,088 | 132,095 | 99,851 | (63,914) | (42,969) | -- | 137,151 |
| Net income | -- | -- | 43,922 | -- | -- | -- | 43,922 |
| Dividends paid ($2.04 per share) | -- | -- | (20,114) | -- | -- | -- | (20,114) |
| Stock awards and exercise of stock options (Note 17) | 263 | 7,329 | -- | -- | -- | -- | 7,592 |
| Purchases of treasury stock | -- | -- | -- | (7,316) | -- | -- | (7,316) |
| Decrease in unearned compensation --ESOPs (Note 14) | -- | -- | -- | -- | 4,483 | -- | 4,483 |
| Increase in unrealized appreciation on investments (Note 16) | -- | -- | -- | -- | -- | 20,941 | 20,941 |
| Other | 18 | (691) | 334 | -- | -- | -- | (339) |
| Balance at December 31, 1994 | $12,369 | $138,733 | $123,993 | $(71,230) | $ (38,486) | $20,941 | $186,320 |

<FN>

The Statement of Accounting Policies and the accompanying Notes to Financial Statements are integral parts of this statement.





NOTES TO FINANCIAL STATEMENTS

Chemed Corporation and Subsidiary Companies

## 1. SEGMENTS OF THE BUSINESS

The continuing operations of the Company are classified in the following business segments, the definitions of which are based primarily on the operating structure of the Company:

--The National Sanitary Supply segment includes the consolidated operations of National Sanitary Supply Company ("National Sanitary Supply"), an 85%-owned subsidiary, which sells and distributes sanitary maintenance and paper supplies including cleaners, floor finishes, hand soaps, paper towels and tissues, cleaning equipment, packaging supplies, business paper and general maintenance products used by commercial, institutional and industrial businesses.

--The Roto-Rooter segment includes the consolidated operations of Roto-Rooter Inc. ("Roto-Rooter"), a 59%-owned subsidiary, which provides repair and maintenance services to residential and commercial accounts. Such services include sewer, drain and pipe cleaning, plumbing services and appliance repair and maintenance and are delivered through both company-owned and franchised locations. Roto-Rooter also manufactures and sells certain products and equipment used to provide such services.

--The Veratex segment includes the combined operations of the businesses comprising the Company's Veratex Group, which manufactures and distributes medical, dental and veterinary supplies to office-based physicians, dentists and veterinarians and to medical and dental dealers. Products include disposable paper, cotton and gauze proprietary products and various other dental, medical, veterinary and pharmaceutical products.

--The Patient Care segment includes the consolidated operations of the businesses comprising the Company's Patient Care Group, which offers complete, professional home healthcare services, currently in the New York-New Jersey-Connecticut area. Services provided to patients at home include skilled nursing; home health aides; speech, physical and occupational therapies; medical social work; nutrition; and other specialized services.

Financial data by business segment are shown on pages 32, 33 and 36 of this annual report. The segment data for 1994, 1993 and 1992 are an integral part of these financial statements.

Substantially all of the Company's sales and service revenues from continuing operations are generated from business within the United States. The Company's risk to credit loss is well-spread based on the diversity of the Company's customer base and the geographic areas which the Company serves. Nevertheless, management establishes policies regarding the extension of credit and monitors compliance therewith.

## 2. BUSINESS COMBINATIONS

Effective January 1, 1994, Chemed acquired all of the capital stock of Patient Care Inc. ("Patient Care") for cash payments aggregating $20,582,000, including deferred payments with a present value of $6,271,000, plus 17,500 shares of Chemed Capital Stock. Additional cash payments of up to $2,000,000 may be made, the amount being contingent upon the earnings of Patient Care for the period ending December 31, 1995.

Also during 1994, five other business combinations were completed within the Roto-Rooter and National Sanitary segments for aggregate purchase prices of $1,795,000 in cash.

On July 16, 1993, Service America Systems Inc. ("Service America"--formerly Convenient Home Services Inc.) (30%-owned by the Company and 70%-owned by Roto-Rooter) completed the acquisition of 100% of the outstanding common shares of Encore Services Systems Inc.("Encore"). Encore principally provides residential air conditioning and appliance repair services through service warranty contracts in Florida and Arizona.

The purchase price paid by Service America was $17,000,000 in cash at closing, plus contingent payments based upon achievement of certain sales and earnings objectives during the 36-month period following the closing of the transaction (up to a maximum of $8,800,000). During 1994, the Company recorded an adjustment to the purchase price of Encore to recognize the accrual of the entire sales-based contingent payment due in 1996. The present value of this $3,800,000 payment, $3,315,000, was recorded as increases to goodwill and other noncurrent liabilities.

Also during 1993, nine other business combinations were completed within the Roto-Rooter, National Sanitary and Veratex segments for aggregate purchase prices of $8,762,000 in cash.

Effective December 1, 1992, the Company acquired The Veratex Corporation and seven related businesses ("Veratex") from Omnicare Inc. ("Omnicare") for $63,634,000 in cash. Also in 1992, Roto-Rooter acquired four independently owned franchises, engaged primarily in the sewer-, drain- and pipe-cleaning services business, and National Sanitary Supply acquired four janitorial supply businesses.





Unaudited pro forma financial data, which assume that the above-mentioned business combinations were completed at the beginning of the year preceding the year of acquisition, are summarized as follows (in thousands, except per share data):

| | For the Years Ended December 31, | | |
|---|---|---|---|
| | 1994 | 1993 | 1992 |
| Total sales and service revenues | $647,168 | $610,268 | $532,351 |
| Income from continuing operations | 14,579 | 15,809 | 13,912 |
| Earnings per share--income from continuing operations | 1.48 | 1.61 | 1.42 |

The excess of the purchase price over the fair value of the net assets acquired in business combinations is classified as goodwill. A summary of the fair values of net assets acquired in business combinations, all of which have been recorded under purchase accounting rules, follows (in thousands):

| | December 31, | | |
|---|---|---|---|
| | 1994 | 1993 | 1992 |

| | | | |
|---|---|---|---|
| Working capital | $8,646 | $(13,767) | $24,363 |
| Properties and equipment | 451 | 3,633 | 18,454 |
| Identifiable intangible assets | -- | 11,100 | 7,994 |
| Goodwill | 22,051 | 19,700 | 16,869 |
| Deferred income taxes | 3,649 | (412) | 937 |
| Long-term debt | (7,492) | -- | -- |
| Other--net | (507) | 6,214 | (370) |
| Total net assets | 26,798 | 26,468 | 68,247 |
| Less--cash and cash equivalents acquired | (182) | (706) | -- |
| --capital stock issued | (500) | -- | -- |
| --deferred payments | (7,733) | -- | -- |
| Net cash used | $18,383 | $25,762 | $68,247 |

3. NONRECURRING EXPENSES

Nonrecurring expenses of $1,705,000 ($1,107,000 aftertax or $.12 per share) were recorded in the third quarter of 1994 as the result of downsizing staffs at various locations and refocusing marketing efforts at Veratex.

4. DISCONTINUED OPERATIONS

On November 30, 1994, the Company sold 1,570,000 shares of the capital stock of Omnicare Inc. ("Omnicare"), a publicly traded affiliate in which Chemed previously had maintained an equity interest, by participating in a public offering. Also, during the first six months of 1994, the Company sold a total of 239,900 shares of Omnicare stock. As a result, the Company recorded gains aggregating $23,358,000 (net of income taxes of $20,248,000) during 1994. These gains and the equity earnings in Omnicare prior to December 1, 1994, have been classified as discontinued operations. The Company continues to hold 722,000 shares, or 6%, of the Omnicare capital stock. During 1994, this investment was reclassified to "other investments" and is accounted for using the cost basis of accounting.

Following the resolution of various issues pertaining to the Company's accruals for tax and other liabilities relative to the sale of DuBois Chemicals Inc. ("DuBois") in April 1991, the Company recorded adjustments to discontinued operations in 1992, 1993 and 1994.

Discontinued operations, as shown on the accompanying consolidated statement of income, comprise the following (in thousands):

| | For the Years Ended December 31, | | |
|---|---|---|---|
| | 1994 | 1993 | 1992 |
| Gains on sales of Omnicare stock | $23,358 | -- | -- |
| Equity earnings in Omnicare prior to December 1, 1994 | 2,225 | 2,299 | 1,745 |
| Adjustment to the tax provision on the gain on the sale of DuBois | 3,236 | -- | 1,400 |
| Adjustment to the | | | |

| | | | |
|---|---|---|---|
| expense accruals related to the gain on the sale of DuBois | 571 | 687 | -- |
| Total discontinued operations | $29,390 | $ 2,986 | $ 3,145 |

5. OTHER INCOME--NET

Other income--net comprises the following (in thousands):

| | For the Years Ended December 31, | | |
|---|---|---|---|
| | 1994 | 1993 | 1992 |
| Gain on sales of investments | $ 5,471 | $ 6,695 | $ 2,877 |
| Interest income | 2,739 | 3,763 | 5,882 |
| Dividend income | 3,057 | 3,113 | 3,457 |
| Other--net | (92) | 85 | 520 |
| Total other income --net | $11,175 | $13,656 | $12,736 |





6. INCOME TAXES

The provision for income taxes comprises the following (in thousands):

| | For the Years Ended December 31, | | |
|---|---|---|---|
| | 1994 | 1993 | 1992 |
| Continuing Operations: | | | |
| Current | | | |
| U.S. federal | $ 7,517 | $ 6,243 | $ 7,278 |
| U.S. state and local | 2,336 | 1,708 | 836 |
| Deferred U.S. federal | 1,101 | 1,327 | (1,583) |
| Total | $10,954 | $ 9,278 | $ 6,531 |
| Discontinued Operations: | | | |
| Current | | | |
| U.S. federal | $19,820 | $ 170 | $ (678) |
| U.S. state and local | (2,850) | -- | -- |
| Deferred U.S. federal | (323) | 183 | (722) |
| Total | $16,647 | $ 353 | $(1,400) |

A summary of the significant temporary differences that give rise to deferred income tax assets/(liabilities) follows (in thousands):

| | December 31, 1994 | December 31, 1993 |
|---|---|---|
| Payments related to discontinued operations | $ 5,359 | $ 4,773 |
| Accrued insurance expense | 4,733 | 5,006 |
| Bad debt allowances | 1,139 | 871 |
| Employee benefit accruals | 1,134 | 882 |
| Deferred compensation | 877 | 765 |
| Amortization of intangible assets | 689 | -- |
| Other | 4,473 | 3,629 |
| Gross deferred income tax assets | 18,404 | 15,926 |
| Market valuation of investments | (10,788) | -- |
| Accelerated tax depreciation | (5,387) | (5,505) |
| Unremitted earnings of affiliate | (1,342) | (799) |
| Cash to accrual adjustments | (1,014) | (869) |
| Gain on subsidiary's sale of stock | (659) | (659) |
| Amortization of intangible assets | -- | (1,246) |
| Other | (2,243) | (1,906) |
| Gross deferred income tax liabilities | (21,433) | (10,984) |
| Net deferred income tax assets/(liabilities) | $(3,029) | $ 4,942 |

Based on the Company's history of prior operating earnings and its expectations for future growth, management has determined that the operating income of the Company will more likely than not be sufficient to ensure the full realization of the gross deferred tax assets.

Included in other current assets at December 31, 1994, are deferred income tax assets of $4,577,000 (December 31, 1993--$5,316,000).

The difference between the effective tax rate for continuing operations and the statutory U.S. federal income tax rate is explained as follows:

| | For the Years Ended December 31, 1994 | 1993 | 1992 |
|---|---|---|---|
| Statutory U.S. federal income tax rate | 34.0% | 34.0% | 34.0% |
| State and local income taxes, less federal income tax benefit | 5.2 | 3.9 | 2.4 |
| Nondeductible amortization of goodwill | 3.1 | 3.1 | 3.0 |
| Domestic dividend exclusion | (2.3) | (2.4) | (3.1) |
| Tax benefit on dividends | | | |

| | | | |
|---|---|---|---|
| paid to ESOPs | (2.1) | (3.4) | (4.3) |
| Favorable tax adjustments | (1.0) | (2.5) | (3.6) |
| Other--net | (0.1) | 0.5 | 1.0 |
| Effective tax rate | 36.8% | 33.2% | 29.4% |

Effective January 1, 1993, the Company adopted SFAS No. 109 and realized a gain from the cumulative effect of a change in accounting principle in the amount of $1,651,000 ($.17 per share) during the first quarter of 1993.

Provision has not been made for additional taxes on $26,252,000 of undistributed consolidated earnings of Roto-Rooter Inc. (a 59%-owned domestic subsidiary), including $19,601,000 relating to periods prior to 1993. Those earnings have been and will continue to be reinvested. Should Chemed elect to sell its interest in Roto-Rooter rather than to effect a tax-free liquidation, additional taxes amounting to $9,188,000 would be incurred based on current income tax rates.

The total amount of income taxes paid during the year ended December 31, 1994, was $28,533,000 (1993--$9,913,000; 1992--$10,970,000).

7. CASH EQUIVALENTS AND MARKETABLE SECURITIES

Included in cash and cash equivalents at December 31, 1994, are cash equivalents in the amount of $4,535,000 (1993--$14,538,000). The cash equivalents at both dates consist of investments in various money market funds and repurchase agreements yielding interest at a weighted average rate of 6.2% in 1994 and 3.6% in 1993.





From time to time throughout the year, the Company invests its excess cash in repurchase agreements directly with major commercial banks. Although the collateral is not physically held by the Company, the term of such repurchase agreements is less than 10 days. Investments of significant amounts are spread among a number of banks and the amounts invested in each bank are varied constantly.

A summary of marketable securities follows (in thousands):

| | December 31, | |
|---|---|---|
| | 1994 | 1993 |
| U.S. Treasury Notes, maturing in 1995, with a weighted average yield of 7.0% | $19,417 | $ -- |
| Various adjustable-rate securities funds, with a weighted average yield of 6.8% | -- | 1,000 |
| All other | 100 | 200 |
| Total marketable securities | $19,517 | $ 1,200 |

8. NOTE RECEIVABLE

As a part of the agreement to sell DuBois in 1991, the Company recorded a note receivable from the buyer in the gross amount of $30,000,000, payments for which began on April 2, 1992, in five annual installments of $6,000,000 each. As no rate of interest was specified in the note, interest has been imputed at 10% per annum. The balance of the note receivable comprises the following (in thousands):

| | December 31, 1994 | December 31, 1993 |
|---|---|---|
| Gross amount of note receivable outstanding | $12,000 | $18,000 |
| Less amount representing imputed interest | (805) | (1,960) |
| Present value of note receivable | 11,195 | 16,040 |
| Less current portion | (5,740) | (5,627) |
| Note receivable, less current portion | $ 5,455 | $10,413 |

9. INVENTORIES

A summary of inventories follows (in thousands):

| | December 31, 1994 | December 31, 1993 |
|---|---|---|
| Raw materials | $ 8,086 | $ 6,977 |
| Finished goods and general merchandise | 52,187 | 47,768 |
| Total inventories | $60,273 | $54,745 |

10. PROPERTIES AND EQUIPMENT

A summary of properties and equipment follows (in thousands):

| | December 31, 1994 | December 31, 1993 |
|---|---|---|
| Land | $ 8,072 | $ 6,340 |
| Buildings | 29,963 | 25,560 |
| Furniture and fixtures | 25,666 | 22,552 |
| Machinery and equipment | 27,911 | 24,657 |
| Transportation equipment | 23,340 | 23,598 |
| Projects under construction | 2,539 | 2,003 |

| | | |
|---|---|---|
| Total properties and equipment | 117,491 | 104,710 |
| Less accumulated depreciation | (40,375) | (33,952) |
| Net properties and equipment | $ 77,116 | $ 70,758 |

11. BANK NOTES AND LOANS PAYABLE

In December 1993, the Company entered into a revolving credit/term loan agreement ("RT Agreement") with PNC Bank, Ohio, National Association to borrow up to $20,000,000 at any time during the three- year period ending December 31, 1996. At that date, the outstanding borrowings must be either repaid or converted to a term loan repayable in four equal semiannual installments. The interest rate is based on various stipulated market rates of interest.

During 1990, the Company entered into a revolving credit agreement ("Credit Agreement") with Bank of America to borrow up to $25,000,000 at any time during the five-year period ending August 23, 1995. The interest rate is based on various stipulated market rates of interest.

At December 31, 1994, the Company had $15,000,000 (1993--$25,000,000) of borrowings outstanding under the Credit Agreement and $10,000,000 (1993--none) under the RT Agreement. In addition to these agreements, the Company had $14,250,000 of unused lines of credit with various banks at December 31, 1994.

The Company's short-term borrowings provide temporary capital for operations. Borrowings under the RT and Credit Agreements are subject to maintaining certain financial covenants, with which the Company has complied. There are no restrictions on any cash balances maintained at the banks. The weighted average interest rate on short-term borrowings at December 31, 1994, was 6.6% (December 31, 1993--3.8%).





12. LONG-TERM DEBT

A summary of the Company's long-term debt follows (in thousands):

| | December 31, 1994 | 1993 |
|---|---|---|
| Senior Notes: | | |
| 8.15%, due 2000 - 2004 | $ 50,000 | $ 50,000 |
| Series B--10.67%, due 1994 - 2003 | 9,000 | 10,000 |
| Employee Stock Ownership Plans Loan Guarantees: 6.71% (1993--6.65%), due 1994 - 2000 | 38,486 | 42,969 |
| Other | 1,038 | 778 |
| Subtotal | 98,524 | 103,747 |
| Less current portion | (6,391) | (5,688) |
| Long-term debt, less current portion | $ 92,133 | $ 98,059 |

======== ========

SENIOR NOTES

On December 22, 1992, the Company borrowed $50,000,000 from several insurance companies. Principal is repayable in five annual installments of $10,000,000 beginning on December 15, 2000, and bears interest at the rate of 8.15% per annum. Interest is payable on June 15 and December 15 of each year.

On November 10, 1988, the Company borrowed $31,000,000 from a consortium of insurance companies. Of this amount, $21,000,000 was due and paid on November 1, 1993, and $1,000,000 was due and paid on November 1, 1994. The remaining $9,000,000 bears interest at the rate of 10.67% with annual principal payments of $1,000,000 due on November 1, 1995 through 2003. Interest on both series of notes is payable on May 1 and November 1 of each year.

EMPLOYEE STOCK OWNERSHIP PLANS ("ESOPs") LOAN GUARANTEES

In connection with the adoption and subsequent modification of two ESOPs during the years 1987 through 1990, the Company guaranteed loans from The Fifth Third Bank (Cincinnati, Ohio) to the ESOPs. In January 1992, the Company refinanced $44,157,000 of these loans with various institutional lenders at reduced interest rates. Payments by the ESOPs, including both principal and interest, are to be made in quarterly installments over the next six years, the final payments being due on June 30, 2000. The loans, secured in part by the unallocated shares of the Company's capital stock held by the ESOP trusts, currently bear interest at an average annual rate of 6.71% (1993--6.65%). Such rates are subject to adjustments for changes in interest rates of specified U.S. Treasury obligations, U.S. federal statutory income tax rates and certain federal tax law changes.

The market value of the unallocated shares of the Company's capital stock held by the ESOPs at December 31, 1994, based on that day's closing price of $33.375 was $30,331,000 as compared with aggregate loan guarantees of $38,486,000.

OTHER

Other long-term debt has arisen from the assumption of loans in connection with various acquisitions. Interest rates range from 5% to 15%, and the obligations are due on various dates through 2004.

The following is a schedule by year of required long-term debt payments as of December 31, 1994 (in thousands):

| | |
|---|---|
| 1995 | $ 6,391 |
| 1996 | 7,074 |
| 1997 | 12,474 |
| 1998 | 10,575 |
| 1999 | 6,435 |
| After 1999 | 55,575 |
| Total long-term debt | $98,524 |

The various short-term and long-term loan agreements contain certain covenants which could restrict the amount of cash dividend payments, treasury stock purchases and certain other transactions of the Company. Under the most restrictive of these covenants, the Company is limited to incurring additional debt of $91,828,000, cannot permit its net worth to fall below $149,526,000 and is limited to incurring additional annual net rentals under operating leases with terms of three years or more aggregating $7,195,000.

The total amount of interest paid during the year ended December 31, 1994, was $8,562,000 (1993--$8,893,000; 1992--$5,371,000).

13. OTHER LIABILITIES

At December 31, 1994, other current liabilities included accrued insurance liabilities of $17,495,000 (1993--$10,929,000).

Liabilities for estimated expenses related to the sale of DuBois during 1991 are included in the following accounts on the consolidated balance sheet (in thousands):

| | December 31, | |
|---|---|---|
| | 1994 | 1993 |
| Other current liabilities | $ 2,507 | $ 4,195 |
| Other liabilities and deferred income | 25,067 | 26,895 |
| Total | $27,574 | $31,090 |

Included in other liabilities and deferred income at December 31, 1994, is an accrual of $14,170,000 (1993--$14,723,000) for the Company's estimated liability for potential environmental cleanup and related costs arising from the sale of DuBois. The Company is contingently liable for additional DuBois-related environmental cleanup and related costs up to a maximum of $10,000,000. On the basis of a continuing evaluation of the Company's potential liability by the





Company's environmental attorney, management believes that it is not probable this additional liability will be paid. Accordingly, no provision for this contingent liability has been recorded.

14. PENSION AND RETIREMENT PLANS

Retirement obligations under various plans cover substantially all full-time employees who meet age and/or service eligibility requirements. The major plans providing retirement benefits to the Company's employees are defined contribution plans.

The Company has established two ESOPs which purchased a total of $56,000,000 of the Company's capital stock. As a result of the sale of DuBois in 1991, the ESOPs, which formerly covered substantially all Chemed headquarters and DuBois employees not covered by collective bargaining agreements, covered only Chemed headquarters employees during the last nine months of 1991. In 1992, substantially all employees of National Sanitary Supply not covered by collective bargaining agreements became participants in one of the ESOPs. Similarly, in 1993, qualifying employees of Veratex became participants in the Company's ESOPs.  A portion of the excess cost of the ESOPs, which arose due to the withdrawal of the DuBois employees from the ESOPs, was charged against the gain on the sale of discontinued operations.

Expenses charged to continuing operations for the Company's pension and profit-sharing plans, ESOPs (including amounts classified as interest expense) and other similar plans comprise the following (in thousands):

| | For the Years Ended December 31, | | |
|---|---|---|---|
| | 1994 | 1993 | 1992 |

| | | | |
|---|---|---|---|
| ESOPs: | | | |
| Principal payments | $ 4,483 | $ 3,837 | $ 2,164 |
| Interest payments | 2,682 | 2,968 | 3,255 |
| Dividends received by the ESOP trusts | (2,820) | (2,819) | (2,818) |
| Interest income earned by the ESOP trusts | (5) | (4) | (5) |
| Subtotal | 4,340 | 3,982 | 2,596 |
| Less ESOP costs allocated to discontinued operations | (542) | (350) | -- |
| Pension, profit sharing and other similar plans | 2,518 | 1,813 | 2,221 |
| Total | $ 6,316 | $ 5,445 | $ 4,817 |
| ESOP costs classified as compensation | $ 2,476 | $ 2,141 | $ 1,038 |

At December 31, 1994, there were 457,725 allocated shares (December 31, 1993 - --344,347 shares) and 908,796 unallocated shares (December 31, 1993--1,052,499 shares) in the ESOP trusts.

15. LEASE ARRANGEMENTS

The Company, as lessee, has operating leases which cover its corporate office headquarters; various plant, warehouse and office facilities; office equipment; and plant and transportation equipment. The remaining terms of these leases range from one year to 12 years and, in most cases, management expects that these leases will be renewed or replaced by other leases in the normal course of business. All major plants and warehouses and substantially all equipment are either owned by the Company or covered by an option to purchase at a fixed price.

The following is a summary of future minimum rental payments and sublease rentals to be received under operating leases that have initial or remaining noncancelable terms in excess of one year at December 31, 1994 (in thousands):

| | |
|---|---|
| 1995 | $ 11,145 |
| 1996 | 10,473 |
| 1997 | 7,302 |
| 1998 | 5,592 |
| 1999 | 4,753 |
| AFTER 1999 | 25,593 |
| TOTAL MINIMUM RENTAL PAYMENTS | 64,858 |
| LESS MINIMUM SUBLEASE RENTALS | (18,675) |
| NET MINIMUM RENTAL PAYMENTS | $ 46,183 |

Total rental expense incurred under operating leases follows (in thousands):

| | For the Years Ended December 31, | | |
|---|---|---|---|
| | 1994 | 1993 | 1992 |
| Total rental payments | $12,451 | $ 9,216 | $ 7,057 |
| Less sublease rentals | (3,446) | (3,440) | (3,268) |
| Net rental expense | $ 9,005 | $ 5,776 | $ 3,789 |





16. FINANCIAL INSTRUMENTS

The following methods and assumptions are used in estimating the fair value of each class of the Company's financial instruments:

-- For cash and cash equivalents, accounts receivable and accounts payable, the carrying amount is a reasonable estimate of fair value because of the liquidity and short-term nature of these instruments.

-- For marketable securities, fair value is based upon quoted market prices.

-- For other investments and other assets, fair value is based upon quoted market prices for these or similar securities, if available. Included in other investments is the Company's investment in privately held Vitas Healthcare Corporation ("Vitas"), which provides noncurative care to chronically ill patients. The market values of Vitas Common Stock Purchase Warrants are based on the difference between Chemed's exercise price and an appraisal of the value of the underlying common stock. The value of the Vitas 9% Cumulative Preferred Stock is based on the present value of the mandatory redemption payments, using an interest rate of 10.7% (1993--7.5%), a rate which management believes is reasonable in view of current market conditions.

-- For the note receivable, the fair value is determined by discounting the remaining future installment payments using a rate of 8.6% (1993--6.0%), a rate considered by management to reflect current market conditions.

-- The fair value of the Company's long-term debt is estimated by discounting the future cash outlays associated with each debt instrument using interest rates currently available to the Company for debt issues with similar terms and remaining maturities.

The estimated fair values of the Company's financial instruments are as follows (in thousands):

| | DECEMBER 31, 1994 | | December 31, 1993 | |
|---|---|---|---|---|
| | CARRYING AMOUNT | FAIR VALUE | Carrying Amount | Fair Value |
| Marketable securities | $19,517 | $19,517 | $ 1,200 | $ 1,193 |
| Other investments | 85,073 | 88,303 | 37,657 | 61,071 |
| Restricted deposits included in other assets | 14,408 | 14,408 | 13,176 | 13,176 |
| Note receivable: | | | | |
| Current portion | 5,740 | 5,873 | 5,627 | 5,910 |
| Noncurrent portion | 5,455 | 5,408 | 10,413 | 10,836 |
| Long-term debt, including current portion | 98,524 | 95,545 | 103,747 | 105,174 |

In accordance with current accounting rules, the Company has classified its investments in equity securities and certain debt securities as either trading or available-for-sale. The trading category includes those investments which are held principally for the purpose of selling them in the near term and is included in current assets. All other investments are included in the available-for-sale category and are classified as current or long term based on when they are expected to be realized in cash. There are no investments classified as held-to-maturity. Currently, investments in cash equivalents are considered to be trading securities, while investments included in either marketable securities or other investments are considered to be available-for-sale.

Disclosures regarding the Company's investments classified as available-for-sale at December 31, 1994, are summarized below (in thousands):

| | |
|---|---|
| Aggregate fair value: | |
| Obligations of the U.S. Treasury | $29,035 |
| Equity securities | 75,455 |
| Gross unrealized holding gains: | |
| Obligations of the U.S. Treasury | -- |
| Equity securities | 31,975 |
| Gross unrealized holding losses: | |
| Obligations of the U.S. Treasury | (129) |
| Equity securities | (117) |
| Amortized cost: | |
| Obligations of the U.S. Treasury | 29,164 |
| Equity securities | 43,597 |





The chart below summarizes information with respect to available-for-sale securities sold during 1994 (in thousands):

| | |
|---|---|
| Proceeds from sale | $ 9,196 |
| Gross realized gains | 5,589 |
| Gross realized losses | (2) |

Included in marketable securities are two U.S. Treasury Notes--$9,704,000, maturing December 31, 1995, and $9,713,000, maturing November 30, 1995. Included in other investments is a U.S. Treasury Note with a fair value of $9,618,000, maturing January 31, 1996. Also included in other investments is Vitas mandatorily redeemable preferred stock with a fair value of $26,200,000, maturing between 1996 and 1998.

17. STOCK INCENTIVE PLANS

The Company has six Stock Incentive Plans under which 2,150,000 shares of Chemed Capital Stock may be or have been issued to key employees pursuant to the grant of stock awards and/or options to purchase such shares. Options to purchase 553,472 shares were outstanding at December 31, 1994, and options or other stock incentives covering 109,004 shares were then available for issuance. All options granted under these plans provide for a purchase price equal to the market value of the stock at the date of grant. The latest plan, covering 250,000 shares, was adopted in May 1993.

Under the plan adopted in 1983, both nonstatutory and incentive stock options have been granted. Incentive stock options granted under the 1983 plan become exercisable in full six months following the date of the grant; nonstatutory options granted under the 1983 plan become exercisable in four annual installments commencing six months after the date of grant.

The other plans are not qualified, restricted or incentive stock option plans under the Internal Revenue Code. Additional options may not be granted under the plans adopted in 1978, 1981 and 1983 covering a total of 1,150,000 shares, but a number of options granted under those plans remains outstanding. Options granted under the 1986, 1988 and 1993 plans become exercisable six months following the date of grant in either three or four equal annual installments.

The changes in outstanding stock options and other data follow:

| | 1994 | | 1993 | |
|---|---|---|---|---|
| | NUMBER OF SHARES | AVERAGE PRICE | Number of Shares | Average Price |
| Options outstanding at January 1 | 628,967 | $27.04 | 573,474 | $25.57 |
| Options granted | 260,650 | 32.13 | 250,950 | 28.56 |
| Options exercised | (247,845) | 26.17 | (165,055) | 23.34 |
| Options terminated or canceled | (88,300) | 29.91 | (30,402) | 31.90 |
| Options outstanding at December 31 | 553,472 | 29.38 | 628,967 | 27.04 |
| Options exercisable at December 31 | 280,193 | | 332,978 | |
| Shares available for grant of stock awards and stock options | 109,004 | | 300,827 | |

During 1994, the Company granted stock awards covering 15,946 (1993--650) shares under its Stock Incentive Plans. Also during 1994, 973 restricted shares previously awarded were forfeited. The shares of capital stock were issued to directors and key employees at no cost and generally are restricted as to the transfer of ownership. Restrictions covering either one-fourth or one-third of each holder's shares lapse annually commencing one year after the date of grant.





UNAUDITED SUMMARY OF QUARTERLY RESULTS

Chemed Corporation and Subsidiary Companies

(in thousands, except per share data)

| 1994 | First Quarter | Second Quarter | Third Quarter | Fourth Quarter | Total Year |
|---|---|---|---|---|---|
| Continuing Operations | | | | | |
| Total sales and service revenues | $152,069 | $161,384 | $166,089 | $165,485 | $645,027 |
| Gross profit | 50,911 | $ 54,170 | $ 55,222 | $ 57,055 | $217,358 |
| Income from operations | $5,670 | $6,579 | 6,348 | $ 8,809 | $ 27,406 |
| Interest expense | (2,047) | (2,167) | (2,304) | (2,289) | (8,807) |
| Other income--net | 3,129 | 4,158 | 2,640 | 1,248 | 11,175 |
| Income before income taxes and minority interest | 6,752 | 8,570 | 6,684 | 7,768 | 29,774 |
| Income taxes | (2,680) | (3,205) | (2,287) | (2,782) | (10,954) |
| Minority interest in earnings of subsidiaries | (833) | (939) | (1,187) | (1,329) | (4,288) |
| Income from continuing operations | 3,239 | 4,426 | 3,210 | 3,657 | 14,532 |
| Discontinued Operations | 2,438 | 3,591 | 1,884 | 21,477 | 29,390 |
| Net Income | $ 5,677 | $ 8,017 | $5,094 | $ 25,134 | $ 43,922 |
| Earnings Per Common Share | | | | | |
| Income from continuing operations | $ .33 | $ .45 | $ .33 | $ .37 | $ 1.47 |
| Net income | $ .58 | $ .81 | $ .52 | $ 2.54 | $ 4.46 |
| Average number of shares outstanding | 9,824 | 9,847 | 9,867 | 9,884 | 9,856 |

1993

- ----

| | | | | | |
|---|---|---|---|---|---|
| Continuing Operations | | | | | |
| Total sales and service revenues | $120,519 | $127,241 | $139,824 | $137,509 | $525,093 |
| Gross profit | $ 41,009 | $ 43,143 | $ 45,718 | $ 46,030 | $175,900 |
| Income from operations | $ 3,892 | $ 5,300 | $ 7,086 | $ 6,885 | $ 23,163 |
| Interest expense | (2,273) | (2,258) | (2,311) | (2,047) | (8,889) |
| Other income--net | 4,670 | 4,979 | 1,974 | 2,033 | 13,656 |
| Income before income taxes and minority interest | 6,289 | 8,021 | 6,749 | 6,871 | 27,930 |
| Income taxes | (1,964) | (2,762) | (2,230) | (2,322) | (9,278) |
| Minority interest in earnings of subsidiaries | (726) | (873) | (1,050) | (1,160) | (3,809) |
| Income from continuing operations | 3,599 | 4,386 | 3,469 | 3,389 | 14,843 |
| Discontinued Operations | 479 | 1,165 | 689 | 653 | 2,986 |
| Income before cumulative effect of a change in accounting principle | 4,078 | 5,551 | 4,158 | 4,042 | 17,829 |
| Cumulative effect of a change in accounting principle | 1,651 | -- | -- | -- | 1,651 |
| Net Income | $ 5,729 | $ 5,551 | $ 4,158 | $ 4,042 | $19,480 |
| Earnings Per Common Share | | | | | |
| Income from continuing operations | $ .37 | $ .45 | $ .35 | $ .35 | $ 1.52 |
| Income before cumulative effect of a change in accounting principle | $ .42 | $ .57 | $ .43 | $ .41 | $ 1.82 |
| Net income | $ .59 | $ .57 | $ .43 | $ .41 | $ 1.99 |
| Average number of shares outstanding | 9,766 | 9,770 | 9,781 | 9,794 | 9,778 |





SALES AND PROFIT STATISTICS BY BUSINESS SEGMENT(a)

Chemed Corporation and Subsidiary Companies

(in thousands, except percentages and footnote data)

| | % Of Total 1994 | % of Total 1985 | 1994 | 1993 |
|---|---|---|---|---|
| Sales and Service Revenues from Continuing Operations(b) | | | | |
| National Sanitary Supply | 48% | 64% | $308,280 | $296,865 |
| Roto-Rooter | 26 | 36 | 171,930 | 136,428(d) |
| Veratex | 15 | -- | 95,753 | 91,800 |
| Patient Care | 11 | -- | 69,064 | -- |
| Total | 100% | 100% | $645,027 | $525,093 |
| Operating Profit from Continuing Operations(c) | | | | |
| National Sanitary Supply | 30% | 50% | $ 10,291 | $ 9,093 |
| Roto-Rooter | 46 | 50 | 15,967 | 14,371(d) |
| Veratex | 16 | -- | 5,415(e) | 5,660 |
| Patient Care | 8 | -- | 2,790 | -- |
| Total | 100% | 100% | $ 34,463 | $ 29,124 |

<FN>

(a) The data are presented on a continuing operations basis, thus excluding DuBois Chemicals Inc., sold in April 1991, and Vestal Laboratories Inc., sold in December 1986. The data for 1994, 1993 and 1992 are covered by the report of independent accountants.

(b) Intersegment sales are not material. Total sales by segment consist of sales and services to unaffiliated companies. The Company does not derive 10% or more of its sales and service revenues from any one customer.

(c) Operating profit is total sales and service revenues less operating expenses and includes 100% of all consolidated operations. In computing operating profit, none of the following items has been added or deducted: general corporate expenses; interest expense; other income--net; income taxes; minority interest in earnings of subsidiaries; discontinued operations; extraordinary items; and cumulative effect of changes in accounting principles.

| 1992 | 1991 | 1990 | 1989 | 1988 | 1987 | 1986 | 1985 |
|---|---|---|---|---|---|---|---|
| $288,731 | $267,508 | $265,424 | $262,351 | $179,191(d) | $ 92,618 | $ 80,010(d) | $ 63,777 |
| 104,688 | 84,774(d) | 75,230 | 66,842 | 62,255 | 55,233 | 45,292 | 36,306 |
| 7,543 | -- | -- | -- | -- | -- | -- | -- |
| -- | -- | -- | -- | -- | -- | -- | -- |
| $400,962 | $352,282 | $340,654 | $329,193 | $241,446 | $147,851 | $125,302 | $100,083 |
| | | | | | | | |
| $ 9,171 | $ 8,504 | $ 10,165 | $ 10,762 | $ 8,507(d) | $ 6,157 | $ 5,966(d) | $ 5,665 |
| 11,253 | 8,499(d) | 8,049 | 7,762 | 8,267 | 7,573 | 6,849 | 5,581 |
| 607 | -- | -- | -- | -- | -- | -- | -- |
| -- | -- | -- | -- | -- | -- | -- | -- |
| $ 21,031 | $ 17,003 | $ 18,214 | $ 18,524 | $ 16,774 | $ 13,730 | $ 12,815 | $ 11,246 |

(d) The following significant business combinations, all in the United States, have been accounted for as purchase transactions:

| Name | Business Segment | Effective Date of Acquisition | Amounts Reported in Year Acquired: Sales and Service Revenues | Amounts Reported in Year Acquired: Operating Profit |
|---|---|---|---|---|
| Encore Service Systems Inc. | Roto-Rooter | July 1993 | $18,576,000 | $784,000 |
| Service America Systems Inc. | Roto-Rooter | August 1991 | 5,557,000 | 773,000 |
| Century Papers Inc. | National Sanitary Supply | July 1988 | 71,650,000 | --* |
| National Sanitary Supply acquisitions | National Sanitary Supply | Various 1986 | 9,778,000 | --* |

<FN>
*Operations were integrated into existing operations and amounts are not determinable.

(e) Amount includes nonrecurring charges of $648,000 related to the cost of staff reductions and refocusing marketing efforts.





SELECTED FINANCIAL DATA

Chemed Corporation and Subsidiary Companies

(in thousands, except per share data, employee numbers, footnote data, ratios and percentages)

| | 1994 | 1993 | 1992 |
|---|---|---|---|
| Summary of Operations | | | |
| Continuing operations | | | |
| Total sales and service revenues | $645,027 | $525,093 | $400,962 |
| Gross profit | 217,358 | 175,900 | 138,517 |
| Depreciation | 10,686 | 8,817 | 6,348 |
| Income from operations | 27,406 | 23,163 | 15,180 |
| Income/(loss) from continuing operations | 14,532 | 14,843 | 12,506 |
| Discontinued operations(a) | 29,390 | 2,986 | 3,145 |
| Extraordinary gain | -- | -- | -- |
| Cumulative effect of changes in accounting principles | -- | 1,651 | -- |
| Net income | 43,922 | 19,480 | 15,651 |
| Earnings per common share: | | | |
| Assuming full dilution-- | | | |
| Income/(loss) from continuing operations(b) | 1.47 | 1.52 | 1.28 |
| Net income | 4.46 | 1.99 | 1.60 |
| Primary-- | | | |
| Income/(loss) from continuing operations(b) | 1.47 | 1.52 | 1.28 |
| Net income | 4.46 | 1.99 | 1.60 |
| Average number of shares outstanding: | | | |
| Assuming full dilution | 9,856 | 9,778 | 9,803 |
| Primary | 9,856 | 9,778 | 9,803 |
| Dividends per share | $ 2.04 | $ 2.01 | $ 2.00 |
| Financial Position--Year-End | | | |
| Cash, cash equivalents and marketable securities | $ 24,239 | $ 15,815 | $ 47,704 |
| Working capital | 40,653 | 17,565 | 57,929 |
| Properties and equipment, at cost less accumulated depreciation | 77,116 | 70,758 | 62,872 |

| | | | |
|---|---|---|---|
| Total assets | 505,483 | 430,253 | 404,944 |
| Long-term debt | 92,133 | 98,059 | 103,778 |
| Stockholders' equity | 186,320 | 137,151 | 133,511 |
| Book value per share: | | | |
| Assuming full dilution | 18.89 | 14.00 | 13.68 |
| Primary | 18.89 | 14.00 | 13.68 |
| Other Statistics--Continuing Operations | | | |
| Net cash provided/(used) by continuing operations | $ 22,682 | $ 17,279 | $ 15,563 |
| Capital expenditures | 18,400 | 13,851 | 8,232 |
| Number of employees | 6,602 | 4,834 | 3,856 |
| Number of sales and service representatives | 3,919 | 2,552 | 1,790 |
| Dividend payout ratio(d) | 45.7% | 101.0% | 125.0% |
| Debt to total capital ratio: | | | |
| Total debt basis | 35.7 | 43.2 | 44.3 |
| Senior debt basis | 35.7 | 43.2 | 44.3 |
| Return on average equity(d) | 28.4 | 14.3 | 11.6 |
| Return on average total capital employed(d) | 16.4 | 9.7 | 8.7 |
| Current ratio | 1.28 | 1.14 | 1.56 |

<FN>

(a) Discontinued operations data include Omnicare Inc., discontinued in 1994; accrual adjustments in 1992, 1993 and 1994 related to the gain on the sale of DuBois Chemicals Inc. ("DuBois"); DuBois, sold in April 1991; adjustments to accruals in 1991 and 1988 related to operations discontinued in 1986; and Vestal Laboratories Inc., sold in December 1986.

(b) Earnings per share assuming full dilution from continuing operations for years prior to 1989 are greater than the corresponding primary amounts due to the antidilutive impact of the convertible debt on earnings per common share from continuing operations.





| 1991 | 1990 | 1989 | 1988 | 1987 | 1986 | 1985 |
|---|---|---|---|---|---|---|
| $352,282 | $340,654 | $329,193 | $241,446 | $147,851 | $125,302 | $100,083 |
| 123,077 | 118,235 | 110,618 | 87,071 | 65,577 | 57,145 | 45,267 |
| 5,899 | 5,413 | 4,811 | 3,738 | 3,049 | 2,484 | 1,958 |
| 9,500 | 11,147 | 11,281 | 9,529 | 7,636 | 6,259 | 5,928 |
| 9,858 | 3,616 | 2,908 | 416 | 632 | (4,930)(c) | 2,021 |
| 43,109 | 12,938 | 23,274 | 22,972 | 19,730 | 42,351 | 19,837 |
| -- | -- | -- | -- | -- | 212 | -- |
| -- | -- | -- | 732 | -- | -- | -- |
| 52,967 | 16,554 | 26,182 | 24,120 | 20,362 | 37,633(c) | 21,858 |
| .98 | .35 | .29 | .29 | .35 | (.18)(c) | .46 |
| 5.27 | 1.60 | 2.61 | 2.47 | 2.15 | 3.68(c) | 2.27 |
| .98 | .35 | .29 | .04 | .07 | (.55)(c) | .23 |
| 5.27 | 1.60 | 2.61 | 2.60 | 2.28 | 4.21(c) | 2.49 |
| 10,059 | 10,371 | 10,042 | 10,879 | 11,006 | 11,008 | 10,946 |
| 10,059 | 10,371 | 10,042 | 9,280 | 8,939 | 8,946 | 8,787 |
| $ 1.97 | $ 1.96 | $ 1.84 | $ 1.72 | $ 1.60 | $ 1.56 | $ 1.52 |
| $ 83,044 | $ 775 | $ 5,346 | $ 4,033 | $ 4,387 | $ 26,165 | $ 5,845 |
| 78,663 | 14,377 | 28,236 | 24,740 | 10,064 | 22,108 | 16,264 |
| 44,391 | 36,802 | 38,574 | 36,335 | 25,034 | 22,882 | 18,160 |
| 364,335 | 277,169 | 285,600 | 276,276 | 218,314 | 234,984 | 195,932 |
| 77,928 | 82,151 | 85,834 | 90,405 | 46,504 | 47,328 | 57,373 |
| 139,407 | 109,504 | 119,121 | 109,276 | 111,754 | 120,392 | 93,540 |
| 14.08 | 10.75 | 11.61 | 13.19 | 14.69 | 15.22 | 12.90 |
| 14.08 | 10.75 | 11.61 | 11.65 | 12.71 | 13.41 | 10.56 |
| $ 19,572 | $ 13,505 | $ 9,333 | $ 7,589 | $ (6,335) | $ (4,817) | $ 737 |
| 11,416 | 7,128 | 7,723 | 10,259 | 5,597 | 6,475 | 4,476 |
| 3,325 | 2,965 | 2,851 | 2,633 | 1,796 | 1,657 | 1,221 |
| 1,665 | 1,409 | 1,356 | 1,223 | 967 | 853 | 626 |
| 37.4% | 122.5% | 70.5% | 66.2% | 70.2% | 37.1% | 61.0% |
| 34.5 | 42.4 | 40.3 | 43.5 | 29.3 | 26.5 | 37.1 |
| 34.5 | 42.4 | 34.9 | 29.2 | 3.8 | 1.5 | 8.6 |
| 42.5 | 13.8 | 22.3 | 20.6 | 17.0 | 38.7 | 26.0 |
| 24.4 | 9.8 | 14.0 | 14.9 | 13.5 | 24.1 | 17.1 |
| 1.93 | 1.27 | 1.61 | 1.55 | 1.32 | 1.56 | 1.60 |

<FN>

(c) Included in income from continuing operations, net income and the corresponding earnings per share amounts for 1986 is an aftertax loss of $3,635,000 for the cost of terminating interest rate exchange arrangements.

(d) These computations are based on the net income and, with respect to return on average capital employed, various related adjustments.

ADDITIONAL SEGMENT DATA(a)

Chemed Corporation and Subsidiary Companies

(in thousands)

| For the Years Ended December 31, | 1994 | 1993 | 1992 |
|---|---|---|---|
| Identifiable Assets | | | |
| National Sanitary Supply | $122,175 | $109,952 | $110,337 |
| Roto-Rooter | 127,602 | 125,280 | 79,997 |
| Veratex | 84,682 | 78,468 | 67,770 |
| Patient Care | 38,857 | -- | -- |
| Total identifiable assets | 373,316 | 313,700 | 258,104 |
| Corporate assets(b) | 132,167 | 116,553 | 146,840 |
| Total assets | $505,483 | $430,253 | $404,944 |
| Capital Expenditures | | | |
| National Sanitary Supply | $ 6,715 | $ 2,688 | $ 3,949 |
| Roto-Rooter | 6,214 | 6,885 | 3,698 |
| Veratex | 2,079 | 3,743 | 448 |
| Patient Care | 2,541 | -- | -- |
| Subtotal | 17,549 | 13,316 | 8,095 |
| Corporate assets | 851 | 535 | 137 |
| Total capital expenditures | $ 18,400 | $ 13,851 | $ 8,232 |
| Depreciation and Amortization(c) | | | |
| National Sanitary Supply | $ 4,525 | $ 4,752 | $ 4,716 |
| Roto-Rooter | 7,227 | 5,169 | 3,831 |
| Veratex | 2,643 | 2,113 | 162 |
| Patient Care | 718 | -- | -- |
| Subtotal | 15,113 | 12,034 | 8,709 |
| Corporate assets | 694 | 1,089 | 525 |
| Total depreciation and amortization | $ 15,807 | $ 13,123 | $ 9,234 |
| Reconciliation of Operating Profit to Income Before Income Taxes and Minority Interest | | | |
| Total operating profit | $ 34,463 | $ 29,124 | $ 21,031 |
| Interest expense | (8,807) | (8,889) | (5,732) |
| Corporate expenses, net of investment income(d) | 4,118 | 7,695 | 6,885 |
| Income before income taxes and minority interest | $ 29,774 | $ 27,930 | $ 22,184 |

<FN>

(a) The Additional Segment Data are covered by the report of independent accountants.

(b) Corporate assets consist primarily of cash and cash equivalents, marketable securities, properties and equipment, investment in affiliate and other investments.

(c) Depreciation and amortization include amortization of identifiable intangible assets, goodwill and other assets.

(d) Amounts are not allocable to segments and are included in various categories in the Consolidated Statement of Income.



## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Chemed Corporation and Subsidiary Companies

### FINANCIAL CONDITION

### LIQUIDITY AND CAPITAL RESOURCES

Significant transactions impacting the Company's consolidated cash flows during 1994 and financial position at December 31, 1994, include the following:

--During 1994, the Company sold a total of 1.81 million shares of the capital stock of Omnicare Inc. ("Omnicare"), a publicly traded affiliate in which

Chemed had maintained an equity interest. Aftertax cash proceeds from these sales totaled approximately $47.3 million;

--During 1994, the Company completed the acquisition of Patient Care Inc. ("Patient Care") and five other purchase business combinations for cash outlays aggregating $18.4 million; and

--During 1994, the Company generated net proceeds of $9.2 million from the sale of various investments.

As a result, the Company's current ratio increased to 1.3:1 at December 31, 1994, as compared with 1.1:1 at the end of 1993. Additionally, the ratio of total debt to total capital declined from 43% at December 31, 1993, to 36% at the end of 1994. Excluding the debt guarantees of the ESOPs, the total debt to total capital ratios were 25% and 29%, respectively, at December 31, 1994 and 1993.

Including the unused portion of its committed credit lines with Bank of America and PNC Bank, the Company had $34.3 million of unused lines of short-term credit with various banks at December 31, 1994.

CASH FLOW

The Company's cash flows for 1994 and 1993 may be summarized as follows (in millions):

| | For the Years Ended December 31, 1994 | 1993 |
|---|---|---|
| Cash provided by operating activities | $ 23.1 | $ 17.7 |
| Capital expenditures | (18.4) | (13.9) |
| Cash available for dividends before other financing and investing activities | 4.7 | 3.8 |
| Cash dividends | (20.1) | (19.7) |
| Net other investing/financing activities | 5.5 | 16.0 |
| Increase/(decrease) in cash and cash equivalents | $ (9.9) | $ .1 |

The increase in cash provided by operating activities from $17.7 million in 1993 to $23.1 million in 1994 is largely attributable to increased operating cash flow at Roto-Rooter during 1994. The increase in capital expenditures for 1994 was largely attributable to National Sanitary Supply, which exercised an option to purchase its Los Angeles warehouse for $3.3 million. In addition, expenditures for 1994 include $2.5 million of capital outlays by Patient Care, acquired on January 1, 1994.

Based on recent cash and earnings projections, cash flow from operating activities is expected to continue to grow in 1995 and later years, while the increase in capital expenditures is expected to moderate. Management views the Company's investment portfolio as a potential source of cash during the interim period in which the Company's dividend payout ratio exceeds 100%. Should favorable market conditions continue, it is anticipated that additional sales of investments will be made in 1995. At December 31, 1994, unrealized gains on the Company's available-for-sale investments amounted to $20.9 million aftertax.

The Board of Directors declared a quarterly dividend of $.51 per share of capital stock in February 1995, payable in March 1995 (the same rate paid in each of the prior five quarters). The dividend rate is set each quarter with a long-term perspective taking into consideration the Company's financial position, earnings and cash flow, as well as interest rates, market conditions and other economic factors.

COMMITMENTS

The Company's lease for corporate and general office facilities covers the period from April 1991 to April 2006 and includes space which has been subleased to the Company's former DuBois Chemicals Inc. subsidiary ("DuBois") for varying terms expiring in the years 1998 through 2003. The Company had net lease commitments aggregating $46.2 million at December 31, 1994.

Because Company contributions previously made to other benefit or retirement plans have been used to fund ESOP debt requirements, the loss of DuBois' contributions to the ESOPs initially had a significant impact on the funding of the ESOPs. Since 1991, however, qualifying employees of National Sanitary Supply and Veratex have become participants in the Company's ESOPs, and a major portion of the ESOP loans was refinanced in January 1992 at lower interest rates. Therefore, on both a short- and long-term basis, it is not anticipated that the funding of ESOP contributions will have a significant impact on the Company's ability to satisfy its long-term obligations.





As a part of the DuBois sale agreement between the Company and Diversey Corporation ("Diversey"), the Company agreed to reimburse Diversey up to a maximum of $25.5 million for environmental cleanup and related costs arising from the operations of DuBois prior to the sale date. At the time of the sale, Chemed's environmental attorney estimated the extent of Chemed's liability under the environmental indemnification sections of the sale agreement with Diversey to be in the range of $9.5 million to $18.5 million. Furthermore, this attorney opined that the single best estimate of Chemed's liability was $15.5 million. Accordingly, the Company accrued $15.5 million in 1991 for its estimated share of these costs and is contingently liable for additional cleanup and related costs up to a maximum of $10.0 million, for which no provision has been recorded. Through December 31, 1994, the Company has reimbursed Diversey $1.3 million for prior years' environmental and related costs of DuBois.

The Company's various loan agreements and guarantees of indebtedness contain certain restrictive covenants; however, management believes that such covenants will not adversely affect the operations of the Company. Under the most restrictive of these covenants at December 31, 1994, the Company would be limited to incurring additional debt totaling $91,828,000 and could not permit its net worth to fall below $149,526,000 (versus a balance of $186,320,000 at December 31, 1994). Additionally, the Company is limited to incurring net rentals under operating leases with terms of three years or more aggregating $13,974,000 as compared with such rentals totaling $6,779,000 during 1994.

It is management's opinion that the Company has no long-range commitments which would have a significant impact on its liquidity, financial condition or the results of its operations. Due to the nature of the environmental liabilities, it is not possible to forecast the timing of cash payments relative to these potential liabilities. Based on the Company's available credit lines, sources of borrowing and liquid investments, management believes its sources of capital and liquidity are satisfactory for the Company's needs for the foreseeable future.

RESULTS OF OPERATIONS

Set forth below by business segment are data relating to growth in sales and service revenues and operating profit margin:

Percent Increase in Sales
and Service Revenues

| | 1994 vs. 1993 | 1993 vs. 1992 |
|---|---|---|
| National Sanitary Supply | 4% | 3% |
| Roto-Rooter | 26 | 30 |
| Veratex | 4 | n.a. |
| Patient Care | n.a. | n.a. |
| Total | 23 | 31 |

| | Operating Profit as a Percent of Sales and Service Revenues (Operating Margin) | | |
|---|---|---|---|
| | 1994 | 1993 | 1992 |
| National Sanitary Supply | 3.3% | 3.1% | 3.2% |
| Roto-Rooter | 9.3 | 10.5 | 10.7 |
| Veratex | 5.7 | 6.2 | 8.0 |
| Patient Care | 4.0 | n.a. | n.a. |
| Total | 5.3 | 5.5 | 5.2 |

1994 VERSUS 1993

Sales of the National Sanitary Supply segment increased 4% to $308,280,000 in 1994. This sales increase resulted from stronger sales during the last six months of 1994 due to an improved economic climate, especially in Southern California, and to improved product pricing, particularly in paper and plastic products. As a result of tight expense controls over personnel costs and other operating expenses, the operating margin of this segment improved to 3.3% during 1994 as compared with 3.1% in 1993.

Sales and service revenues of the Roto-Rooter segment for 1994 totaled $171,930,000, an increase of 26% over the revenues recorded in 1993. Excluding Encore, acquired by Roto-Rooter's and Chemed's jointly owned Service America Systems Inc. ("Service America" -- formerly Convenient Home Services Inc.) subsidiary, total revenues of this segment for 1994 increased 14% over revenues recorded in 1993. Also during 1994, plumbing revenues rose 20% to $37,048,000 and drain cleaning revenues grew 9% to $52,793,000 as compared with revenues recorded in 1993. The operating margin of the Roto-Rooter segment declined from 10.5% during





1993 to 9.3% in 1994. This decline was attributable to lower margins in Roto-Rooter's service contract business primarily due to the Encore acquisition, which, as expected, has lower margins than those achieved in Roto-Rooter's other repair and maintenance businesses. Higher material and labor costs as a percent of sales and revenues also contributed to the lower margins in 1994. Service America is enhancing training programs for new service technicians to reduce material usage on service calls. The higher labor costs resulted from expansion of the service labor force at a faster rate than the growth rate in service contracts. During the last half of 1994, Service America was able to bring the growth rate of the labor force into line with the growth rate in service contracts. The trend of higher labor costs as a percent of sales and service revenues is not expected to continue in 1995. Partially offsetting this margin decline was continued improvement in Roto-Rooter's insurance claims experience which had a favorable impact of 1.5 percentage points on this segment's operating margin.

Sales of the Veratex segment for 1994 totaled $95,753,000, an increase of 4% over sales for 1993. The operating margin of the Veratex segment declined from 6.2% in 1993 to 5.7% in 1994 primarily due to nonrecurring expenses aggregating $648,000 for the cost of staff reductions and refocusing marketing efforts. Excluding these charges, the operating margin during 1994 was 6.3%. These actions are expected to generate approximately $730,000 of cost savings annually and improve Veratex's profit performance.

Sales of the Patient Care segment, acquired in January 1994, totaled

$69,064,000, an increase of 29% over the revenues Patient Care recorded during 1993. Patient Care contributed $2,790,000 to the Company's operating profit in 1994.

Consolidated sales and service revenues for 1994 totaled $645,027,000, an increase of 23% over revenues recorded in 1993. Excluding the sales of Patient Care and Encore, total sales and service revenues for 1994 increased 6% over revenues recorded in 1993. The consolidated operating margin for 1994 was 5.3% as compared with 5.5% in 1993.

Income from operations increased 18% from $23,163,000 in 1993 to $27,406,000 in 1994, primarily as a result of the acquisition of Patient Care and higher levels of operating profits in the Roto-Rooter and National Sanitary Supply segments. Partially offsetting these increases were nonrecurring charges of $1,705,000 in 1994.

Other income--net for 1994 totaled $11,175,000 as compared with $13,656,000 for 1993, a decline of $2,481,000. This decline was attributable to smaller gains on the sales of investments ($5,471,000 in 1994 versus $6,695,000 in 1993) and lower interest income in 1994 due to a lower average balance in cash and marketable securities.

For 1994, the Company's effective tax rate was 36.8% as compared with 33.2% in 1993, primarily due to a higher effective state and local tax rate in 1994. In addition, a lower ESOP dividend tax credit and lower favorable tax adjustments (as a percent of pretax income) in 1994 contributed to the higher effective rate.

Income from continuing operations declined slightly from $14,843,000 ($1.52 per share) in 1993 to $14,532,000 ($1.47 per share) in 1994, largely as a result of the previously mentioned nonrecurring expenses ($1,107,000 aftertax or $.12 per share). Excluding these expenses, income from continuing operations increased 5% from $14,843,000 ($1.52 per share) in 1993 to $15,639,000 ($1.59 per share) in 1994.

Net income for 1994 increased 125% to $43,922,000 ($4.46 per share) from $19,480,000 ($1.99 per share) in 1993, primarily as the result of the gains on sales of Omnicare stock recorded in 1994 ($23,358,000 or $2.37 per share).

1993 VERSUS 1992

Sales of the National Sanitary Supply segment increased 3% to $296,865,000 in 1993. This sales advance was achieved by a unit volume increase of 5%, offset in part by industry-wide deflationary pricing. As a result of tight expense controls over personnel costs and bad debt expenses, the operating margin of this segment declined only slightly during 1993.

Sales and services revenues of the Roto-Rooter segment for 1993 totaled $136,428,000, an increase of 30% over the revenues recorded in 1992. Excluding the Encore acquisition, total revenues of this segment for 1993 increased 13% over revenues recorded in 1992. Also during 1993, plumbing revenues rose 21% to $30,749,000 and drain cleaning revenues increased 10% to $48,384,000 as compared with revenues recorded in 1992. The operating margin of the Roto-Rooter segment declined slightly from 10.7% during 1992 to 10.5% in 1993, primarily due to the acquisition of Encore, which has lower operating margins than Roto-Rooter's other businesses.





Sales of the Veratex segment, acquired effective December 1, 1992, for 1993 totaled $91,800,000, an increase of 8% over full-year sales for 1992. During 1993, Veratex contributed $5,660,000 to the Company's operating profit as compared with $607,000 for the month of December 1992. The operating margin of 8.0% recorded in December 1992 was unusually high due to three extra selling days falling in that month.

Consolidated sales and service revenues for 1993 totaled $525,093,000, an increase of 31% over revenues recorded in 1992. Excluding the sales of Veratex and Encore, total sales and service revenues for 1993 increased 5% over revenues recorded in 1992. The improvement of the total operating margin from

5.2% in 1992 to 5.5% in 1993 was largely attributable to the acquisition of Veratex late in 1992.

Income from operations increased 53% from $15,180,000 in 1992 to $23,163,000 in 1993, primarily as a result of the acquisitions of Veratex and Encore.

Interest expense increased by $3,157,000 from $5,732,000 in 1992 to $8,889,000 in 1993, largely as a result of the issuance in December 1992 of the $50,000,000 8.15% Senior Notes, due 2004. Lower interest expense on the ESOP debt, coupled with the scheduled repayment of $21,000,000 of Series A and B Senior Notes (which carried interest rates slightly in excess of 10% per annum), partially offset the increased interest expense of the 8.15% Senior Notes.

Other income--net for 1993 totaled $13,656,000 as compared with $12,736,000 for 1992, an increase of $920,000. This increase was attributable to larger gains on the sales of investments ($6,695,000 in 1993 versus $2,877,000 in 1992), partially offset by lower interest income in 1993. The decline in interest income primarily was due to lower interest rates on cash equivalents and marketable securities in 1993.

For 1993, the Company's effective tax rate was 33.2% as compared with 29.4% in 1992, primarily due to a higher effective state and local tax rate in 1993. In addition, a lower ESOP dividend tax credit and a lower domestic dividend exclusion (as a percent of pretax income) in 1993 contributed to the higher effective rate.

Income from continuing operations increased 19% from $12,506,000 ($1.28 per share) in 1992 to $14,843,000 ($1.52 per share) in 1993, as a result of the higher level of investment gains in 1993 ($4,274,000 after taxes or $.44 per share in 1993 versus $1,899,000 after taxes or $.20 per share in 1992).

Net income for 1993 increased 24% to $19,480,000 ($1.99 per share) from $15,651,000 ($1.60 per share). Earnings for 1993 included $1,651,000 ($.17 per share) from the cumulative effect of adopting Statement of Financial Accounting Standards ("SFAS") No. 109, "Accounting for Income Taxes."

REPORTING ON ADVERTISING COSTS

In December 1993, the Accounting Standards Executive Committee issued Statement of Position ("SOP") No. 93-7, "Reporting on Advertising Costs," which requires that advertising costs, except costs of direct response advertising, be expensed no later than the period in which the advertising first takes place. Adoption of this statement is required for fiscal years beginning after June 15, 1994.

Because substantially all of the Company's advertising costs relate to either direct response advertising or are expensed within the period in which the advertising first appears, adoption of SOP No. 93-7 in 1995 will not materially impact the Company's results of operations or financial position.

EXHIBIT 21
SUBSIDIARIES OF CHEMED CORPORATION

The following is a list of subsidiaries of the Company as of December 31, 1994. Other subsidiaries which have been omitted from the list would not, when considered in the aggregate, constitute a significant subsidiary. Each of the companies is incorporated under the laws of the state following its name. The percentage given for each company represents the percentage of voting securities of such company owned by the Company or, where indicated, subsidiaries of the Company as at December 31, 1994.

All of the majority owned companies listed below are included in the consolidated financial statements as of December 31, 1994. All 20% to 50%-owned companies listed below are included in the consolidated financial statements on an equity basis, except as noted below.

Alan Home Health Agency, Inc. (New Jersey, 100% by Patient Care, Inc.)
Amira Services, Inc. (Florida, 100% by Service America Systems, Inc.)
Cardinal Paper Company (Oklahoma, 100% by Century Papers, Inc.)
Century Papers, Inc. (Texas, 100% by National Sanitary Supply Company)
Encore Service Systems, Inc. (Florida, 100% by Service America Systems, Inc.)
Encore Maintenance and Management, Inc. (Florida, 100% by Encore Service Systems, Inc.)
Jet Resource, Inc. (Delaware, 100%)
National Home Care, Inc. (New York, 100% by Patient Care, Inc.)
National Sanitary Supply Company (Delaware, 88%)
National Sanitary Supply Development, Inc. (Delaware, 100% by National Sanitary Supply Company)
Nurotoco of Massachusetts, Inc. (Massachusetts, 100% by Roto-Rooter Services Company)
Nurotoco of New Jersey, Inc. (Delaware, 80% by Roto-Rooter Services Company)
OCR Holding Company (Nevada, 100%)
Omnia, Inc. (Delaware, 100% by OCR Holding Company)
Patient Care, Inc. (Delaware, 100% by Chemed Corporation)
Patient Care Medical Services, Inc. (New Jersey, 100% by Patient Care)
Roto-Rooter Corporation (Iowa, 100% by Roto-Rooter, Inc.)
Roto-Rooter Development Company (Delaware, 100% by Roto-Rooter Corporation)
Roto-Rooter, Inc. (Delaware, 60%)
Roto-Rooter Management Company (Delaware, 100% by Roto-Rooter, Inc.)
Roto-Rooter Services Company (Iowa, 100% by Roto-Rooter, Inc.)
RR Plumbing Services Corporation (New York, 49% by Roto-Rooter Services Company; included within the consolidated financial statements as a consolidated subsidiary)
Service America Systems, Inc. (Florida, 70% by Roto-Rooter, Inc. and 30% by Chemed)
Tidi Products, Inc. (Delaware, 100% by OCR Holding Company)
Unidisco, Inc. (Delaware, 100% by OCR Holding Company)
The Veratex Corporation (Delaware, 100% by OCR Holding Company)

EXHIBIT 23

## CONSENT OF INDEPENDENT ACCOUNTANTS

We hereby consent to the incorporation by reference in the Registration Statements on Form S-8 (Nos. 33-28594, 33-9549, 2-87202, 2-80712 and 33-65244) of Chemed Corporation of our report dated February 1, 1995 appearing on page 17 of the 1994 Annual Report to Stockholders which is incorporated in this Annual Report on Form 10-K. We also consent to the incorporation by reference of our report on the Financial Statement Schedule, which appears on page S-2 of this Form 10-K.

/s/ Price Waterhouse LLP

PRICE WATERHOUSE LLP

Cincinnati, Ohio
March 28, 1995

1

EXHIBIT 24

POWER OF ATTORNEY

The undersigned director of CHEMED CORPORATION ("Company") hereby appoints EDWARD L. HUTTON, KEVIN J. MCNAMARA and NAOMI C. DALLOB as his true and lawful attorneys-in-fact for the purpose of signing the Company's Annual Report on Form 10-K for the year ended December 31, 1994, and all amendments thereto, to be filed with the Securities and Exchange Commission. Each of such attorneys-in-fact is appointed with full power to act without the other.

Dated: March 18, 1995

/s/ J. Peter Grace

J. Peter Grace

2

POWER OF ATTORNEY

The undersigned director of CHEMED CORPORATION ("Company") hereby appoints EDWARD L. HUTTON, KEVIN J. MCNAMARA and NAOMI C. DALLOB as his true and lawful attorneys-in-fact for the purpose of signing the Company's Annual Report on Form 10-K for the year ended December 31, 1994, and all amendments thereto, to be filed with the Securities and Exchange Commission. Each of such attorneys-in-fact is appointed with full power to act without the other.

Dated: March 14, 1995

/s/ James A. Cunningham

James A. Cunningham

3

POWER OF ATTORNEY

The undersigned director of CHEMED CORPORATION ("Company") hereby appoints EDWARD L. HUTTON, KEVIN J. MCNAMARA and NAOMI C. DALLOB as his true and lawful attorneys-in-fact for the purpose of signing the Company's Annual Report on Form 10-K for the year ended December 31, 1994, and all amendments thereto, to be filed with the Securities and Exchange Commission. Each of such attorneys-in-fact is appointed with full power to act without the other.

Dated: March 15, 1995

/s/ James H. Devlin
----------------------------
James H. Devlin



POWER OF ATTORNEY
-----------------

The undersigned director of CHEMED CORPORATION ("Company") hereby appoints EDWARD L. HUTTON, KEVIN J. MCNAMARA and NAOMI C. DALLOB as his true and lawful attorneys-in-fact for the purpose of signing the Company's Annual Report on Form 10-K for the year ended December 31, 1994, and all amendments thereto, to be filed with the Securities and Exchange Commission. Each of such attorneys-in-fact is appointed with full power to act without the other.

Dated: March 18, 1995

/s/ Charles H. Erhart, Jr.
----------------------------
Charles H. Erhart, Jr.



POWER OF ATTORNEY
-----------------

The undersigned director of CHEMED CORPORATION ("Company") hereby appoints EDWARD L. HUTTON, KEVIN J. MCNAMARA and NAOMI C. DALLOB as his true and lawful attorneys-in-fact for the purpose of signing the Company's Annual Report on Form 10-K for the year ended December 31, 1994, and all amendments thereto, to be filed with the Securities and Exchange Commission. Each of such attorneys-in-fact is appointed with full power to act without the other.

Dated: March 22, 1995

/s/ Joel F. Gemunder
-------------------------------
Joel F. Gemunder

POWER OF ATTORNEY

The undersigned director of CHEMED CORPORATION ("Company") hereby appoints EDWARD L. HUTTON, KEVIN J. MCNAMARA and NAOMI C. DALLOB as his true and lawful attorneys-in-fact for the purpose of signing the Company's Annual Report on Form 10-K for the year ended December 31, 1994, and all amendments thereto, to be filed with the Securities and Exchange Commission. Each of such attorneys-in-fact is appointed with full power to act without the other.

Dated: March 10, 1995

/s/ William R. Griffin

William R. Griffin



POWER OF ATTORNEY

The undersigned director of CHEMED CORPORATION ("Company") hereby appoints EDWARD L. HUTTON, KEVIN J. MCNAMARA and NAOMI C. DALLOB as his true and lawful attorneys-in-fact for the purpose of signing the Company's Annual Report on Form 10-K for the year ended December 31, 1994, and all amendments thereto, to be filed with the Securities and Exchange Commission. Each of such attorneys-in-fact is appointed with full power to act without the other.

Dated: March 17, 1995

/s/ Thomas C. Hutton

Thomas C. Hutton



POWER OF ATTORNEY

The undersigned director of CHEMED CORPORATION ("Company") hereby appoints EDWARD L. HUTTON, KEVIN J. MCNAMARA and NAOMI C. DALLOB as her true and lawful attorneys-in-fact for the purpose of signing the Company's Annual Report on Form 10-K for the year ended December 31, 1994, and all amendments thereto, to be filed with the Securities and Exchange Commission. Each of such attorneys-in-fact is appointed with full power to act without the other.

Dated: March 20, 1995

/s/ Sandra E. Laney

Sandra E. Laney

## POWER OF ATTORNEY

The undersigned director of CHEMED CORPORATION ("Company") hereby appoints EDWARD L. HUTTON, KEVIN J. MCNAMARA and NAOMI C. DALLOB as his true and lawful attorneys-in-fact for the purpose of signing the Company's Annual Report on Form 10-K for the year ended December 31, 1994, and all amendments thereto, to be filed with the Securities and Exchange Commission. Each of such attorneys-in-fact is appointed with full power to act without the other.

Dated: March 14, 1995

/s/ Kevin J. McNamara
------------------------------
Kevin J. McNamara



## POWER OF ATTORNEY

The undersigned director of CHEMED CORPORATION ("Company") hereby appoints EDWARD L. HUTTON, KEVIN J. MCNAMARA and NAOMI C. DALLOB as his true and lawful attorneys-in-fact for the purpose of signing the Company's Annual Report on Form 10-K for the year ended December 31, 1994, and all amendments thereto, to be filed with the Securities and Exchange Commission. Each of such attorneys-in-fact is appointed with full power to act without the other.

Dated: March 16, 1995

/s/ John M. Mount
------------------------------
John M. Mount



## POWER OF ATTORNEY

The undersigned director of CHEMED CORPORATION ("Company") hereby appoints EDWARD L. HUTTON, KEVIN J. MCNAMARA and NAOMI C. DALLOB as his true and lawful attorneys-in-fact for the purpose of signing the Company's Annual Report on Form 10-K for the year ended December 31, 1994, and all amendments thereto, to be filed with the Securities and Exchange Commission. Each of such attorneys-in-fact is appointed with full power to act without the other.

Dated: March 13, 1995

/s/ D. Walter Robbins, Jr.
----------------------------------
D. Walter Robbins, Jr.

POWER OF ATTORNEY

The undersigned director of CHEMED CORPORATION ("Company") hereby appoints EDWARD L. HUTTON, KEVIN J. MCNAMARA and NAOMI C. DALLOB as his true and lawful attorneys-in-fact for the purpose of signing the Company's Annual Report on Form 10-K for the year ended December 31, 1994, and all amendments thereto, to be filed with the Securities and Exchange Commission. Each of such attorneys-in-fact is appointed with full power to act without the other.

Dated: March 13, 1995

/s/ Paul C. Voet

Paul C. Voet



POWER OF ATTORNEY

The undersigned director of CHEMED CORPORATION ("Company") hereby appoints EDWARD L. HUTTON, KEVIN J. MCNAMARA and NAOMI C. DALLOB as his true and lawful attorneys-in-fact for the purpose of signing the Company's Annual Report on Form 10-K for the year ended December 31, 1994, and all amendments thereto, to be filed with the Securities and Exchange Commission. Each of such attorneys-in-fact is appointed with full power to act without the other.

Dated: March 10, 1995

/s/ Hugh A. Westbrook

Hugh A. Westbrook

<ARTICLE> 5
<LEGEND>
THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM FORM 10-K FOR THE YEAR ENDED DECEMBER 31, 1994 FOR CHEMED CORPORATION AND IS QUALILFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.
</LEGEND>
<CIK> 0000019584
<NAME> CHEMED CORPORATION
<MULTIPLIER> 1,000

| | | |
|---|---|---|
| <PERIOD-TYPE> | YEAR | |
| <FISCAL-YEAR-END> | | DEC-31-1994 |
| <PERIOD-START> | | JAN-01-1994 |
| <PERIOD-END> | | DEC-31-1994 |
| <CASH> | | 4,722 |
| <SECURITIES> | | 19,517 |
| <RECEIVABLES> | | 84,796 |
| <ALLOWANCES> | | (2,974) |
| <INVENTORY> | | 60,273 |
| <CURRENT-ASSETS> | | 183,319 |
| <PP&E> | | 117,491 |
| <DEPRECIATION> | | (40,375) |
| <TOTAL-ASSETS> | | 505,483 |
| <CURRENT-LIABILITIES> | | 142,666 |
| <BONDS> | | 92,133 |
| <COMMON> | | 12,369 |
| <PREFERRED-MANDATORY> | | 0 |
| <PREFERRED> | | 0 |
| <OTHER-SE> | | 173,951 |
| <TOTAL-LIABILITY-AND-EQUITY> | | 505,483 |
| <SALES> | | 415,807 |
| <TOTAL-REVENUES> | | 645,027 |
| <CGS> | | 284,973 |
| <TOTAL-COSTS> | | 427,669 |
| <OTHER-EXPENSES> | | 0 |
| <LOSS-PROVISION> | | 1,855 |
| <INTEREST-EXPENSE> | | 8,807 |
| <INCOME-PRETAX> | | 29,774 |
| <INCOME-TAX> | | 10,954 |
| <INCOME-CONTINUING> | | 14,532 |
| <DISCONTINUED> | | 29,390 |
| <EXTRAORDINARY> | | 0 |
| <CHANGES> | | 0 |
| <NET-INCOME> | | 43,922 |
| <EPS-PRIMARY> | | 4.46 |
| <EPS-DILUTED> | | 4.46 |