

SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

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FORM 10-K

/ X / Annual Report pursuant to Section 13 or 15(d) of the Securities  
Exchange Act of 1934 [Fee Required]

For the fiscal year ended December 31, 1993

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 No. 1-8351

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

DELAWARE

(State or other jurisdiction of  
incorporation or organization)

2600 CHEMED CENTER, 255 EAST FIFTH STREET, CINCINNATI, OHIO  
(Address of principal executive offices)

31-0791746  
(I.R.S. Employer  
Identification Number)

45202-4726  
(Zip Code)

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

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SECURITIES REGISTERED PURSUANT TO SECTION 12(b) OF THE ACT:

TITLE OF EACH CLASS  
-----

Capital Stock--Par Value \$1 Per Share

NAME OF EACH EXCHANGE  
ON WHICH REGISTERED  
-----  
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  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.

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 18, 1994 (\$34-3/4 per  
share), was \$285,189,149.

At March 18, 1994, 9,845,166 shares of Chemed Corporation Capital Stock  
(par value \$1 per share) were outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

DOCUMENT  
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WHERE INCORPORATED  
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1993 Annual Report to Stockholders  
(specified portions)

Parts I, II and IV

Proxy Statement for Annual Meeting  
to be held May 16, 1994

Part III

CHEMED CORPORATION  
1993 FORM 10-K ANNUAL REPORT

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## 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, 1993, the Company had received cash payments totaling \$203,580,000.

On December 21, 1992, the Company acquired The Veratex Corporation and related businesses ("Veratex Group") from Omnicare, Inc., a publicly traded affiliate in which Chemed maintains a 25.7%-ownership interest (27% ownership interest at December 31, 1993). 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.

During 1993, the Company conducted its business operations in three segments: National Sanitary Supply Company ("National Sanitary Supply"), Roto-Rooter, Inc. ("Roto-Rooter"), and Veratex Group ("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 \$10,400,000 may be made, the amount being contingent upon the earnings of Patient Care during the three-year period ending December 31, 1995.

## 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, 1991, 1992 and 1993, are shown in the "Sales and Profit Statistics by Business Segment" and the "Additional Segment Data" on pages 32, 33 and 36 of the 1993 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 1993 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 1993, 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 1993. 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 13 percent of sales in 1993. This customer is a fast-food restaurant chain consisting of approximately 1,150 franchises and 120 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.

#### 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 1994 and 1995 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, 1993, Chemed had a total of 4,834 employees; 4,796 were located in the United States and 38 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			
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	--	56,000 sq. ft.
Marion, IN	Office and distribution center	30,000 sq. ft.	--
Tupelo, MS	Office and distribution center	--	33,000 sq. ft.
Kansas City, MO	Office and distribution center	--	25,000 sq. ft.
St. Louis, MO	Office and distribution center	--	16,000 sq. ft.

Location -----	Type ----	Owned -----	Leased -----
(NATIONAL SANITARY SUPPLY - CONTINUED)			
Las Vegas, NV	Office and distribution center	24,000 sq. ft.	--
Albuquerque, NM	Office and distribution center	--	38,000 sq. ft.
Dayton, OH	Office and distribution center	--	19,000 sq. ft.
Toledo, OH	Office and distribution center	--	65,000 sq. ft.
Oklahoma City, OK	Office and distribution center	15,000 sq. ft.	76,000 sq. ft.
Portland, OR	Office and distribution center	56,000 sq. ft.	--
Memphis, TN	Office and distribution center	--	66,000 sq. ft.
Amarillo, TX	Office and distribution center	--	25,000 sq. ft.
Austin, TX	Office and distribution center	--	18,000 sq. ft.
Beaumont, TX	Office and distribution center	--	14,000 sq. ft.
Corpus Christi, TX	Office and distribution center	--	60,000 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.
San Antonio, TX	Office and distribution center	--	40,000 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 -----
Branch Sales Offices (1)	Branch sales offices	3,000 sq. ft.	189,000 sq. ft.
	ROTO-ROOTER		
Cincinnati, OH	Office and service facilities	6,000 sq. ft.	21,000 sq. ft.
West Des Moines, IA	Office, manufacturing and distribution facilities	29,000 sq. ft.	--
Northeastern U.S. Area (2)	Office and service facilities	43,000 sq. ft.	22,000 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	55,000 sq. ft.	91,000 sq. ft.
Western U.S. Area (5)	Office and service facilities	26,000 sq. ft.	36,000 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	--	152,000 sq. ft.
Lakeland, FL (7)	Office, manufacturing and distribution center	--	76,000 sq. ft.
Rialto, CA	Office, manufacturing and distribution center	132,000 sq. ft.	--
	CORPORATE		
Cincinnati, OH (8)	Corporate offices and related facilities	--	42,000 sq. ft.
New York, NY	Corporate offices	--	2,000 sq. ft.

- 
- (1) Comprising forty separate facilities 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 Mount Kisco, New York; and Cranston, Rhode Island.
- (3) Comprising locations in Atlanta, Georgia; Birmingham, Alabama; Charlotte, North Carolina; Hillard 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, Deerfield Beach, 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; Pearl City, Hawaii; Minneapolis, Minnesota; Tacoma, Washington; and Phoenix, Arizona.
- (6) Comprising locations in Delta, British Columbia and Boucherville, Quebec.
- (7) Comprising of former office, manufacturing and warehouse facilities that are presently under lease to an outside third party.
- (8) Excludes 88,000 square feet in current Cincinnati, Ohio, office facilities that are sublet to an outside party -- portions of this space may revert to the Company beginning in 1998. Includes 31,000 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	74	Chairman and Chief Executive Officer	November 3, 1993 (1)
Jon D. Krahulik	49	President and Chief Operating Officer	November 3, 1993 (2)
Paul C. Voet	47	Executive Vice President	May 20, 1991 (3)
Timothy S. O'Toole	38	Executive Vice President and Treasurer	May 18, 1992 (4)
Kevin J. McNamara	40	Executive Vice President, Secretary and General Counsel	November 3, 1993 (5)
Sandra E. Laney	50	Senior Vice President and Chief Administrative Officer	November 3, 1993 (6)
Arthur V. Tucker	44	Vice President and Controller	May 20, 1991 (7)

- (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, an uncle of Mr. J. D. Krahulik, the President and Chief Operating Officer and a director of the Company, and an uncle of Mr. A. C. Hutton, a Vice President and a nominee for director of the Company.
- (2) Mr. J. D. Krahulik is the President and Chief Operating Officer of the Company and has held this position since November 1993. Previously, from February 1993 to November 1993 he served the Company as Vice Chairman of the Board of Directors of the Company. From December 1990 to November 1993 he was an Associate Justice of the Supreme Court of Indiana, and prior to that he was a partner in the law firm of Bingham, Summers Welsh & Spilman (Indianapolis, Indiana) from 1975 to December 1990. Mr. J. D. Krahulik is the nephew of Mr. E. L. Hutton, Chairman, Chief Executive Officer and a director of the Company, a cousin of Mr. T. C. Hutton, a Vice President and a director of the Company, and a cousin of Mr. A. C. Hutton, a Vice President and a nominee for director of the Company.

- (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. From May 1988 to February 1989, he served as Vice President and a Director of Taxes of the Company.
- (5) Mr. K. J. McNamara is an Executive Vice President, Secretary and General Counsel of the Company and has held these positions since November 1993, August 1986 and August 1986, respectively. He previously held the positions of Vice Chairman of the Company, from May 1992 to November 1993, and Vice President of the Company, from August 1986 to May 1992.
- (6) 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.
- (7) 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 16, 1994.

## 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 1992 and 1993 are set forth below.

	Closing High	Low	Dividends Paid Per Share
-----			
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
1992			
First Quarter	29-3/8	25	.50
Second Quarter	29-3/8	26-1/4	.50
Third Quarter	32	25-7/8	.50
Fourth Quarter	27-3/8	24-3/8	.50

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 18, 1994, there were approximately 6,096 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, 1993 is set forth on pages 34 and 35 of the 1993 Annual Report to Stockholders and the information for such five years 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 1993 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, 1994, appearing on pages 17 through 30 of the 1993 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	Jon D. Krahulik
Edward L. Hutton	Sandra E. Laney
James A. Cunningham	Kevin J. McNamara
James H. Devlin	John M. Mount
Charles H. Erhart, Jr.	Timothy S. O'Toole
Joel F. Gemunder	D. Walter Robbins, Jr.
Neal Gilliatt	Arthur V. Tucker
William R. Griffin	Paul C. Voet
Will J. Hoekman	Hugh A. Westbrook
Thomas C. Hutton	

Except with respect to the age and business experience of Messrs. Gilliatt, Hoekman, and Tucker, the information required under this Item with respect to directors is set forth in the Company's 1994 Proxy Statement which is incorporated herein by reference. The information with respect to Messrs. Gilliatt and Hoekman is set forth below and the information with respect to Mr. Tucker is in footnote (7) under "Executive Officers of the Company" in Part I of this Annual Report on Form 10-K.

- (1) Mr. Gilliatt is President of Neal Gilliatt/Stuart Watson, Inc., New York, New York (Management Consulting) and has held this position since April 1982. On April 1, 1982, he retired as Chairman of the Executive Committee of the Interpublic Group of Companies, Inc., New York, New York (advertising and related communications), having held that position since February 1980. Mr. Gilliatt is a director of Consolidated Products, Inc., National Sanitary Supply, Omnicare and Roto-Rooter. Mr. Gilliatt is 76.
- (2) Mr. Hoekman is a Senior Vice President of Firstar Bank, Des Moines, Iowa, and has held this position since November 1980. Mr. Hoekman is a director of Roto-Rooter. Mr. Hoekman is 48.

## ITEM 11. EXECUTIVE COMPENSATION.

Information required under this Item is set forth in the Company's 1994 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 1994 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 1994 Proxy Statement, which is incorporated herein by reference.

## PART IV

## ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES 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. 5 to Employment Contracts with Executives.\*\*
- 11. Statement re: Computation of Earnings Per Common Share.
- 13. 1993 Annual Report to Stockholders.
- 21. Subsidiaries of Chemed Corporation.

23. Consent of Independent Accountants.

24. Powers of Attorney.

\* 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 SCHEDULES

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

REPORTS ON FORM 8-K

No reports on Form 8-K were filed during the quarter 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 29, 1994

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 ----- Edward L. Hutton	Chairman and Chief Executive Officer and a Director (Principal Executive Officer)	
/s/ Timothy S. O'Toole ----- Timothy S. O'Toole	Executive Vice President and Treasurer and a Director (Principal Financial Officer)	
/s/ Arthur V. Tucker ----- Arthur V. Tucker	Vice President and Controller and a Director (Principal Accounting Officer)	March 29, 1994
J. Peter Grace* James A. Cunningham* James H. Devlin* Charles H. Erhart, Jr.* Joel F. Gemunder* Neal Gilliatt* William R. Griffin* Will J. Hoekman*	Thomas C. Hutton* Jon D. Krahulik* Sandra E. Laney* Kevin J. McNamara* John M. Mount* D. Walter Robbins, Jr.* Paul C. Voet* Hugh A. Westbrook	--Directors

\* Kevin J. McNamara by signing his 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 29, 1994 ----- Date	/s/ Kevin J. McNamara ----- Kevin J. McNamara (Attorney-in-Fact)
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## CHEMED CORPORATION AND SUBSIDIARY COMPANIES

## INDEX TO FINANCIAL STATEMENTS AND FINANCIAL STATEMENT SCHEDULES

1991, 1992 AND 1993

CHEMED CORPORATION CONSOLIDATED FINANCIAL STATEMENTS AND FINANCIAL STATEMENT SCHEDULES	PAGE(S)
Report of Independent Accountants . . . . .	17*
Statement of Accounting Policies . . . . .	18*
Consolidated Statement of Income . . . . .	19*
Consolidated Balance Sheet . . . . .	20*
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Schedule X -- Supplementary Income Statement Information . . . . .	S-5

\* Indicates page numbers in Chemed Corporation 1993 Annual Report to Stockholders.

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 The consolidated financial statements of Chemed Corporation listed above, appearing in the 1993 Annual Report to Stockholders, are incorporated herein by reference. The Financial Statement Schedules 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 SCHEDULES

To the Board of Directors  
of Chemed Corporation

Our audits of the consolidated financial statements referred to in our report dated February 1, 1994 appearing on page 17 of the 1993 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 Schedules listed in Item 14 of this Form 10-K. In our opinion, these Financial Statement Schedules present fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements.

/s/ Price Waterhouse

PRICE WATERHOUSE

Cincinnati, Ohio  
February 1, 1994



CHEMED CORPORATION AND SUBSIDIARY COMPANIES  
MARKETABLE SECURITIES -- OTHER INVESTMENTS  
(in thousands except share and warrant data)

## SCHEDULE I

Name of Issuer and Title of Issue	Number of shares	Amortized Cost of Issue	Market Value at December 31, 1993	Amount Included in December 31, 1993 Balance Sheet
Gradison Government Income Fund	73,774 shares	\$ 1,000	\$ 993	\$ 1,000
Other	-	200	200	200
Total Marketable Securities				\$ 1,200
Vitas Healthcare Corporation: (a) 9 % Cumulative Nonconvertible Preferred Stock Warrants	270,000 shares 2 warrants	\$ 26,020 1,500	\$ 28,195 4,730	\$ 26,020 1,500
EXEL, Ltd.: (b) Common Stock	416,000 shares	4,160	18,460	4,160
Future Healthcare, Inc.: Other	-	5,977	9,686	5,977
Total Other Investments				\$ 37,657

Name of Issuer and Title of Issue	Number of shares/ Principal Amount of Bonds and Notes	Amortized Cost of Issue	Market Value at December 31, 1992	Amount Included in December 31, 1992 Balance Sheet
U.S. Treasury Notes (c)	\$ 20,000	\$ 20,976	\$ 20,859	\$ 20,976
Overland Express Variable Rate Government Fund	1,087,739 shares	11,000	10,823	11,000
American Adjustable Rate Term Trust	100,000 shares	1,000	988	1,000
Other	-	201	201	201
Total Marketable Securities				\$ 33,177
Vitas Healthcare Corporation: (a) 9 % Cumulative Nonconvertible Preferred Stock Warrants	270,000 shares 2 warrants	\$ 25,744 1,500	\$ 25,744 1,500	\$ 25,744 1,500
EXEL, Ltd.: (b) Common Stock Options	500,000 shares 75,000 shares	5,000 -	23,625 2,794	5,000 -
Future Healthcare, Inc.: Other	-	3,259	4,620	3,259
Total Other Investments				\$ 35,503

(a) Initial investment in this privately held corporation was made in December 1991. At December 31, 1992, fair value was not readily determinable without commissioning an independent appraisal which was not considered cost justified. During 1993, Vitas Healthcare Corporation (Vitas) obtained additional outside financing and obtained a valuation of its common stock from an independent investment banking firm. The market value at December 31, 1993, is based on the difference between that appraisal and Chemed's exercise price. The value of the 9% Cumulative Preferred Stock is based on the present value of the mandatory redemption payments, using an interest rate of 7.5%, a rate which management believes to be reasonable given Vitas' financial performance and current market conditions.

(b) Trading restrictions on these shares expired in February 1993 and July 1993.

(c) All securities of the U.S. Government are grouped together and shown as a single item.

## SCHEDULE VIII

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

Description	Balance at Beginning of Period	Additions		Deductions (b)	Balance at End of Period
		Charged (Credited) to Costs and Expenses	Applicable to Companies Acquired in Period		
Allowances for doubtful accounts (c)-					
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
For the year 1991.....	\$ 1,695	\$ 1,774	\$ -	\$ (1,559)	\$ 1,910
Valuation accounts for investments in subsidiaries and affiliates (d)-					
For the year 1993.....	\$ -	\$ -	\$ -	\$ -	\$ -
For the year 1992.....	\$ 68	\$ -	\$ -	\$ (68)	\$ -
For the year 1991.....	\$ 68	\$ -	\$ -	\$ -	\$ 68
Allowances for doubtful accounts - notes receivable (d)-					
For the year 1993.....	\$ 312	\$ 253	\$ -	\$ (72)	\$ 493
For the year 1992.....	\$ 319	\$ -	\$ -	\$ (7)	\$ 312
For the year 1991.....	\$ 422	\$ -	\$ -	\$ (103)	\$ 319

- (a) Amounts are presented on a continuing operations basis.  
(b) Deductions include accounts considered uncollectible or written off, payments, companies divested, etc.  
(c) Classified in consolidated balance sheet as a reduction of accounts receivable.  
(d) Classified in consolidated balance sheet as a reduction of other assets.

## SCHEDULE X

CHEMED CORPORATION AND SUBSIDIARY COMPANIES  
 SUPPLEMENTARY INCOME STATEMENT INFORMATION (a)  
 (in thousands)

=====			
Charged to Costs and Expenses			
Item	1993	1992	1991
-----			
Maintenance and repairs.....	\$ 4,835	\$ 3,967	\$ 3,742
	=====	=====	=====
Advertising costs.....	\$ 9,465	\$ 6,203	\$ 5,744
	=====	=====	=====

(a) Amounts are presented on a continuing operations basis.

## 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	*	
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. 5 to Employment Contracts with Executives	*	
11	Statement re: Computation of Earnings Per Common Share	*	
13	1993 Annual Report to Stockholders	*	

21	Subsidiaries of Chemed Corporation	*
23	Consent of Independent Accountants	*
24	Powers of Attorney	*

- -----  
\* Filed herewith

=====  
CHEMED CORPORATION  
1993 STOCK INCENTIVE PLAN  
=====

(approved 5/17/93)

CHEMED CORPORATION  
1993 STOCK INCENTIVE PLAN

1. **PURPOSES:** The purposes of this Plan are (a) to secure for the Corporation the benefits of incentives inherent in ownership of Capital Stock by Key Employees, (b) to encourage Key Employees to increase their interest in the future growth and prosperity of the Corporation and to stimulate and sustain constructive and imaginative thinking by Key Employees, (c) to further the identity of interest of those who hold positions of major responsibility in the Corporation and its Subsidiaries with the interests of the Corporation's stockholders, (d) to induce the employment or continued employment of Key Employees and (e) to enable the Corporation to compete with other organizations offering similar or other incentives in obtaining and retaining the services of competent executives.

2. **DEFINITIONS:** Unless otherwise required by the context, the following terms when used in this Plan shall have the meanings set forth in this section 2.

**BOARD OF DIRECTORS:** The Board of Directors of the Corporation.

**CAPITAL STOCK:** The Capital Stock of the Corporation, par value \$1.00 per share, or such other class of shares or other securities as may be applicable pursuant to the provisions of section 8.

**CORPORATION:** Chemed Corporation, a Delaware corporation.

**FAIR MARKET VALUE:** As applied to any date, the mean between the high and low sales prices of a share of Capital Stock on the principal stock exchange on which the Corporation is listed, or, if it is not so listed, the mean between the bid and the ask prices of a share of Capital Stock in the over-the-counter market as reported by the National Association of Securities Dealers Automated Quotation System on such date or, if no such sales or prices were made or quoted on such date, on the next preceding date on which there were sales or quotes of Capital Stock on such exchange or market, as the case may be; provided, however, that, if the Capital Stock is not so listed or quoted, Fair Market Value shall be determined in accordance with the method approved by the Incentive Committee, and, provided further, if any of the foregoing methods of determining Fair Market Value shall not be consistent with the regulations of the Secretary of the Treasury or his delegate at the time applicable to a Stock Incentive of the type involved, Fair Market Value in the case of such Stock Incentive shall be determined in accordance with such regulations and shall mean the value as so determined.

**INCENTIVE COMMITTEE:** The Incentive Committee designated to administer this Plan pursuant to the provisions of section 10.

**INCENTIVE COMPENSATION:** Bonuses, extra and other compensation payable in addition to a salary or other base amount, whether contingent or discretionary or required to be paid pursuant to an agreement, resolution or arrangement, and whether payable currently or on a deferred basis, in cash, Capital Stock or other property, awarded by the Corporation or a Subsidiary prior or subsequent to the date of the

approval and adoption of this Plan by the stockholders of the Corporation.

**KEY EMPLOYEE:** An employee of the Corporation or of a Subsidiary who in the opinion of the Incentive Committee can contribute significantly to the growth and successful operations of the Corporation or a Subsidiary. The grant of a Stock Incentive to an employee by the Incentive Committee shall be deemed a determination by the Incentive Committee that such employee is a Key Employee. For the purposes of this Plan, a director or officer of the Corporation or of a Subsidiary shall be deemed an employee regardless of whether or not such director or officer is on the payroll of, or otherwise paid for services by, the Corporation or a Subsidiary.

**OPTION:** An option to purchase shares of Capital Stock.

**PERFORMANCE UNIT:** A unit representing a share of Capital Stock, subject to a Stock Award, the issuance, transfer or retention of which is contingent, in whole or in part, upon attainment of a specified performance objective or objectives, including, without limitation, objectives determined by reference to or changes in (a) the Fair Market Value, book value or earnings per share of Capital Stock, or (b) sales and revenues, income, profits and losses, return on capital employed, or net worth of the Corporation (on a consolidated or unconsolidated basis) or of any one or more of its groups, divisions, Subsidiaries or departments, or (c) a combination of two or more of the foregoing factors.

**PLAN:** The 1993 Stock Incentive Plan herein set forth as the same may from time to time be amended.

**STOCK AWARD:** An issuance or transfer of shares of Capital Stock at the time the Stock Incentive is granted or as soon thereafter as practicable, or an undertaking to issue or transfer such shares in the future, including, without limitation, such an issuance, transfer or undertaking with respect to Performance Units.

**STOCK INCENTIVE:** A stock incentive granted under this Plan in one of the forms provided for in section 3.

**SUBSIDIARY:** A corporation or other form of business association of which shares (or other ownership interests) having 50% or more of the voting power are owned or controlled, directly or indirectly, by the Corporation.

### 3. GRANTS OF STOCK INCENTIVES:

(a) Subject to the provisions of this Plan, the Incentive Committee may at any time, or from time to time, grant Stock Incentives under this Plan to, and only to, Key Employees.

(b) Stock Incentives may be granted in the following forms:

- (i) a Stock Award, or
- (ii) an Option, or
- (iii) a combination of a Stock Award and an Option.

### 4. STOCK SUBJECT TO THIS PLAN:



(a) Subject to the provisions of paragraph (c) and of this section 4 and of section 8, the aggregate number of shares of Capital Stock which may be issued or transferred pursuant to Stock Incentives granted under this Plan shall not exceed 250,000 shares.

(b) The maximum aggregate number of shares of Capital Stock which may be issued or transferred under the Plan to directors of the Corporation or of a Subsidiary shall not exceed 100,000 shares.

(c) Authorized but unissued shares of Capital Stock and shares of Capital Stock held in the treasury, whether acquired by the Corporation specifically for use under this Plan or otherwise, may be used, as the Incentive Committee may from time to time determine, for purposes of this Plan, provided, however, that any shares acquired or held by the Corporation for the purposes of this Plan shall, unless and until transferred to a Key Employee in accordance with the terms and conditions of a Stock Incentive, be and at all times remain treasury shares of the Corporation, irrespective of whether such shares are entered in a special account for purposes of this Plan, and shall be available for any corporate purpose.

(d) If any shares of Capital Stock subject to a Stock Incentive shall not be issued or transferred and shall cease to be issuable or transferable because of the termination, in whole or in part, of such Stock Incentive or for any other reason, or if any such shares shall, after issuance or transfer, be reacquired by the Corporation or a Subsidiary because of an employee's failure to comply with the terms and conditions of a Stock Incentive, the shares not so issued or transferred, or the shares so reacquired by the Corporation or a Subsidiary shall no longer be charged against any of the limitations provided for in paragraphs (a) or (b) of this section 4 and may again be made subject to Stock Incentives.

5. STOCK AWARDS: Stock Incentives in the form of Stock Awards shall be subject to the following provisions:

(a) A Stock Award shall be granted only in payment of Incentive Compensation that has been earned or as Incentive Compensation to be earned, including, without limitation, Incentive Compensation awarded concurrently with or prior to the grant of the Stock Award.

(b) For the purposes of this Plan, in determining the value of a Stock Award, all shares of Capital Stock subject to such Stock Award shall be valued at not less than 100% of the Fair Market Value of such shares on the date such Stock Award is granted, regardless of whether or when such shares are issued or transferred to the Key Employee and whether or not such shares are subject to restrictions which affect their value.

(c) Shares of Capital Stock subject to a Stock Award may be issued or transferred to the Key Employee at the time the Stock Award is granted, or at any time subsequent thereto, or in installments from time to time, as the Incentive Committee shall determine. In the event that any such issuance or transfer shall not be made to the Key Employee at

the time the Stock Award is granted, the Incentive Committee may provide for payment to such Key Employee, either in cash or in shares of Capital Stock from time to time or at the time or times such shares shall be issued or transferred to such Key Employee, of amounts not exceeding the dividends which would have been payable to such Key Employee in respect of such shares (as adjusted under section 8) if they had been issued or transferred to such Key Employee at the time such Stock Award was granted. Any amount payable in shares of Capital Stock under the terms of a Stock Award may, at the discretion of the Corporation, be paid in cash, on each date on which delivery of shares would otherwise have been made, in an amount equal to the Fair Market Value on such date of the shares which would otherwise have been delivered.

(d) A Stock Award shall be subject to such terms and conditions, including, without limitation, restrictions on sale or other disposition of the Stock Award or of the shares issued or transferred pursuant to such Stock Award, as the Incentive Committee shall determine; provided, however, that upon the issuance or transfer of shares pursuant to a Stock Award, the recipient shall, with respect to such shares, be and become a stockholder of the Corporation fully entitled to receive dividends, to vote and to exercise all other rights of a stockholder except to the extent otherwise provided in the Stock Award. Each Stock Award shall be evidenced by a written instrument in such form as the Incentive Committee shall determine, provided the Stock Award is consistent with this Plan and incorporates it by reference.

6. OPTIONS: Stock Incentives in the form of Options shall be subject to the following provisions:

(a) Upon the exercise of an Option, the purchase price shall be paid in cash or, if so provided in the Option or in a resolution adopted by the Incentive Committee (and subject to such terms and conditions as are specified in the Option or by the Incentive Committee), in shares of Capital Stock or in a combination of cash and such shares. Shares of Capital Stock thus delivered shall be valued at their Fair Market Value on the date of exercise. Subject to the provisions of section 8, the purchase price per share shall be not less than 100% of the Fair Market Value of a share of Capital Stock on the date the Option is granted.

(b) Each Option shall be exercisable in full or in part one year after the date the Option is granted, or may become exercisable in one or more installments and at such time or times, as the Incentive Committee shall determine. Unless otherwise provided in the Option, an Option, to the extent it is or becomes exercisable, may be exercised at any time in whole or in part until the expiration or termination of the Option. Subject to the first sentence of this paragraph, any term or provision in any outstanding Option specifying when the Option is exercisable or that it be exercisable in installments may be modified at any time during the life of the Option by the Incentive Committee, provided, however, no such modification of an outstanding Option shall, without the consent of the optionee, adversely affect any Option theretofore granted to him. Subject to the preceding provisions of this paragraph, an Option will become immediately exercisable in full if at any time during the term of the Option the Corporation obtains actual

knowledge that any of the following events has occurred, irrespective of the applicability of any limitation on the number of shares then exercisable under the Option: (1) any person within the meaning of Sections 13(d) and 14(d) of the Securities Exchange Act of 1934 (the "1934 Act"), other than the Corporation or any of its subsidiaries, has become the beneficial owner, within the meaning of Rule 13d-3 under the 1934 Act, of 30 percent or more of the combined voting power of the Corporation's then outstanding voting securities; (2) the expiration of a tender offer or exchange offer, other than an offer by the Corporation, pursuant to which 20 percent or more of the shares of the Corporation's Capital Stock have been purchased; (3) the stockholders of the Corporation have approved (i) an agreement to merge or consolidate with or into another corporation and the Corporation is not the surviving corporation or (ii) an agreement to sell or otherwise dispose of all or substantially all of the assets of the Corporation (including a plan of liquidation); or (4) during any period of two consecutive years, individuals who at the beginning of such period constitute the Board of Directors cease for any reason to constitute at least a majority thereof, unless the nomination for the election by the Corporation's stockholders of each new director was approved by a vote of at least one-half of the persons who were directors at the beginning of the two-year period.

(c) Each Option shall be exercisable during the life of the optionee only by him and, after his death, only by his estate or by a person who acquired the right to exercise the Option by will or the laws of descent and distribution. An Option, to the extent that it shall not have been exercised, shall terminate when the optionee ceases to be an employee of the Corporation or a Subsidiary, unless he ceases to be an employee because of his resignation with the consent of the Incentive Committee (which consent may be given before or after resignation), or by reason of his death, incapacity or retirement under a retirement plan of the Corporation or a Subsidiary. Except as provided in the next sentence, if the optionee ceases to be an employee by reason of such resignation, the Option shall terminate three months after he ceases to be an employee. If the optionee ceases to be an employee by reason of such death, incapacity or retirement, or if he should die during the three-month period referred to in the preceding sentence, the Option shall terminate fifteen months after he ceases to be an employee. Where an Option is exercised more than three months after the optionee ceased to be an employee, the Option may be exercised only to the extent it could have been exercised three months after he ceased to be an employee. A leave of absence for military or governmental service or for other purposes shall not, if approved by the Incentive Committee, be deemed a termination of employment within the meaning of this paragraph (c); provided, however, that an Option may not be exercised during any such leave of absence. Notwithstanding the foregoing provisions of this paragraph (c) or any other provision of this Plan, no Option shall be exercisable after expiration of the term for which the Option was granted, which shall in no event exceed ten years. Where an Option is granted for a term of less than ten years, the Incentive Committee, may, at any time prior to the expiration of the Option, extend its term for a period ending not later than ten years from the date the Option was granted. Such an extension shall not be deemed the grant of an Option under this Plan.

(d) Options shall be granted for such lawful consideration as the Incentive Committee shall determine.

(e) Neither the Corporation nor any Subsidiary may directly or indirectly lend any money to any person for the purpose of assisting him to purchase or carry shares of Capital Stock issued or transferred upon the exercise of an Option.

(f) No Option nor any right thereunder may be assigned or transferred by the optionee except by will or the laws of descent and distribution. If so provided in the Option or if so authorized by the Incentive Committee and subject to such terms and conditions as are specified in the Option or by the Incentive Committee, the Corporation may, upon or without the request of the holder of the Option and at any time or from time to time, cancel all or a portion of the Option then subject to exercise and either (i) pay the holder an amount of money equal to the excess, if any, of the Fair Market Value, at such time or times, of the shares subject to the portion of the Option so cancelled over the aggregate purchase price of such shares, or (ii) issue or transfer shares of Capital Stock to the holder with a Fair Market Value, at such time or times, equal to such excess.

(g) Each Option shall be evidenced by a written instrument, which shall contain such terms and conditions, and shall be in such form, as the Incentive Committee may determine, provided the Option is consistent with this Plan and incorporates it by reference. Notwithstanding the preceding sentence, an Option, if so granted by the Incentive Committee, may include restrictions and limitations in addition to those provided for in this Plan.

(h) Any federal, state or local withholding taxes payable by an optionee upon the exercise of an Option shall be paid in cash, in such other form as the Incentive Committee may authorize from time to time, including the surrender of shares of Capital Stock or the withholding of shares of Capital Stock to be issued to the optionee. All such shares so surrendered or withheld shall be valued at Fair Market Value on the date such are surrendered to the Corporation or authorized to be withheld.

7. COMBINATIONS OF STOCK AWARDS AND OPTIONS: Stock Incentives authorized by paragraph (b)(iii) of section 3 in the form of combinations of Stock Awards and Options shall be subject to the following provisions:

(a) A Stock Incentive may be a combination of any form of Stock Award with any form of Option; provided, however, that the terms and conditions of such Stock Incentive pertaining to a Stock Award are consistent with section 5 and the terms and conditions of such Stock Incentive pertaining to an Option are consistent with section 6.

(b) Such combination Stock Incentive shall be subject to such other terms and conditions as the Incentive Committee may determine, including, without limitation, a provision terminating in whole or in part a portion thereof upon the exercise in whole or in part of another portion thereof. Such combination Stock Incentive shall be evidenced by a written instrument in such form as the Incentive Committee shall

determine, provided it is consistent with this Plan and incorporates it by reference.

8. ADJUSTMENT PROVISIONS: In the event that any recapitalization, or reclassification, split-up or consolidation of shares of Capital Stock shall be effected, or the outstanding shares of Capital Stock are, in connection with a merger or consolidation of the Corporation or a sale by the Corporation of all or a part of its assets exchanged for a different number or class of shares of stock or other securities of the Corporation or for shares of the stock or other securities of any other corporation, or a record date for determination of holders of Capital Stock entitled to receive a dividend payable in Capital Stock shall occur (a) the number and class of shares or other securities that may be issued or transferred pursuant to Stock Incentives, (b) the number and class of shares or other securities which have not been issued or transferred under outstanding Stock Incentives, (c) the purchase price to be paid per share or other security under outstanding Options, and (d) the price to be paid per share or other security by the Corporation or a Subsidiary for shares or other securities issued or transferred pursuant to Stock Incentives which are subject to a right of the Corporation or a Subsidiary to reacquire such shares or other securities, shall in each case be equitably adjusted.

9. TERM: This Plan shall be deemed adopted and shall become effective on the date it is approved and adopted by the stockholders of the Corporation. No Stock Incentives shall be granted under this Plan after May 17, 2003.

10. ADMINISTRATION:

(a) The Plan shall be administered by the Incentive Committee, which shall consist of no fewer than three persons designated by the Board of Directors. Grants of Stock Incentives may be made by the Incentive Committee either in or without consultation with employees, but, anything in this Plan to the contrary notwithstanding, the Incentive Committee shall have full authority to act in the matter of selection of all Key Employees and in determining the number of Stock Incentives to be granted to them.

(b) The Incentive Committee may establish such rules and regulations, not inconsistent with the provisions of this Plan, as it deems necessary to determine eligibility to participate in this Plan and for the proper administration of this Plan, and may amend or revoke any rule or regulation so established. The Incentive Committee may make such determinations and interpretations under or in connection with this Plan as it deems necessary or advisable. All such rules, regulations, determinations and interpretations shall be binding and conclusive upon the Corporation, its Subsidiaries, its stockholders and all employees, and upon their respective legal representatives, beneficiaries, successors and assigns and upon all other persons claiming under or through any of them.

(c) Members of the Board of Directors and members of the Incentive Committee acting under this Plan shall be fully protected in relying in good faith upon the advice of counsel and shall incur no

liability except for gross negligence or willful misconduct in the performance of their duties.

11. GENERAL PROVISIONS:

(a) Nothing in this Plan nor in any instrument executed pursuant hereto shall confer upon any employee any right to continue in the employ of the Corporation or a Subsidiary, or shall affect the right of the Corporation or of a Subsidiary to terminate the employment of any employee with or without cause.

(b) No shares of Capital Stock shall be issued or transferred pursuant to a Stock Incentive unless and until all legal requirements applicable to the issuance or transfer of such shares, in the opinion of counsel to the Corporation, have been complied with. In connection with any such issuance or transfer the person acquiring the shares shall, if requested by the Corporation, give assurances, satisfactory to counsel to the Corporation, that the shares are being acquired for investment and not with a view to resale or distribution thereof and assurances in respect of such other matters as the Corporation or a Subsidiary may deem desirable to assure compliance with all applicable legal requirements.

(c) No employee (individually or as a member of a group), and no beneficiary or other person claiming under or through him, shall have any right, title or interest in or to any shares of Capital Stock allocated or reserved for the purposes of this Plan or subject to any Stock Incentive except as to such shares of Capital Stock, if any, as shall have been issued or transferred to him.

(d) The Corporation or a Subsidiary may, with the approval of the Incentive Committee, enter into an agreement or other commitment to grant a Stock Incentive in the future to a person who is or will be a Key Employee at the time of grant, and, notwithstanding any other provision of this Plan, any such agreement or commitment shall not be deemed the grant of a Stock Incentive until the date on which the Company takes action to implement such agreement or commitment.

(e) In the case of a grant of a Stock Incentive to an employee of a Subsidiary, such grant may, if the Incentive Committee so directs, be implemented by the Corporation issuing or transferring the shares, if any, covered by the Stock Incentive to the Subsidiary, for such lawful consideration as the Incentive Committee may specify, upon the condition or understanding that the Subsidiary will transfer the shares to the employee in accordance with the terms of the Stock Incentive specified by the Incentive Committee pursuant to the provisions of this Plan. Notwithstanding any other provision hereof, such Stock Incentive may be issued by and in the name of the Subsidiary and shall be deemed granted on the date it is approved by the Incentive Committee, on the date it is delivered by the Subsidiary or on such other date between said two dates, as the Incentive Committee shall specify.

(f) The Corporation or a Subsidiary may make such provisions as it may deem appropriate for the withholding of any taxes which the Corporation or a Subsidiary determines it is required to withhold in connection with any Stock Incentive.

(g) Nothing in this Plan is intended to be a substitute for, or shall preclude or limit the establishment or continuation of, any other plan, practice or arrangement for the payment of compensation or fringe benefits to employees generally, or to any class or group of employees, which the Corporation or any Subsidiary or other affiliate now has or may hereafter lawfully put into effect, including, without limitation, any retirement, pension, group insurance, stock purchase, stock bonus or stock option plan.

#### 12. AMENDMENTS AND DISCONTINUANCE:

(a) This Plan may be amended by the Board of Directors upon the recommendation of the Incentive Committee, provided that, without the approval of the stockholders of the Corporation, no amendment shall be made which (i) increases the aggregate number of shares of Capital Stock that may be issued or transferred pursuant to Stock Incentives as provided in paragraph (a) of section 4, (ii) increases the maximum aggregate number of shares of Capital Stock that may be issued or transferred under the Plan to directors of the Corporation or of a Subsidiary as provided in paragraph (b) of section 4, (iii) withdraws the administration of this Plan from the Incentive Committee, (iv) permits any person who is not at the time a Key Employee of the Corporation or of a Subsidiary to be granted a Stock Incentive, (v) permits any Option to be exercised more than ten years after the date it is granted, (vi) amends section 9 to extend the date set forth therein or (viii) amends this section 12.

(b) Notwithstanding paragraph (a) of this section 12, the Board of Directors may amend the Plan to take into account changes in applicable securities laws, federal income tax laws and other applicable laws. Should the provisions of Rule 16b-3, or any successor rule, under the Securities Exchange Act of 1934 be amended, the Board of Directors may amend the Plan in accordance therewith.

(c) The Board of Directors may by resolution adopted by a majority of the entire Board of Directors discontinue this Plan.

(d) No amendment or discontinuance of this Plan by the Board of Directors or the stockholders of the Corporation shall, without the consent of the employee, adversely affect any Stock Incentive theretofore granted to him.

AMENDMENT NO. 5  
TO EMPLOYMENT AGREEMENT

AGREEMENT dated as of May 17, 1993 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 and May 18, 1992 ("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 17, 1993, as follows:

- A. The date, amended as of May 18, 1992, set forth in Section 1.2 of the Employment Agreement, is hereby deleted and the date of May 3, 1998 is hereby substituted therefor.
- B. For clarification purposes only, Section 3.4(b) of the Employment Agreement is hereby rewritten in its entirety to read as follows:

"(b) If the Company shall terminate Employee's employment hereunder Without Cause, the Company shall pay Employee monthly severance payments at an annual rate equal to 150% of the sum of (i) the Employee's then current base salary plus (ii) the amount of the annual incentive bonus most recently paid or approved to be paid to Employee in respect of the previous year, plus (iii) the fair market value of all shares of Chemed Corporation capital stock subject to stock awards granted to Employee under one or more stock incentive plans of Chemed Corporation which have vested during the 12 months prior to the Employee's termination, such fair market value to be determined as of the date of vesting of any such shares. Such monthly severance payments shall be made for a period equal to the balance of the term of employment provided for in Section 1.2."



C. The amount of unrestricted stock award recognized in lieu of incentive compensation in 1992 is \$\_\_\_\_\_.

Except as specifically amended in this Amendment No. 5 to Employment Agreement, the Employment Agreement shall continue in full force and effect in accordance with its original 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  
Vice Chairman, Secretary  
and General Counsel

## SCHEDULE TO EXHIBIT 10.14

Name and Position -----	Minimum Annual Base Salary -----	Current (a) Stock Award Compensation -----	Current Expiration Date of Agreement -----
E. L. Hutton Chairman and CEO	\$422,000	\$273,217.70	1998
P. C. Voet Executive Vice President	227,196	10,778.11	1998
K. J. McNamara Executive Vice President, Secretary and General Counsel	128,298	16,557.63	1998
T. S. O'Toole Executive Vice President and Treasurer	80,023	30,860.15	1998
A. C. Hutton Vice President	104,471	6,413.12	1998
T. C. Hutton Vice President	118,739	10,269.03	1998
S. E. Laney Senior Vice President and Chief Administrative Officer	79,798	18,669.59	1998
A. V. Tucker Vice President and Controller	70,207	3,933.04	1998

-----  
(a) Amount of unrestricted stock award recognized in lieu of incentive compensation in 1993.

## 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)

	1993	
	Income from Continuing Operations	Net Income
Computation of Earnings per Common and Common Equivalent Share: (a)		
Reported income.....	\$ 17,142	\$ 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.....	\$ 1.74	\$ 1.98
Computation of Earnings per Common Share Assuming Full Dilution: (a)		
Reported income.....	\$ 17,142	\$ 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.....	\$ 1.74	\$ 1.98

(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)

	1992	
	Income from Continuing Operations	Net Income
-----		
Computation of Earnings per Common and Common Equivalent Share: (a)		
Reported income.....	\$ 14,251	\$ 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.....	\$ 1.45	\$ 1.59
	=====	=====
Computation of Earnings per Common Share Assuming Full Dilution: (a)		
Reported income.....	\$ 14,251	\$ 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.....	\$ 1.45	\$ 1.59
	=====	=====

-----  
(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)

	1991	
	Income from Continuing Operations	Net Income
-----		
Computation of Earnings per Common and Common Equivalent Share: (a)		
Reported income.....	\$ 11,037	\$ 52,967
	=====	=====
Average number of shares used to compute earnings per common share.....	10,059	10,059
Effect of unexercised stock options.....	5	5
	-----	-----
Average number of shares used to compute earnings per common and common equivalent share....	\$ 10,064	\$ 10,064
	=====	=====
Earnings per common and common equivalent share.....	\$ 1.10	\$ 5.26
	=====	=====
Computation of Earnings per Common Share Assuming Full Dilution: (a)		
Reported income.....	\$ 11,037	\$ 52,967
	=====	=====
Average number of shares used to compute earnings per common share.....	10,059	10,059
Effect of unexercised stock options.....	36	36
	-----	-----
Average number of shares used to compute earnings per common share assuming full dilution...	10,095	10,095
Earnings per share assuming full dilution.....	\$ 1.09	\$ 5.25
	=====	=====

-----  
(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%.

## FINANCIAL REVIEW

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## PRICE WATERHOUSE

## 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 at December 31, 1993 and 1992, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 1993, 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 audit 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

Cincinnati, Ohio  
February 1, 1994

## STATEMENT OF ACCOUNTING POLICIES

## 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.

## INVENTORIES

Inventories are stated at the lower of cost or market. The average cost or the first-in, first-out ("FIFO") method is used for determining the value of inventories.

## 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 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 Statement of Financial Accounting Standards ("SFAS") No. 109, "Accounting for Income Taxes." For the years 1988 through 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 1992 and 1991 financial statements have been reclassified to conform with the 1993 presentation.

## CONSOLIDATED STATEMENT OF INCOME

## Chemed Corporation and Subsidiary Companies

(in thousands, except per share data)  
For the Years Ended December 31,

	1993	1992	1991
<b>CONTINUING OPERATIONS</b>			
Sales . . . . .	\$401,372	\$305,301	\$274,416
Service revenues . . . . .	123,721	95,661	77,866
Total sales and service revenues . . . . .	525,093	400,962	352,282
Cost of goods sold . . . . .	269,284	208,679	187,777
Cost of services provided . . . . .	79,909	53,766	41,428
Selling and marketing expenses . . . . .	89,784	71,800	64,438
General and administrative expenses . . . . .	54,136	45,189	43,240
Depreciation . . . . .	8,817	6,348	5,899
Total costs and expenses . . . . .	501,930	385,782	342,782
Income from operations . . . . .	23,163	15,180	9,500
Interest expense . . . . .	(8,889)	(5,732)	(5,731)
Other income--net (Note 5) . . . . .	13,656	12,736	14,253
Income before income taxes, equity earnings and minority interest . . . . .	27,930	22,184	18,022
Income taxes (Note 6) . . . . .	(9,278)	(6,531)	(5,405)
Equity in earnings of affiliate (Note 3) . . . . .	2,299	1,745	1,179
Minority interest in earnings of subsidiaries (Note 1) . . . . .	(3,809)	(3,147)	(2,759)
Income from continuing operations . . . . .	17,142	14,251	11,037
DISCONTINUED OPERATIONS (NOTE 4) . . . . .	687	1,400	41,930
Income before cumulative effect of a change in accounting principle . . . . .	17,829	15,651	52,967
Cumulative effect of a change in accounting principle (Note 6) . . . . .	1,651	--	--
NET INCOME . . . . .	\$ 19,480	\$ 15,651	\$ 52,967
<b>EARNINGS PER COMMON SHARE</b>			
Income from continuing operations . . . . .	\$ 1.75	\$ 1.45	\$ 1.10
Income before cumulative effect of a change in accounting principle . . . . .	\$ 1.82	\$ 1.60	\$ 5.27
Net income . . . . .	\$ 1.99	\$ 1.60	\$ 5.27
Average number of shares outstanding . . . . .	9,778	9,803	10,059

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,

1993

1992

## ASSETS

## Current assets

Cash and cash equivalents (Note 7)	\$ 14,615	\$ 14,527
Marketable securities, at cost which approximates market (Note 7)	1,200	33,177
Accounts receivable less allowances of \$2,391 (1992--\$1,837)	58,350	54,051
Current portion of note receivable (Note 8)	5,627	5,525
Inventories (Note 9)	54,745	47,581
Other current assets	10,677	7,025

Total current assets	145,214	161,886
----------------------	---------	---------

Investment in affiliate (Note 3)	30,656	28,501
Other investments, at cost (Note 14)	37,657	35,503
Properties and equipment, at cost less accumulated depreciation (Note 10)	70,758	62,872
Note receivable (Note 8)	10,413	14,921
Identifiable intangible assets less accumulated amortization of \$884 (1992--\$244)	22,166	11,551
Goodwill less accumulated amortization of \$14,073 (1992--\$11,573)	94,867	78,390
Other assets	18,522	11,320

Total Assets	\$430,253	\$404,944
--------------	-----------	-----------

## LIABILITIES

## Current liabilities

Accounts payable	\$ 24,124	\$ 22,019
Bank notes and loans payable (Note 11)	25,000	--
Current portion of long-term debt (Note 12)	5,688	25,250
Income taxes (Note 6)	20,448	22,361
Deferred contract revenue (Note 2)	23,783	9,060
Other current liabilities (Note 13)	28,606	25,267

Total current liabilities	127,649	103,957
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Long-term debt (Note 12)	98,059	103,778
Other liabilities and deferred income (Note 13)	35,383	34,949
Minority interest (Note 1)	32,011	28,749

Total Liabilities	293,102	271,433
-------------------	---------	---------

## STOCKHOLDERS' EQUITY

Capital stock--authorized 15,000,000 shares \$1 par; issued 12,087,894 (1992--11,922,189) shares	12,088	11,922
Paid-in capital	132,095	128,442
Retained earnings	99,851	100,030
Treasury stock--2,289,120 (1992--2,163,733) shares, at cost	(63,914)	(60,077)
Unearned compensation--ESOPs (Note 12)	(42,969)	(46,806)

Total Stockholders' Equity	137,151	133,511
----------------------------	---------	---------

Commitments and contingencies (Notes 2, 13, 16 and 18)

Total Liabilities and Stockholders' Equity	\$430,253	\$404,944
--	-----------	-----------

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,

	1993	1992	1991
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Net income	\$ 19,480	\$ 15,651	\$ 52,967
Adjustments to reconcile net income to net cash provided by operations:			
Depreciation and amortization	13,123	9,234	8,101
Gain on sale of investments	(6,695)	(2,877)	(4,009)
Minority interest in earnings of subsidiaries (Note 1)	3,809	3,147	2,759
Provision for uncollectible accounts receivable	2,018	1,616	1,774
Cumulative effect of a change in accounting principle (Note 6)	(1,651)	--	--
Provision for deferred income taxes (Note 6)	1,328	(1,583)	(698)
Discontinued operations (Note 4)	(687)	(1,400)	(41,930)
Changes in operating assets and liabilities, excluding amounts acquired in business combinations:			
Increase in accounts receivable	(4,588)	(4,896)	(3,851)
(Increase)/decrease in inventories and other current assets	(4,932)	831	(400)
Increase in accounts payable, deferred contract revenue and other current liabilities	3,397	1,986	4,502
Increase/(decrease) in income taxes (Note 6)	(1,828)	(187)	863
Other--net	(5,088)	(5,602)	(200)
Net cash provided by continuing operations	17,686	15,920	19,878
Net cash provided by discontinued operations	--	--	306
Net cash provided by operating activities	17,686	15,920	20,184
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from sale of marketable securities (Note 7)	78,858	239,820	1,324,241
Purchases of marketable securities (Note 7)	(47,114)	(195,800)	(1,397,255)
Business combinations, net of cash acquired (Note 2)	(25,762)	(68,247)	(21,052)
Capital expenditures	(13,851)	(8,232)	(11,416)
Proceeds from sale of other investments	9,193	2,133	--
Purchase of other investments (Note 14)	(4,396)	(903)	(29,019)
Net proceeds from sale of discontinued operations (Note 4)	1,468	1,366	155,739
Other--net	834	2,399	(2,268)
Net cash provided/(used) by investing activities	(770)	(27,464)	18,970
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Increase/(decrease) in bank notes and loans payable (Note 11)	25,000	(5,000)	(7,200)
Repayment of long-term debt (Note 12)	(21,452)	(1,644)	(1,239)
Dividends paid	(19,659)	(19,603)	(19,820)
Issuance of capital stock (Note 17)	4,263	2,345	969
Purchases of treasury stock	(3,837)	(6,433)	(7,841)
Proceeds from issuance of long-term debt (Note 12)	--	50,825	--
Other--net	(1,143)	(278)	1,061
Net cash provided/(used) by financing activities	(16,828)	20,212	(34,070)
INCREASE IN CASH AND CASH EQUIVALENTS	88	8,668	5,084
Cash and cash equivalents at beginning of year	14,527	5,859	775
Cash and cash equivalents at end of year	\$ 14,615	\$ 14,527	\$ 5,859

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 Compen- sation-- ESOPs	Total
Balance at December 31, 1990 . . . . .	\$ 11,735	\$ 124,320	\$ 70,835	\$ (45,803)	\$ (51,583)	\$ 109,504
Net income . . . . .	--	--	52,967	--	--	52,967
Dividends paid (\$1.97 per share) . . . . .	--	--	(19,820)	--	--	(19,820)
Purchases of treasury stock . . . . .	--	--	--	(7,841)	--	(7,841)
Decrease in unearned compensation						
--ESOPs (Note 12) . . . . .	--	--	--	--	2,613	2,613
Issuance of capital stock (Note 17) . . . . .	95	1,982	--	--	--	2,077
Other . . . . .	--	(93)	--	--	--	(93)
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 12) . . . . .	--	--	--	--	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 12) . . . . .	--	--	--	--	3,837	3,837
Other . . . . .	--	(444)	--	--	--	(444)
Balance at December 31, 1993 . . . . .	\$ 12,088	\$ 132,095	\$ 99,851	\$ (63,914)	\$ (42,969)	\$ 137,151

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

## 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 87%-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 services 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 throughout the United States. Products include disposable paper, cotton and gauze proprietary products and various other dental, medical, veterinary and pharmaceutical products.

Financial data by business segment are shown on pages 32, 33 and 36 of this annual report. The segment data for 1993, 1992 and 1991 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.

## 2. BUSINESS COMBINATIONS

On July 16, 1993, Convenient Home Services Inc. ("Convenient") (30% owned by the Company and 70% owned by Roto-Rooter) completed the acquisition of 100% of the outstanding common shares of Encore Service 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 Convenient 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 closing of the transaction (up to a maximum of \$8,800,000). In addition, Convenient also granted the seller a four-year warrant exercisable between 36 and 48 months after the date of close to purchase 15% of the outstanding stock of Convenient on a fully diluted basis. This warrant is exercisable only if the seller elects not to take the contingent payments discussed above.

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

Effective December 1, 1992, the Company acquired The Veratex Corporation and related businesses ("Veratex") from Omnicare Inc. ("Omnicare"), a publicly traded affiliate in which Chemed maintains a 27%-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. 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.

During 1991, Chemed completed a merger agreement with Convenient, whereby Roto-Rooter and the Company acquired 70%- and 30%-ownership interests in Convenient, respectively, for approximately \$20,550,000 in cash. Convenient provides appliance maintenance and repair services through prepaid contractual agreements for periods generally not in excess of one year. In addition, Roto-Rooter acquired six independently owned franchises, engaged primarily in the sewer-, drain- and pipe-cleaning services business, and National Sanitary Supply acquired two 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,		
	1993	1992	1991
Total sales and service revenues	\$556,752	\$532,351	\$455,212
Income from continuing operations	17,240	15,657	10,776
Earnings per share--income from continuing operations	1.76	1.60	1.07

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 net assets acquired in business combinations follows (in thousands):

	December 31,		
	1993	1992	1991
Working capital	\$(13,370)	\$ 25,300	\$ (3,928)
Properties and equipment	3,633	18,454	2,899
Identifiable intangible assets	11,100	7,994	3,800
Goodwill	19,700	16,869	17,857
Other assets and liabilities, net	5,405	(370)	3,343
Total net assets	26,468	68,247	23,971
Less--cash and cash equivalents acquired	(706)	--	(2,919)
Net cash used	\$ 25,762	\$ 68,247	\$ 21,052

### 3. EQUITY INTEREST IN AFFILIATE (OMNICARE)

The Company holds a 27% interest in Omnicare Inc., a public company operating in the healthcare industry whose stock is traded on the New York Stock Exchange. At December 31, 1993, the Company's investment in Omnicare of \$30,656,000 was \$3,451,000 in excess of its equity interest. The market value of the Company's investment at December 31, 1993, based on that day's closing market price of \$32, was \$81,293,000. Chemed received cash dividends from Omnicare totaling \$407,000 during 1993 (1992--\$357,000; 1991--\$306,000).

Summarized financial data for Omnicare follow (in thousands):

	For the Years Ended December 31,		
	1993	1992	1991
Sales and service revenues	\$159,574	\$102,994	\$ 38,317
Gross profit	44,866	30,328	10,656
Income from continuing operations	8,734	3,448	1,182
Net income	9,014(a)	12,158(b)	4,420

	December 31,	
	1993	1992
Current assets	\$111,242	\$ 52,165
Noncurrent assets	107,553	79,228
Total assets	\$218,795	\$131,393
Current liabilities	\$ 34,165	\$ 31,625
Noncurrent liabilities	88,046	11,019
Total liabilities	\$122,211	\$ 42,644

(a) Amount includes \$280,000 from the cumulative effect of adopting SFAS No. 109, effective January 1, 1993.

(b) Amount includes a gain of \$5,198,000 from the sale of Veratex to the Company in December 1992. For the purpose of computing the Company's share of Omnicare's earnings for 1992, this gain was excluded from Omnicare's net income. Accordingly, the Company's share of this gain (\$1,423,000) was recorded as a reduction of the excess of the Company's investment over its share of Omnicare's book value at December 31, 1992.

### 4. DISCONTINUED OPERATIONS

On April 2, 1991, the Company completed the sale of its DuBois Chemicals Inc. ("DuBois") subsidiary to Diversy Corporation ("Diversy"), a subsidiary of The Molson Companies Limited. In exchange for its equity interest, the Company will receive net cash payments aggregating approximately \$216,131,000, including deferred payments with a present value of \$25,177,000 at the sale date. A \$43,699,000 gain (net of income taxes totaling \$44,609,000) on the sale of DuBois was recorded in the second quarter of 1991.

During the first quarter of 1991, DuBois recorded sales and service

revenues of \$68,729,000, a loss before income taxes of \$1,028,000 and a net aftertax loss of \$594,000.

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

	For the Years Ended December 31,		
	1993	1992	1991
Adjustment to the expense accruals related to the gain on the sale of DuBois	\$ 687	\$ --	\$ --
Adjustment to the tax provision on the gain on the sale of DuBois	--	1,400	--
Gain on the sale of DuBois	--	--	43,699
Adjustments for losses incurred on operations discontinued in 1986	--	--	(1,175)
Operating results of DuBois	--	--	(594)
	-----	-----	-----
Total discontinued operations	\$ 687	\$ 1,400	\$41,930
	-----	-----	-----

## 5. OTHER INCOME--NET

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

	For the Years Ended December 31,		
	1993	1992	1991
Gain on sales of investments	\$ 6,695	\$ 2,877	\$ 4,009
Interest income	3,763	5,882	9,616
Dividend income	3,113	3,457	192
Other--net	85	520	436
	-----	-----	-----
Total other income --net	\$13,656	\$12,736	\$14,253
	-----	-----	-----

## 6. INCOME TAXES

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

	For the Years Ended December 31,		
	1993	1992	1991
Continuing Operations:			
Current			
U.S. federal	\$ 6,243	\$ 7,278	\$ 5,791
U.S. state and local	1,664	790	312
Foreign	44	46	--
Deferred			
U.S. federal	1,327	(1,535)	(673)
U.S. state and local	--	(48)	(25)
Total	\$ 9,278	\$ 6,531	\$ 5,405
	-----	-----	-----
Discontinued Operations:			
Current			
U.S. federal	\$ 170	\$ (678)	\$34,103
U.S. state and local	--	--	12,199
Foreign	--	--	281
Deferred			
U.S. federal	183	(722)	(2,611)
U.S. state and local	--	--	(389)
Total	\$ 353	\$ (1,400)	\$43,583
	-----	-----	-----

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

	December 31,	
	1993	1992
Accrued insurance expense	\$ 5,006	\$ 4,618
Payments related to discontinued operations	4,773	3,348
Employee benefit accruals	882	380
Bad debt allowances	871	753
Deferred compensation	765	586
Purchase accounting adjustments	--	937
Other	3,629	2,873
	-----	-----
Gross deferred income tax assets	15,926	13,495
Accelerated tax depreciation	(5,505)	(4,917)
Amortization of intangible assets	(1,246)	(1,024)
Cash to accrual adjustments	(869)	(819)
Equity earnings of affiliate	(799)	(661)
Gain on subsidiary's sale of stock	(659)	(659)
Other	(1,906)	(1,721)
	-----	-----
Gross deferred income tax liabilities	(10,984)	(9,801)
	-----	-----
Net deferred income tax assets	\$ 4,942	\$ 3,694
	-----	-----

The deferred income taxes were included in the following accounts in the Company's consolidated balance sheet (in thousands):

	December 31,	
	----- 1993	1992 -----
Other current assets	\$5,316	\$2,539
Other assets	--	1,155
Other liabilities and deferred income	(374)	--
	-----	-----
Net deferred income tax assets	\$4,942	\$3,694
	-----	-----

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

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,		
	----- 1993	1992	1991 -----
Statutory U.S. federal income tax rate	34.0%	34.0%	34.0%
State and local income taxes, less federal income tax benefit	3.9	2.4	1.0
Tax benefit on dividends paid to ESOPs	(3.4)	(4.3)	(5.8)
Goodwill amortization	3.1	3.0	2.9
Favorable tax adjustments	(2.5)	(3.6)	(3.0)
Domestic dividend exclusion	(2.4)	(3.1)	--
Other--net	.5	1.0	.9
	-----	-----	-----
Effective tax rate	33.2%	29.4%	30.0%
	-----	-----	-----



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.

Substantially all of the taxable income from continuing operations relates to domestic operations.

Provision has not been made for additional taxes on \$22,760,000 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 \$7,966,000 would be incurred at current income tax rates.

The total amount of income taxes paid during the year ended December 31, 1993, was \$9,913,000 (1992-- \$10,970,000; 1991--\$36,668,000).

#### 7. CASH EQUIVALENTS AND MARKETABLE SECURITIES

Included in cash and cash equivalents at December 31, 1993, are cash equivalents in the amount of \$14,538,000 (1992--\$14,331,000). 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 3.6% in 1993 and 3.2% in 1992.

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,	
	1993	1992
	----	----
Various adjustable-rate securities funds, with a weighted average yield of 6.8% (1992--5.3%)	\$ 1,000	\$12,000
U.S. Treasury Notes, maturing between January 1995 and December 1996, with a weighted average yield of 4.7%	--	20,976
All other	200	201
	-----	-----
Total marketable securities	\$ 1,200	\$33,177
	-----	-----

#### 8. NOTE RECEIVABLE

As a part of the agreement to purchase DuBois, Diversey issued a note to the Company 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,	
	1993	1992
	----	----
Gross amount of note receivable outstanding	\$18,000	\$24,000
Less amount representing imputed interest	(1,960)	(3,554)
	-----	-----
Present value of note receivable	16,040	20,446
Less current portion	(5,627)	(5,525)
	-----	-----
Note receivable, less current portion	\$10,413	\$14,921
	-----	-----

#### 9. INVENTORIES

A summary of inventories follows (in thousands):

	December 31,	
	1993	1992
	----	----
Raw materials	\$ 6,977	\$ 6,395
Finished goods and general merchandise	47,768	41,186
	-----	-----
Total inventories	\$54,745	\$47,581
	-----	-----

10. PROPERTIES AND EQUIPMENT

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

	December 31,	
	----- 1993	1992 -----
Land	\$ 6,340	\$ 6,340
Buildings	25,560	24,726
Machinery	47,209	38,342
Transportation equipment	23,598	18,786
Projects under construction	2,003	1,532
	-----	-----
Total properties and equipment	104,710	89,726
Less accumulated depreciation	(33,952)	(26,854)
	-----	-----
Net properties and equipment	\$ 70,758	\$ 62,872
	-----	-----

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 either be repaid or converted to a term loan repayable in four equal semiannual installments. Borrowing under the RT Agreement is subject to maintaining certain financial covenants, and 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. Borrowing under the Credit Agreement is subject to maintaining certain financial covenants, and the interest rate is based on various stipulated market rates of interest.

At December 31, 1993, the Company had \$25,000,000 of borrowings outstanding under the Credit Agreement and none under the RT Agreement. In addition to these agreements, the Company had \$34,250,000 of unused lines of credit with various banks at December 31, 1993.

The Company's short-term borrowings provide temporary capital for operations. There are no restrictions on any cash balances maintained at the banks. Information relating to short-term borrowings is summarized below (in thousands, except percentages):

	For the Years Ended December 31,		
	1993	1992	1991
Aggregate borrowings outstanding:			
Average month- end balance	\$ 4,583	\$ 7,392	\$ 9,371
Maximum month- end balance	25,000	10,000	28,150
Weighted average interest rate:			
On average borrowings(a)	3.4%	5.3%	6.5%
On year-end borrowings	3.8	n.a.	4.6

(a) Calculated by dividing the actual interest expense by the average month-end balance.

## 12. LONG-TERM DEBT

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

	December 31,	
	1993	1992
Senior Notes:		
8.15%, due 2004	\$ 50,000	\$ 50,000
Series A--10.07%, due 1993	--	20,000
Series B--10.67%, due 1993 - 2003	10,000	11,000
Employee Stock Ownership Plans Loan Guarantees:		
6.57% (1992--6.67%), due 1993 - 2000	42,969	46,806
Other	778	1,222
Subtotal	103,747	129,028
Less current portion	(5,688)	(25,250)
Long-term debt less current portion	\$ 98,059	\$103,778

### 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. The remaining \$10,000,000 bears interest at the rate of 10.67% with remaining annual principal payments of \$1,000,000 due on November 1, 1994 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 seven 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 6.57% (1992--6.67%). 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, 1993, based on that day's closing price of \$30.50 was \$32,101,000 as compared with aggregate loan guarantees of \$42,969,000.

### 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 1999.

The following is a schedule by year of required long-term debt payments as of December 31, 1993 (in thousands):

1994	\$ 5,688
1995	6,346
1996	7,023
1997	12,432
1998	10,521
After 1998	61,737
	-----
Total long-term debt	\$ 103,747
	-----
	-----

The various loan agreements contain certain covenants which could restrict the amount of cash dividend payments, treasury stock purchases and certain other transactions of the Company. The Company does not anticipate that the restrictions imposed by the agreements will materially restrict its future operations or ability to pay dividends.

The total amount of interest paid during the year ended December 31, 1993, was \$8,893,000 (1992--\$5,371,000; 1991--\$7,020,000).

## 13. OTHER LIABILITIES

At December 31, 1993, other current liabilities included accrued insurance liabilities of \$10,929,000 (1992--\$8,617,000).

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,	
	1993	1992
Other current liabilities	\$ 4,195	\$ 5,326
Other liabilities and deferred income	26,895	27,297
Total	\$ 31,090	\$ 32,623

Included in other liabilities and deferred income at December 31, 1993 and 1992, is an accrual of \$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, for which no provision has been accrued.

## 14. 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. At December 31, 1992, a reasonable estimate of fair value could not be made without commissioning a costly outside appraisal. During 1993, Vitas obtained additional outside financing and recently obtained a valuation of its common stock from an independent investment banking firm. The market value of the Common Stock Purchase Warrants at December 31, 1993, is based on the difference between that appraisal and Chemed's exercise price. The value of the 9% Cumulative Preferred Stock is based on the present value of the mandatory redemption payments, using an interest rate of 7.5%, a rate which management believes is reasonable in view of Vitas' improving financial performance and current market conditions.

-- For the note receivable from Diversey, the fair value is determined by discounting the remaining future installment payments using a rate of 6% (1992--8%), 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, 1993		December 31, 1992	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Marketable securities	\$ 1,200	\$ 1,193	\$ 33,177	\$ 32,871
Other investments:				
Vitas--				
Preferred Stock	26,020	28,195	25,744	n.a.
Warrants	1,500	4,730	1,500	n.a.
EXEL Ltd.	4,160	18,460	5,000	26,419
All other	5,977	9,686	3,259	4,620
Restricted deposits included in other assets	13,176	13,176	4,523	4,523
Note receivable:				
Current portion	5,627	5,910	5,525	5,882
Noncurrent portion	10,413	10,836	14,921	15,158
Long-term debt:				
Current portion	5,688	5,464	25,250	33,944
Noncurrent portion	98,059	99,710	103,778	94,454

## 15. 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,		
	1993	1992	1991
ESOPs:			
Principal payments	\$ 3,837	\$ 2,164	\$ 2,612
Interest payments	2,968	3,255	4,328
Dividends received by the ESOP trusts	(2,819)	(2,818)	(3,055)
Interest income earned by the ESOP trusts	(4)	(5)	(5)
Subtotal	3,982	2,596	3,880
Less ESOP costs allocated to discontinued operations	(350)	--	(2,055)
Pension, profit sharing and other similar plans	1,813	2,221	2,249
Total	\$ 5,445	\$ 4,817	\$ 4,074

Interest expense on ESOP debt allocated to discontinued operations totaled \$244,000 in 1993 and \$1,209,000 in 1991.

#### 16. 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 13 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, 1993 (in thousands):

1994	\$ 9,136
1995	7,930
1996	7,205
1997	5,534
1998	4,053
After 1998	27,873
Total minimum rental payments	61,731
Less minimum sublease rentals	(22,513)
Net minimum rental payments	\$ 39,218

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

	For the Years Ended December 31,		
	1993	1992	1991
Total rental payments	\$ 9,216	\$ 7,057	\$ 5,545
Less sublease rentals	(3,440)	(3,268)	(2,064)
Net rental expense	\$ 5,776	\$ 3,789	\$ 3,481

#### 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 628,967 shares were outstanding at December 31, 1993, and options or other stock incentives covering 300,827 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:

	1993		1992	
	Number of Shares	Average Price	Number of Shares	Average Price
Options out- standing at January 1	573,474	\$ 25.57	440,548	\$ 26.15
Options granted	250,950	28.56	268,950	25.38
Options exercised	(165,055)	23.34	(74,069)	23.20
Options ter- minated or canceled	(30,402)	31.90	(61,955)	31.69
Options out- standing at Decem- ber 31	628,967	27.04	573,474	25.57
Options exer- cisable at Decem- ber 31	332,978		253,138	
Shares available for grant of stock awards and stock options	300,827		301,804	

During 1993, the Company granted stock awards covering 650 (1992--18,441) shares under its Stock Incentive Plans. 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.

#### 18. SUBSEQUENT EVENT

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 \$6,582,000, plus 17,500 shares of Chemed Capital Stock. Additional cash payments of up to \$10,400,000 may be made, the amount being contingent upon the earnings of Patient Care during the three-year period ended December 31, 1995. In conjunction with the purchase of Patient Care, an application for the transfer of ownership of one region of Patient Care was made with a state regulatory agency and is expected to be approved in 1994.

With 1993 revenue of approximately \$53,000,000, Patient Care emphasizes personal care in the home, with services including skilled nursing; medical social-work; nutrition; and other specialized services.

## UNAUDITED SUMMARY OF QUARTERLY RESULTS

## Chemed Corporation and Subsidiary Companies

(in thousands, except per share data) 1993	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total Year
<b>Continuing Operations</b>					
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, equity in earnings of affiliate 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)
Equity in earnings of affiliate . . . . .	479	478	689	653	2,299
Minority interest in earnings of subsidiaries . . . . .	(726)	(873)	(1,050)	(1,160)	(3,809)
Income from continuing operations . . . . .	4,078	4,864	4,158	4,042	17,142
Discontinued Operations . . . . .	--	687	--	--	687
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
<b>Earnings Per Common Share</b>					
Income from continuing operations . . . . .	\$ .42	\$ .50	\$ .43	\$ .41	\$ 1.75
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
<b>1992</b>					
<b>Continuing Operations</b>					
Total sales and service revenues . . . . .	\$ 92,458	\$ 98,258	\$102,670	\$107,576	\$400,962
Gross profit . . . . .	\$ 31,636	\$ 33,599	\$ 35,260	\$ 38,022	\$138,517
Income from operations . . . . .	\$ 2,826	\$ 3,329	\$ 4,171	\$ 4,854	\$ 15,180
Interest expense . . . . .	(1,387)	(1,365)	(1,371)	(1,609)	(5,732)
Other income--net . . . . .	3,315	4,643	2,654	2,124	12,736
Income before income taxes, equity in earnings of affiliate and minority interest . . . . .	4,754	6,607	5,454	5,369	22,184
Income taxes . . . . .	(1,354)	(1,986)	(1,530)	(1,661)	(6,531)
Equity in earnings of affiliate . . . . .	403	453	495	394	1,745
Minority interest in earnings of subsidiaries . . . . .	(667)	(726)	(834)	(920)	(3,147)
Income from continuing operations . . . . .	3,136	4,348	3,585	3,182	14,251
Discontinued Operations . . . . .	--	--	1,400	--	1,400
Net Income . . . . .	\$ 3,136	\$ 4,348	\$ 4,985	\$ 3,182	\$ 15,651
<b>Earnings Per Common Share</b>					
Income from continuing operations . . . . .	\$ .32	\$ .44	\$ .37	\$ .33	\$ 1.45
Net income . . . . .	\$ .32	\$ .44	\$ .51	\$ .33	\$ 1.60
Average number of shares outstanding . . . . .	9,852	9,815	9,794	9,752	9,803

## SALES AND PROFIT STATISTICS BY BUSINESS SEGMENT (a)

## Chemed Corporation and Subsidiary Companies

(in thousands, except percentages and footnote data)

	% of Total 1993	% of Total 1984	1993	1992
<b>SALES AND SERVICE REVENUES FROM CONTINUING OPERATIONS (b)</b>				
National Sanitary Supply . . . . .	57%	67%	\$296,865	\$288,731
Roto-Rooter . . . . .	26	33	136,428(d)	104,688
Veratex . . . . .	17	--	91,800	7,543(d)
	----	----	-----	-----
Total . . . . .	100%	100%	\$525,093	\$400,962
	----	----	-----	-----
<b>OPERATING PROFIT FROM CONTINUING OPERATIONS (c)</b>				
National Sanitary Supply . . . . .	31%	53%	\$ 9,093	\$ 9,171
Roto-Rooter . . . . .	49	47	14,371(d)	11,253
Veratex . . . . .	20	--	5,660	607(d)
	----	----	-----	-----
Total . . . . .	100%	100%	\$ 29,124	\$ 21,031
	----	----	-----	-----

(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 1993, 1992 and 1991 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; equity in earnings of affiliate; minority interest in earnings of subsidiaries; discontinued operations; extraordinary items; and cumulative effect of changes in accounting principles.

1991	1990	1989	1988	1987	1986	1985	1984
\$267,508	\$265,424	\$262,351	\$179,191(d)	\$ 92,618	\$ 80,010(d)	\$ 63,777	\$ 56,509
84,774(d)	75,230	66,842	62,255	55,233	45,292	36,306	28,368(d)
-----	-----	-----	-----	-----	-----	-----	-----
\$352,282	\$340,654	\$329,193	\$241,446	\$147,851	\$125,302	\$100,083	\$ 84,877
-----	-----	-----	-----	-----	-----	-----	-----
\$ 8,504	\$ 10,165	\$ 10,762	\$ 8,507(d)	\$ 6,157	\$ 5,966(d)	\$ 5,665	\$ 4,922
8,499(d)	8,049	7,762	8,267	7,573	6,849	5,581	4,428(d)
-----	-----	-----	-----	-----	-----	-----	-----
\$ 17,003	\$ 18,214	\$ 18,524	\$ 16,774	\$ 13,730	\$ 12,815	\$ 11,246	\$ 9,350
-----	-----	-----	-----	-----	-----	-----	-----

(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	Operating Profit
Encore Service Systems Inc.	Roto-Rooter	July 1993	\$18,576,000	\$784,000
Veratex Group	Veratex	December 1992	7,543,000	607,000
Convenient Home Services 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	--*
Roto-Rooter franchises	Roto-Rooter	Various 1984	3,153,000	139,000

\*Operations were integrated into existing operations and amounts are not determinable.

## SELECTED FINANCIAL DATA

## Chemed Corporation and Subsidiary Companies

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

	1993	1992	1991
<b>SUMMARY OF OPERATIONS</b>			
Continuing operations			
Total sales and service revenues	\$ 525,093	\$ 400,962	\$ 352,282
Gross profit	175,900	138,517	123,077
Depreciation	8,817	6,348	5,899
Income from operations	23,163	15,180	9,500
Income/(loss) from continuing operations	17,142	14,251	11,037
Discontinued operations(a)	687	1,400	41,930
Extraordinary gain	--	--	--
Cumulative effect of changes in accounting principles	1,651	--	--
Net income	19,480	15,651	52,967
Earnings per common share:			
Assuming full dilution--			
Income/(loss) from continuing operations(b)	1.75	1.45	1.10
Net income	1.99	1.60	5.27
Primary--			
Income/(loss) from continuing operations(b)	1.75	1.45	1.10
Net income	1.99	1.60	5.27
Average number of shares outstanding:			
Assuming full dilution	9,778	9,803	10,059
Primary	9,778	9,803	10,059
Dividends per share	\$ 2.01	\$ 2.00	\$ 1.97
<b>FINANCIAL POSITION--YEAR-END</b>			
Cash, cash equivalents and marketable securities	\$ 15,815	\$ 47,704	\$ 83,044
Working capital	17,565	57,929	78,663
Properties and equipment, at cost less accumulated depreciation	70,758	62,872	44,391
Total assets	430,253	404,944	364,335
Long-term debt	98,059	103,778	77,928
Stockholders' equity	137,151	133,511	139,407
Book value per share:			
Assuming full dilution	14.00	13.68	14.08
Primary	14.00	13.68	14.08
<b>OTHER STATISTICS--CONTINUING OPERATIONS</b>			
Net cash provided/(used) by continuing operations	\$ 17,686	\$ 15,920	\$ 19,878
Capital expenditures	13,851	8,232	11,416
Number of employees	4,834	3,856	3,325
Number of sales and service representatives	2,552	1,790	1,665
Dividend payout ratio(d)	101.0%	125.0%	37.4%
Debt to total capital ratio:			
Total debt basis	43.2	44.3	34.5
Senior debt basis	43.2	44.3	34.5
Return on average equity(d)	14.3	11.6	42.5
Return on average total capital employed(d)	9.7	8.7	24.4
Current ratio	1.14	1.56	1.93

(a) Discontinued operations data include accrual adjustments in 1992 and 1993 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.

1990	1989	1988	1987	1986	1985	1984
\$ 340,654	\$ 329,193	\$ 241,446	\$ 147,851	\$ 125,302	\$ 100,083	\$ 84,877
118,235	110,618	87,071	65,577	57,145	45,267	38,702
5,413	4,811	3,738	3,049	2,484	1,958	1,477
11,147	11,281	9,529	7,636	6,259	5,928	5,029
3,737	4,024	1,142	1,049	(4,893)(c)	2,701	1,600
12,817	22,158	22,246	19,313	42,314	19,157	18,510
--	--	--	--	212	--	--
--	--	732	--	--	--	--
16,554	26,182	24,120	20,362	37,633(c)	21,858	20,110
.36	.40	.36	.39	(.18)(c)	.52	.43
1.60	2.61	2.47	2.15	3.68(c)	2.27	2.11
.36	.40	.12	.12	(.55)(c)	.31	.18
1.60	2.61	2.60	2.28	4.21(c)	2.49	2.29
10,371	10,042	10,879	11,006	11,008	10,946	11,004
10,371	10,042	9,280	8,939	8,946	8,787	8,793
\$ 1.96	\$ 1.84	\$ 1.72	\$ 1.60	\$ 1.56	\$ 1.52	\$ 1.48
\$ 775	\$ 5,346	\$ 4,033	\$ 4,387	\$ 26,165	\$ 5,845	\$ 1,193
14,377	28,236	24,740	10,964	22,108	16,264	12,131
36,802	38,574	36,335	25,034	22,882	18,160	16,592
277,169	285,600	276,276	218,314	234,984	195,932	176,801
82,151	85,834	90,405	46,504	47,328	57,373	70,483
109,504	119,121	109,276	111,754	120,392	93,540	82,020
10.75	11.61	13.19	14.69	15.22	12.90	12.12
10.75	11.61	11.65	12.71	13.41	10.56	9.42
\$ 13,760	\$ 9,537	\$ 7,589	\$ (6,335)	\$ (4,817)	\$ 737	\$ 453
7,128	7,723	10,259	5,597	6,475	4,476	5,042
2,965	2,851	2,633	1,796	1,657	1,221	1,160
1,409	1,356	1,223	967	853	626	625
122.5%	70.5%	66.2%	70.2%	37.1%	61.0%	64.6%
42.4	40.3	43.5	29.3	26.5	37.1	45.4
42.4	34.9	29.2	3.8	1.5	8.6	13.5
13.8	22.3	20.6	17.0	38.7	26.0	25.4
9.8	14.0	14.9	13.5	24.1	17.1	16.5
1.27	1.61	1.55	1.32	1.56	1.60	1.69

(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,

	1993	1992	1991
<b>IDENTIFIABLE ASSETS</b>			
National Sanitary Supply . . . . .	\$109,952	\$110,337	\$106,223
Roto-Rooter . . . . .	125,280	79,997	75,398
Veratex . . . . .	78,468	67,770	--
Total identifiable assets . . . . .	313,700	258,104	181,621
Corporate assets(b) . . . . .	116,553	146,840	182,714
Total assets . . . . .	\$430,253	\$404,944	\$364,335
<b>CAPITAL EXPENDITURES</b>			
National Sanitary Supply . . . . .	\$ 2,688	\$ 3,949	\$ 4,408
Roto-Rooter . . . . .	6,885	3,698	3,533
Veratex . . . . .	3,743	448	--
Subtotal . . . . .	13,316	8,095	7,941
Corporate assets . . . . .	535	137	3,475
Total capital expenditures . . . . .	\$ 13,851	\$ 8,232	\$ 11,416
<b>DEPRECIATION AND AMORTIZATION(c)</b>			
National Sanitary Supply . . . . .	\$ 4,752	\$ 4,716	\$ 4,150
Roto-Rooter . . . . .	5,169	3,831	3,131
Veratex . . . . .	2,113	162	--
Subtotal . . . . .	12,034	8,709	7,281
Corporate assets . . . . .	1,089	525	820
Total depreciation and amortization . . . . .	\$ 13,123	\$ 9,234	\$ 8,101
<b>RECONCILIATION OF OPERATING PROFIT TO INCOME</b>			
<b>BEFORE INCOME TAXES, EQUITY EARNINGS AND MINORITY INTEREST</b>			
Total operating profit . . . . .	\$ 29,124	\$ 21,031	\$ 17,003
Interest expense . . . . .	(8,889)	(5,732)	(5,731)
Corporate expenses, net of investment income(d) . . . . .	7,695	6,885	6,750
Income before income taxes, equity earnings and minority interest . . . . .	\$ 27,930	\$ 22,184	\$ 18,022

(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.

## FINANCIAL CONDITION

## LIQUIDITY AND CAPITAL RESOURCES

Significant transactions impacting the Company's consolidated cash flows and financial position during 1993 and at December 31, 1993, include the following:

- During 1993, the Company completed the acquisition of Encore Service Systems Inc. ("Encore") and nine other purchase business combinations for cash outlays aggregating \$25.8 million;
- In November 1993, the Company repaid \$21 million of its Series A and Series B Senior Notes due 1993; and,
- During 1993, the Company increased its short-term borrowings by \$25.0 million.

As a result of deploying a significant portion of its excess cash and incurring additional short-term borrowings, the Company's current ratio was 1.1:1 at December 31, 1993, as compared with 1.6:1 at the end of 1992. Additionally, the ratio of total debt to total capital declined from 44% at December 31, 1992, to 43% at the end of 1993. Excluding the debt guarantees of the ESOPs, the total debt to total capital ratios were 29% and 28%, respectively, at December 31, 1993 and 1992.

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, 1993.

At December 31, 1993, the Company had authority from the Board of Directors to purchase shares of the Company's capital stock up to a cost of approximately \$11.8 million. Should the market price of the stock be such that it represents an attractive investment for the Company, additional shares may be purchased under such authority. National Sanitary Supply and Roto-Rooter have combined unused authorities totaling \$3.8 million at December 31, 1993, to repurchase shares of their own common stocks.

## CASH FLOW

The Company's cash flows for 1993 and 1992 may be summarized as follows (in millions):

	For the Years Ended December 31,	
	----- 1993 -----	----- 1992 -----
Cash provided by operating activities	\$ 17.7	\$ 15.9
Capital expenditures	(13.9)	(8.2)
	-----	-----
Cash available for dividends before other financing and investing activities	3.8	7.7
Cash dividends	(19.7)	(19.6)
Net other investing/financing activities	16.0	20.6
	-----	-----
Increase in cash and cash equivalents	\$ .1	\$ 8.7
	-----	-----

The increase in cash provided by operating activities from \$15.9 million in 1992 to \$17.7 million in 1993 is largely attributable to The Veratex Group ("Veratex"), acquired in December 1992. Veratex and Roto-Rooter accounted for the major portion of the increase in capital expenditures for 1993.

Cash flow from operating activities is expected to continue to grow in 1994 and later years, while the increase in capital expenditures is expected to moderate. During 1993, the Company supplemented its operating cash flow with gains from the sale of investments aggregating \$4.3 million after taxes. Management continues to view the Company's investment portfolio, along with its 27% equity interest in Omnicare Inc. ("Omnicare"), as potential sources 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 1994.

Consistent with management's long-term strategy of increasing dividends at a lesser rate than earnings to reduce its payout ratio, the Board of Directors declared a quarterly dividend of \$.51 per share of capital stock in February 1994, payable in March 1994 (versus \$.50 per share paid in March 1993). Nonetheless, 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. As a result, the Company had net lease commitments aggregating \$39.2 million at December 31, 1993.

Because Company contributions previously made to other benefit or retirement plans have been used to fund the ESOP debt requirements, the loss of DuBois' contributions to the ESOPs initially had a significant impact on the funding of the ESOPs. During 1992, however, the employees of National Sanitary Supply became participants in one of the Company's ESOPs, and a major portion of the ESOP loans was refinanced in January 1992 at lower interest rates. Furthermore, in 1993, qualifying employees of Veratex became participants in the ESOPs. 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, the Company agreed to reimburse the purchaser for a specified portion of the liability for estimated environmental cleanup and related costs arising from the operations of DuBois prior to the sale date. 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 accrued. Through December 31, 1993, the Company has reimbursed the purchaser of DuBois \$777,000 for prior years' environmental and related costs of DuBois.

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 \$6,582,000, plus 17,500 shares of Chemed Capital Stock. Additional cash payments of up to \$10,400,000 may be made, the amount being contingent upon Patient Care's earnings during the three-year period ended December 31, 1995. The acquisition was funded with the Company's excess cash and marketable securities and short-term borrowings.

The above obligations and contingencies notwithstanding, 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. 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.

## 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	
	1993 vs. 1992	1992 vs. 1991
National Sanitary Supply	3%	8%
Roto-Rooter	30	23
Veratex	n.a.	n.a.
Total	31	14

	Operating Profit as a Percent of Sales and Service Revenues (Operating Margin)		
	1993	1992	1991
National Sanitary Supply	3.1%	3.2%	3.2%
Roto-Rooter	10.5	10.7	10.0
Veratex	6.2	8.0	n.a.
Total	5.5	5.2	4.8

## 1993 VERSUS 1992

Sales of the National Sanitary Supply segment increased 3% to \$296,865,000 in 1993. This sales growth 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.

A prolonged period of deflationary pricing coupled with continuing weak economic conditions could have an unfavorable impact on the profitability of the National Sanitary Supply segment. Management expects to mitigate these economic factors with more efficient operations, by promoting higher-margin products, and through periodic price increases, when possible.

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 Encore, acquired by Roto-Rooter's and Chemed's jointly owned Convenient Home Services Inc. ("Convenient") subsidiary, 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 grew 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. Roto-Rooter management expects that changes being made in operating methods and procedures will result in raising Encore's operating margins to levels equivalent to those of Roto-Rooter's other lines of business over the next several years.

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. The 6.2% margin recorded in 1993 is more indicative of Veratex's ongoing operating performance.

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.

Chemed's equity in the earnings of Omnicare increased 32% from \$1,745,000 in 1992 to \$2,299,000 in 1993 primarily as a result of the continuing growth of Omnicare's pharmacy services business which serves the long-term-care market. Omnicare's sales and income from continuing operations for 1993 increased 55% and 153%, respectively, over amounts recorded in 1992.

Income from continuing operations increased 20% from \$14,251,000 (\$1.45 per share) in 1992 to \$17,142,000 (\$1.75 per share) in 1993, as a result of the earnings contribution of Veratex, the significant earnings growth recorded by Roto-Rooter, and 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 \$.19 per share, in 1992). In addition, earnings for 1993 were reduced by \$.10 per share, due to the negative carry on the Company's 8.15% Senior Notes (versus the lower rate of earnings on the Company's short-term investments). It is anticipated that the acquisition of Patient Care effective January 1, 1994, will eliminate the impact of the negative carry.

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" and \$687,000 (\$.07 per share) from the favorable adjustment of accruals related to the 1991 sale of DuBois. For 1992, earnings included \$1,400,000 (\$.15 per share) relating to an adjustment of income taxes on the sale of DuBois.

#### 1992 VERSUS 1991

The National Sanitary Supply segment reported sales of \$288,731,000 during 1992, an increase of 8% over amounts recorded in 1991. Excluding the impact of acquisitions, this segment's sales for 1992 increased by 4% over sales for 1991. The operating margin for National Sanitary Supply was 3.2% for both 1991 and 1992.

The Roto-Rooter segment reported sales and service revenues of \$104,688,000 during 1992, an increase of 23% over amounts recorded in 1991. Excluding the impact of acquisitions (primarily Convenient), this segment's sales for 1992 increased 8% over sales for 1991. Plumbing revenues for 1992, which account for approximately one-fourth of total revenues, increased 20% over amounts recorded during 1991. The operating margin for Roto-Rooter improved from 10.0% in 1991 to 10.7% in 1992, largely as a result of favorable sales growth in company-owned operations, particularly from repair and maintenance plumbing services, coupled with continued effective cost management.

Veratex, acquired effective December 1, 1992, contributed \$7,543,000 and \$607,000, respectively, to the

Company's sales and service revenues and operating profit in 1992. Excluding Veratex and other businesses acquired in 1991 and 1992, the consolidated sales and service revenues of the Company increased by 5% in 1992 as compared with revenues for 1991.

Income from operations increased by \$5,680,000, from \$9,500,000 in 1991 to \$15,180,000 in 1992, primarily as a result of: (a) a full year's profit contribution in 1992 by Convenient versus four months' contribution in 1991; (b) growth in sales and service revenues of Roto-Rooter's and National Sanitary Supply's basic businesses; (c) the lack of the expense of a Company contribution to the Chemed Foundation in 1992; (d) the acquisition of Veratex in December 1992; and, (e) the improved operating margin of the Roto-Rooter segment.

Other income--net decreased from \$14,253,000 to \$12,736,000 as a result of a decline in gains on the sales of marketable securities and other investments in 1992 as compared with 1991.

Chemed's share of the earnings of Omnicare increased from \$1,179,000 in 1991 to \$1,745,000 in 1992 primarily as a result of the growth of Omnicare's pharmacy services business. Omnicare's income from continuing operations (which excludes earnings from Veratex) increased 192% from \$1,182,000 in 1991 to \$3,448,000 in 1992. Omnicare recorded a gain of \$5,198,000 on its sale of Veratex to the Company in December 1992. For the purpose of computing the Company's share of Omnicare's earnings in 1992, this gain was excluded from Omnicare's net income.

Chemed's income from continuing operations increased 29% from \$11,037,000 (\$1.10 per share) in 1991 to \$14,251,000 (\$1.45 per share) in 1992 largely as a result of strong performances by Roto-Rooter, National Sanitary Supply and Omnicare in 1992.

Net income, which in 1991 included a net gain of \$41,930,000 from discontinued operations (primarily from the sale of DuBois), declined from \$52,967,000 (\$5.27 per share) in 1991 to \$15,651,000 (\$1.60 per share) in 1992.

#### IMPACT OF RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

##### ACCOUNTING FOR POSTEMPLOYMENT BENEFITS

In November 1992, the Financial Accounting Standards Board ("FASB") issued SFAS No. 112, "Employers' Accounting for Postemployment Benefits," effective for fiscal years commencing after December 15, 1993. SFAS No. 112 requires companies to account for postemployment benefits (benefits after employment ceases but before retirement begins) on an accrual basis, as is presently required for pension benefits. Generally, the cost of postemployment benefits provided by the Company is either paid for by the employee or is accrued in the period in which the benefits are earned. Consequently, the implementation of the provisions of SFAS No. 112 in the first quarter of 1994 will not have a material impact on the Company's financial position or results of operations.

##### ACCOUNTING FOR DEBT AND EQUITY INVESTMENTS

In May 1993, the FASB issued SFAS No. 115, "Accounting for Certain Investments in Debt and Equity Securities," effective for fiscal years commencing after December 15, 1993. Generally, SFAS No. 115 requires most investments in debt and equity securities to be recorded at their fair value, unless it is the intent of the company to hold the security until maturity. Unrealized gains and losses on "trading" securities are charged or credited to earnings, while such gains and losses on securities classified as "available for sale" are recorded in a separate component of equity.

Effective January 1, 1994, the Company is required to adopt SFAS No. 115 and will recognize an increase in its stockholders' equity balance of approximately \$13 million, representing the aftertax unrealized gain on its debt and equity securities classified as "available for sale." Since its "trading" securities have a book value that is essentially the same as market value, adoption of SFAS No. 115 will have little impact on the Company's results of operations.

##### EMPLOYERS' ACCOUNTING FOR EMPLOYEE STOCK OWNERSHIP PLANS

In November 1993, the Accounting Standards Executive Committee ("AcSEC") issued Statement of Position ("SOP") No. 93-6, "Employers' Accounting for Employee Stock Ownership Plans." Adoption of this statement in 1994 is required for ESOP shares purchased after December 31, 1992. Since all of the Company's ESOP shares were purchased prior to 1993, adoption of SOP No. 93-6 is optional. Presently, it is not anticipated that the Company will adopt the provisions of SOP No. 93-6 in 1994.

##### REPORTING ON ADVERTISING COSTS

In December 1993, AcSEC issued 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 first time the advertising has taken 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 12-month period in which they are incurred, 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, 1993. 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, 1993.

All of the majority owned companies listed below are included in the consolidated financial statements as of December 31, 1993. All 20% to 50%-owned companies listed below are included in the consolidated financial statements on an equity basis, except as noted below.

Amira Services, Inc. (Florida, 100% by Convenient Home Services, Inc.)  
Cardinal Paper Company (Oklahoma, 100% by Century Papers, Inc.)  
Century Papers, Inc. (Texas, 100% by National Sanitary Supply Company)  
Convenient Home Services, Inc. (Florida, 70% by Roto-Rooter, Inc. and 30% by Chemed)  
Encore Service Systems, Inc. (Florida, 100% by Convenient Home Services, Inc.)  
Encore Maintenance and Management, Inc. (Florida, 100% by Encore Service Systems, Inc.)  
Jet Resource, Inc. (Delaware, 100%)  
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 Chemed Corporation)  
Omnicare, Inc. (Delaware, 27% by OCR Holding Company)  
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)  
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)

## 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, 1994 appearing on page 17 of the 1993 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 Schedules, which appears on page S-2 of this Form 10-K.

/s/ Price Waterhouse

PRICE WATERHOUSE

Cincinnati, Ohio  
March 29, 1994

## POWER OF ATTORNEY

The undersigned director of CHEMED CORPORATION ("Company") hereby appoints EDWARD L. HUTTON and KEVIN J. MCNAMARA 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, 1993, 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, 1994

/s/ J. Peter Grace

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J. Peter Grace

## POWER OF ATTORNEY

The undersigned director of CHEMED CORPORATION ("Company") hereby appoints EDWARD L. HUTTON and KEVIN J. McNAMARA 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, 1993, 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 21, 1994

/s/ Edward L. Hutton

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Edward L. Hutton

## POWER OF ATTORNEY

The undersigned director of CHEMED CORPORATION ("Company") hereby appoints EDWARD L. HUTTON and KEVIN J. McNAMARA 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, 1993, 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, 1994

/s/ James A. Cunningham

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James A. Cunningham



## POWER OF ATTORNEY

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Dated: March 18, 1994

/s/ James H. Devlin

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James H. Devlin

## POWER OF ATTORNEY

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Dated: March 20, 1994

/s/ Charles H. Erhart, Jr.

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Charles H. Erhart, Jr.

## POWER OF ATTORNEY

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Dated: March 18, 1994

/s/ Joel F. Gemunder

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Joel F. Gemunder

## POWER OF ATTORNEY

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Dated: March 22, 1994

/s/ Neal Gilliatt

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Neal Gilliatt

## POWER OF ATTORNEY

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Dated: March 18, 1994

/s/ William R. Griffin

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William R. Griffin

## POWER OF ATTORNEY

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Dated: March 17, 1994

/s/ Will J. Hoekman

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Will J. Hoekman

## POWER OF ATTORNEY

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Dated: March 17, 1994

/s/ Thomas C. Hutton

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Thomas C. Hutton

## POWER OF ATTORNEY

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Dated: March 18, 1994

/s/ Jon D. Krahulik

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Jon D. Krahulik



## POWER OF ATTORNEY

The undersigned director of CHEMED CORPORATION ("Company") hereby appoints EDWARD L. HUTTON and KEVIN J. McNAMARA 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, 1993, 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 21, 1994

/s/ Sandra E. Laney

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Sandra E. Laney

## POWER OF ATTORNEY

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Dated: March 16, 1994

/s/ Kevin J. McNamara

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Kevin J. McNamara

## POWER OF ATTORNEY

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Dated: March 21, 1994

/s/ Timothy S. O'Toole

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Timothy S. O'Toole

## POWER OF ATTORNEY

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Dated: March 18, 1994

/s/ D. Walter Robbins, Jr.

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D. Walter Robbins, Jr.

## POWER OF ATTORNEY

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Dated: March 17, 1994

/s/ Arthur V. Tucker

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Arthur V. Tucker

## POWER OF ATTORNEY

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Dated: March 17, 1994

/s/ Paul C. Voet

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Paul C. Voet

## POWER OF ATTORNEY

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Dated: March 21, 1994

/s/ John M. Mount

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John M. Mount