SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

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

For the fiscal year ended December 31, 1994

or

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

For the Transition period from _______________ to ______________

Commission File Number: 1-8351

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

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

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

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

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

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

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

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

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

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

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

DOCUMENTS INCORPORATED BY REFERENCE

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

CHEMED CORPORATION

1994 FORM 10-K ANNUAL REPORT

TABLE OF CONTENTS

PART I

ITEM 1. BUSINESS

GENERAL

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

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

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

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

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

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

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

FINANCIAL INFORMATION ABOUT INDUSTRY SEGMENTS

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

DESCRIPTION OF BUSINESS BY SEGMENT

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

PRODUCT AND MARKET DEVELOPMENT

Each segment of Chemed's business engages in a continuing program for the development and marketing of new products. While new product and new market development are important factors for the growth of each active segment of Chemed's business, Chemed does not expect that any new product or marketing effort, including those in the development stage, will require the investment of a material amount of Chemed's assets.

RAW MATERIALS

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

PATENTS, SERVICE MARKS AND LICENSES

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

INVENTORIES

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

COMPETITION

NATIONAL SANITARY SUPPLY

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

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

ROTO-ROOTER

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

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

VERATEX

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

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

PATIENT CARE

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

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

RESEARCH AND DEVELOPMENT

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

ENVIRONMENTAL MATTERS

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

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

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

EMPLOYEES

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

ITEM 2. PROPERTIES

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

Location	Type	Owned	Leased
	NATIONAL SANITARY SUPPLY COMPANY		
Los Angeles, CA	Office, manufacturing and distribution center	190,000 sq. ft.	--
Tempe, AZ	Office and distribution center	69,000 sq. ft.	--
San Francisco (Area), CA	Office and distribution center	--	66,000 sq. ft.
Denver, CO	Office and distribution center	--	53,000 sq. ft.
Marion, IN	Office and distribution center	30,000 sq. ft.	--
Jackson, MS	Office and distribution center	--	19,000 sq. ft.
Tupelo, MS	Office and distribution center	--	33,000 sq. ft.
Kansas City, MO	Office and distribution center	--	25,000 sq. ft.

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

Location	Type	Owned	Leased
		(NATIONAL SANITARY SUPPLY COMPANY - CONTINUED)	
Branch Sales Offices (1)	Branch sales offices	3,000 sq. ft.	184,000 sq. ft.
		ROTO-ROOTER, INC.	
Cincinnati, OH	Office and service facilities	19,000 sq. ft.	24,000 sq. ft.
West Des Moines IA	Office, manufacturing and distribution facilities	29,000 sq. ft.	--
Northeastern U.S. Area (2)	Office and service facilities	42,000 sq. ft.	21,000 sq. ft.
Central U.S. Area (3)	Office and service facilities	36,000 sq. ft.	23,000 sq. ft.
Mid-Atlantic U.S. Area (4)	Office and service facilities	57,000 sq. ft.	87,000 sq. ft.
Western U.S. Area (5)	Office and service facilities	19,000 sq. ft.	38,000 sq. ft.
Canada (6)	Office and service facilities	--	7,000 sq. ft.
		VERATEX	
Troy, MI	Office and distribution center	--	81,000 sq. ft.
Detroit, MI	Manufacturing facility	64,000 sq. ft.	--
Lexington, KY	Office and distribution center	--	157,000 sq. ft.
Lakeland, FL	Office, manufacturing and distribution center	--	76,000 sq. ft.
Rialto, CA (7)	Office, manufacturing and distribution center	132,000 sq. ft.	--
		PATIENT CARE	
New Jersey (8)	Office	-	55,000 sq. ft.
Connecticut (9)	Office	-	7,000 sq. ft.
New York(10)	Office	-	27,000 sq. ft.
		CORPORATE	
CORPORATE (11)			
Cincinnati, OH	Corporate offices and related facilities	--	48,000 sq. ft.

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

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

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

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

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

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

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

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

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

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

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

ITEM 3. LEGAL PROCEEDINGS

None.

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

None.

EXECUTIVE OFFICERS OF THE COMPANY

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

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

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

(3) Mr. P. C. Voet is an Executive Vice President of the Company and has held this position since May 1991. From May 1988 to November 1993, he served the Company as Vice Chairman. Mr. Voet is President and Chief Executive Officer of National Sanitary Supply.

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

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

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

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

PART II

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

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

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

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

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

ITEM 6. SELECTED FINANCIAL DATA.

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

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

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

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.

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

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

None.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT.

The directors of the Company are:

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

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

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

ITEM 11. EXECUTIVE COMPENSATION.

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

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

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

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS.

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

PART IV

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

EXHIBITS

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

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

** Management contract or compensatory plan or arrangement.

FINANCIAL STATEMENT SCHEDULE

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

REPORTS ON FORM 8-K

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

SIGNATURES

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

CHEMED CORPORATION

March 28, 1995

By /s/ Edward L. Hutton
Edward L. Hutton
Chairman and Chief Executive Officer

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

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

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

March 28, 1995
Date

/s/ Naomi C. Dallob
Naomi C. Dallob
(Attorney-in-Fact)

CHEMED CORPORATION AND SUBSIDIARY COMPANIES

INDEX TO FINANCIAL STATEMENTS AND FINANCIAL STATEMENT SCHEDULE

1992, 1993 AND 1994

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

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

REPORT OF INDEPENDENT ACCOUNTANTS ON FINANCIAL STATEMENT SCHEDULE

To the Board of Directors
of Chemed Corporation

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

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

Cincinnati, Ohio
February 1, 1995

SCHEDULE VIII

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

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

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

INDEX TO EXHIBITS

Exhibit Number		Page Number or Incorporation by Reference: File No. and Filing Date	Previous Exhibit No.
3.1	Certificate of Incorporation of Chemed Corporation	Form S-3 Reg. No. 33-44177 11/26/91	4.1
3.2	By-Laws of Chemed Corporation	Form 10-K 3/23/89	3
10.1	Agreement and Plan of Merger among Diversey U. S. Holdings, Inc., D. C. Acquisition Inc., Chemed Corporation and DuBois Chemicals, Inc., dated as of February 25, 1991	Form 8-K 3/11/91	1
10.2	Stock Purchase Agreement between Omnicare, Inc. and Chemed Corporation dated as of August 5, 1992	Form 10-K 3/25/93	5
10.3	1978 Stock Incentive Plan, as amended through May 20, 1991	Form 10-K 3/27/92	6
10.4	1981 Stock Incentive Plan, as amended through May 20, 1991	Form 10-K 3/27/92	7
10.5	1983 Incentive Stock Option Plan, as amended through May 20, 1991	Form 10-K 3/27/92	8
10.6	1986 Stock Incentive Plan, as amended through May 20, 1991	Form 10-K 3/27/92	9
10.7	1988 Stock Incentive Plan, as amended through May 20, 1991	Form 10-K 3/27/92	10
10.8	1993 Stock Incentive Plan	Form 10-K 3/29/94	10.8
10.9	Executive Salary Protection Plan, as amended through November 3, 1988	Form 10-K 3/28/89	11
10.10	Excess Benefits Plan, as amended effective November 1, 1985	Form 10-Q 11/12/85	3
10.11	Non-Employee Directors' Deferred Compensation Plan	Form 10-K 3/24/88	12
10.12	Directors Emeriti Plan	Form 10-Q 5/12/88	2
10.13	Employment Contracts with Executives	Form 10-K 3/28/89	18
10.14	Amendment No. 6 to Employment Contracts with Executives	*	

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

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* Filed herewith

EXHIBIT 10.14

AMENDMENT NO. 6
TO EMPLOYMENT AGREEMENT

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

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

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

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

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

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

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

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

EMPLOYEE

____

CHEMED CORPORATION

____

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

SCHEDULE TO EXHIBIT 10.14

Name and Position	Minimum Annual Base Salary and Bonus	Current (a) Stock Award Compensation	Current Expiration Date of Agreement
Edward L. Hutton Chairman and Chief Executive Officer	$500,000 246,000	$273,217	5/3/99
Kevin J. McNamara President	146,000 35,750	16,557	5/3/99
Paul C. Voet Executive Vice President	240,500 85,000	10,778	5/3/99
Timothy S. O'Toole Executive Vice President and Treasurer	105,000 22,300	30,860	5/3/99
Sandra E. Laney Senior Vice President and Chief Administrative Officer	100,000 32,500	18,669	5/3/99
Arthur V. Tucker Vice President and Controller	90,000 16,000	3,933	5/3/99

(a) Amount of unrestricted stock award recognized in lieu of incentive compensation in 1994.

EXHIBIT 11

CHEMED CORPORATION AND SUBSIDIARY COMPANIES

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

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

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

EXHIBIT 11
(Continued)

CHEMED CORPORATION AND SUBSIDIARY COMPANIES

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

	1993	
	Income from Continuing Operations	Net Income
Computation of Earnings per Common and Common Equivalent Share: (a)		
Reported income.	$ 14,843	$ 19,480
Average number of shares used to compute earnings per common share.	9,778	9,778
Effect of unexercised stock options.	52	52
Average number of shares used to compute earnings per common and common equivalent share	$ 9,830	$ 9,830
Earnings per common and common equivalent share	$ 1.51	$ 1.98
Computation of Earnings per Common Share Assuming Full Dilution: (a)		
Reported income.	$ 14,843	$ 19,480
Average number of shares used to compute earnings per common share.	9,778	9,778
Effect of unexercised stock options.	59	59
Average number of shares used to compute earnings per common share assuming full dilution. .	9,837	9,837
Earnings per share assuming full dilution	$ 1.51	$ 1.98

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

EXHIBIT 11
(Continued)

CHEMED CORPORATION AND SUBSIDIARY COMPANIES

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

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

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

Exhibit 13

FINANCIAL REVIEW

CONTENTS

PRICE WATERHOUSE LLP [Price Waterhouse Logo]

REPORT OF INDEPENDENT ACCOUNTANTS

To the Stockholders and Board of Directors of Chemed Corporation

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

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

/s/ Price Waterhouse LLP

Cincinnati, Ohio
February 1, 1995

STATEMENT OF ACCOUNTING POLICIES

Chemed Corporation and Subsidiary Companies

PRINCIPLES OF CONSOLIDATION

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

CASH EQUIVALENTS

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

MARKETABLE SECURITIES AND OTHER INVESTMENTS

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

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

INVENTORIES

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

DEPRECIATION AND PROPERTIES AND EQUIPMENT

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

GOODWILL AND IDENTIFIABLE INTANGIBLE ASSETS

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

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

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

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

REVENUE RECOGNITION

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

INCOME TAXES

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

COMPUTATION OF EARNINGS PER SHARE

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

PENSIONS AND RETIREMENT PLANS

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

EMPLOYEE STOCK OWNERSHIP PLANS ("ESOPS")

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

RECLASSIFICATIONS

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

CONSOLIDATED STATEMENT OF INCOME

Chemed Corporation and Subsidiary Companies

(in thousands, except per share data)

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

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

CONSOLIDATED BALANCE SHEET

Chemed Corporation and Subsidiary Companies

(in thousands, except share and per share data)

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

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

CONSOLIDATED STATEMENT OF CASH FLOWS

Chemed Corporation and Subsidiary Companies

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

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	Unrealized Appreci-ation on Invest-ments	Total
Balance at December 31, 1991	$11,830	$126,209	$103,982	$(53,644)	$(48,970)	$ --	$139,407
Net income	--	--	15,651	--	--	--	15,651
Dividends paid ($2.00 per share)	--	--	(19,603)	--	--	--	(19,603)
Purchases of treasury stock	--	--	--	(6,433)	--	--	(6,433)
Stock awards and exercise of stock options (Note 17)	92	2,253	--	--	--	--	2,345
Decrease in unearned compensation --ESOPs (Note 14)	--	--	--	--	2,164	--	2,164
Other	--	(20)	--	--	--	--	(20)
Balance at December 31, 1992	11,922	128,442	100,030	(60,077)	(46,806)	--	133,511
Net income	--	--	19,480	--	--	--	19,480
Dividends paid ($2.01 per share)	--	--	(19,659)	--	--	--	(19,659)
Stock awards and exercise of stock options (Note 17)	166	4,097	--	--	--	--	4,263
Purchases of treasury stock	--	--	--	(3,837)	--	--	(3,837)
Decrease in unearned compensation --ESOPs (Note 14)	--	--	--	--	3,837	--	3,837
Other	--	(444)	--	--	--	--	(444)
Balance at December 31, 1993	12,088	132,095	99,851	(63,914)	(42,969)	--	137,151
Net income	--	--	43,922	--	--	--	43,922
Dividends paid ($2.04 per share)	--	--	(20,114)	--	--	--	(20,114)
Stock awards and exercise of stock options (Note 17)	263	7,329	--	--	--	--	7,592
Purchases of treasury stock	--	--	--	(7,316)	--	--	(7,316)
Decrease in unearned compensation --ESOPs (Note 14)	--	--	--	--	4,483	--	4,483
Increase in unrealized appreciation on investments (Note 16)	--	--	--	--	--	20,941	20,941
Other	18	(691)	334	--	--	--	(339)
Balance at December 31, 1994	$12,369	$138,733	$123,993	$(71,230)	$ (38,486)	$20,941	$186,320

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

NOTES TO FINANCIAL STATEMENTS

Chemed Corporation and Subsidiary Companies

1. SEGMENTS OF THE BUSINESS

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

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

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

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

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

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

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

2. BUSINESS COMBINATIONS

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

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

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

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

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

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

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

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

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

	December 31,		
	1994	1993	1992
Working capital	$8,646	$(13,767)	$24,363
Properties and equipment	451	3,633	18,454
Identifiable intangible assets	--	11,100	7,994
Goodwill	22,051	19,700	16,869
Deferred income taxes	3,649	(412)	937
Long-term debt	(7,492)	--	--
Other--net	(507)	6,214	(370)
Total net assets	26,798	26,468	68,247
Less--cash and cash equivalents acquired	(182)	(706)	--
--capital stock issued	(500)	--	--
--deferred payments	(7,733)	--	--
Net cash used	$18,383	$25,762	$68,247

3. NONRECURRING EXPENSES

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

4. DISCONTINUED OPERATIONS

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

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

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

	For the Years Ended December 31,		
	1994	1993	1992
Gains on sales of Omnicare stock	$23,358	--	--
Equity earnings in Omnicare prior to December 1, 1994	2,225	2,299	1,745

Adjustment to the tax provision on the gain on the sale of DuBois	3,236	--	1,400
Adjustment to the expense accruals related to the gain on the sale of DuBois	571	687	--
Total discontinued operations	$29,390	$ 2,986	$ 3,145

5. OTHER INCOME--NET

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

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

6. INCOME TAXES

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

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

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

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

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

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

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

	For the Years Ended December 31,		
	1994	1993	1992
Statutory U.S. federal income tax rate	34.0%	34.0%	34.0%
State and local income taxes, less federal income tax benefit	5.2	3.9	2.4
Nondeductible amortization of goodwill	3.1	3.1	3.0
Domestic dividend exclusion	(2.3)	(2.4)	(3.1)
Tax benefit on dividends paid to ESOPs	(2.1)	(3.4)	(4.3)
Favorable tax adjustments	(1.0)	(2.5)	(3.6)
Other--net	(0.1)	0.5	1.0

Effective tax rate	36.8%	33.2%	29.4%

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

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

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

7. CASH EQUIVALENTS AND MARKETABLE SECURITIES

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

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

A summary of marketable securities follows (in thousands):

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

8. NOTE RECEIVABLE

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

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

9. INVENTORIES

A summary of inventories follows (in thousands):

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

10. PROPERTIES AND EQUIPMENT

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

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

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

11. BANK NOTES AND LOANS PAYABLE

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

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

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

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

12. LONG-TERM DEBT

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

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

SENIOR NOTES

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

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

EMPLOYEE STOCK OWNERSHIP PLANS ("ESOPs") LOAN GUARANTEES

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

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

OTHER

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

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

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

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

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

13. OTHER LIABILITIES

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

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

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

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

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

14. PENSION AND RETIREMENT PLANS

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

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

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

	For the Years Ended December 31,		
	1994	1993	1992
ESOPs:			
Principal payments	$ 4,483	$ 3,837	$ 2,164
Interest payments	2,682	2,968	3,255
Dividends received by the ESOP trusts	(2,820)	(2,819)	(2,818)
Interest income earned by the ESOP trusts	(5)	(4)	(5)
Subtotal	4,340	3,982	2,596
Less ESOP costs allocated to discontinued operations	(542)	(350)	--
Pension, profit sharing and other similar plans	2,518	1,813	2,221
Total	$ 6,316	$ 5,445	$ 4,817
ESOP costs classified as compensation	$ 2,476	$ 2,141	$ 1,038

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

15. LEASE ARRANGEMENTS

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

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

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

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

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

16. FINANCIAL INSTRUMENTS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

17. STOCK INCENTIVE PLANS

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

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

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

The changes in outstanding stock options and other data follow:

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

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

UNAUDITED SUMMARY OF QUARTERLY RESULTS

Chemed Corporation and Subsidiary Companies

(in thousands, except per share data)

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

1993	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total Year
Continuing Operations					
Total sales and service revenues	$120,519	$127,241	$139,824	$137,509	$525,093
Gross profit	$ 41,009	$ 43,143	$ 45,718	$ 46,030	$175,900
Income from operations	$ 3,892	$ 5,300	$ 7,086	$ 6,885	$ 23,163
Interest expense	(2,273)	(2,258)	(2,311)	(2,047)	(8,889)
Other income--net	4,670	4,979	1,974	2,033	13,656
Income before income taxes and minority interest	6,289	8,021	6,749	6,871	27,930
Income taxes	(1,964)	(2,762)	(2,230)	(2,322)	(9,278)
Minority interest in earnings of subsidiaries	(726)	(873)	(1,050)	(1,160)	(3,809)
Income from continuing operations	3,599	4,386	3,469	3,389	14,843
Discontinued Operations	479	1,165	689	653	2,986
Income before cumulative effect of a change in accounting principle	4,078	5,551	4,158	4,042	17,829
Cumulative effect of a change in accounting principle	1,651	--	--	--	1,651
Net Income	$ 5,729	$ 5,551	$ 4,158	$ 4,042	$19,480
Earnings Per Common Share					
Income from continuing operations	$ .37	$ .45	$ .35	$ .35	$ 1.52
Income before cumulative effect of a change in accounting principle	$ .42	$ .57	$ .43	$ .41	$ 1.82
Net income	$ .59	$ .57	$ .43	$ .41	$ 1.99
Average number of shares outstanding	9,766	9,770	9,781	9,794	9,778

SALES AND PROFIT STATISTICS BY BUSINESS SEGMENT(a)

Chemed Corporation and Subsidiary Companies

(in thousands, except percentages and footnote data)

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

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

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

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

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

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

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

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

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

SELECTED FINANCIAL DATA

Chemed Corporation and Subsidiary Companies

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

	1994	1993	1992
Summary of Operations			
Continuing operations			
Total sales and service revenues	$645,027	$525,093	$400,962
Gross profit	217,358	175,900	138,517
Depreciation	10,686	8,817	6,348
Income from operations	27,406	23,163	15,180
Income/(loss) from continuing operations	14,532	14,843	12,506
Discontinued operations(a)	29,390	2,986	3,145
Extraordinary gain	--	--	--
Cumulative effect of changes in accounting principles	--	1,651	--
Net income	43,922	19,480	15,651
Earnings per common share:			
Assuming full dilution--			
Income/(loss) from continuing operations(b)	1.47	1.52	1.28
Net income	4.46	1.99	1.60
Primary--			
Income/(loss) from continuing operations(b)	1.47	1.52	1.28
Net income	4.46	1.99	1.60
Average number of shares outstanding:			
Assuming full dilution	9,856	9,778	9,803
Primary	9,856	9,778	9,803
Dividends per share	$ 2.04	$ 2.01	$ 2.00
Financial Position--Year-End			
Cash, cash equivalents and marketable securities	$ 24,239	$ 15,815	$ 47,704
Working capital	40,653	17,565	57,929
Properties and equipment, at cost less accumulated depreciation	77,116	70,758	62,872
Total assets	505,483	430,253	404,944
Long-term debt	92,133	98,059	103,778
Stockholders' equity	186,320	137,151	133,511
Book value per share:			
Assuming full dilution	18.89	14.00	13.68
Primary	18.89	14.00	13.68
Other Statistics--Continuing Operations			
Net cash provided/(used) by continuing operations	$ 22,682	$ 17,279	$ 15,563
Capital expenditures	18,400	13,851	8,232
Number of employees	6,602	4,834	3,856
Number of sales and service representatives	3,919	2,552	1,790
Dividend payout ratio(d)	45.7%	101.0%	125.0%
Debt to total capital ratio:			
Total debt basis	35.7	43.2	44.3
Senior debt basis	35.7	43.2	44.3
Return on average equity(d)	28.4	14.3	11.6
Return on average total capital employed(d)	16.4	9.7	8.7
Current ratio	1.28	1.14	1.56

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

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

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

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

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

ADDITIONAL SEGMENT DATA(a)

Chemed Corporation and Subsidiary Companies

(in thousands)

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

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

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

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

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

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

Chemed Corporation and Subsidiary Companies

FINANCIAL CONDITION

LIQUIDITY AND CAPITAL RESOURCES

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

- --During 1994, the Company sold a total of 1.81 million shares of the capital stock of Omnicare Inc. ("Omnicare"), a publicly traded affiliate in which Chemed had maintained an equity interest. Aftertax cash proceeds from these sales totaled approximately $47.3 million;
- --During 1994, the Company completed the acquisition of Patient Care Inc. ("Patient Care") and five other purchase business combinations for cash outlays aggregating $18.4 million; and
- --During 1994, the Company generated net proceeds of $9.2 million from the sale of various investments.

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

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

CASH FLOW

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

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

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

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

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

COMMITMENTS

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

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

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

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

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

RESULTS OF OPERATIONS

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

	Percent Increase in Sales and Service Revenues	
	1994 vs. 1993	1993 vs. 1992
National Sanitary Supply	4%	3%
Roto-Rooter	26	30
Veratex	4	n.a.
Patient Care	n.a.	n.a.
Total	23	31

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

1994 VERSUS 1993

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

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

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

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

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

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

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

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

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

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

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

1993 VERSUS 1992

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

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

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

Consolidated sales and service revenues for 1993 totaled $525,093,000, an increase of 31% over revenues recorded in 1992. Excluding the sales of Veratex and Encore, total sales and service revenues for 1993 increased 5% over revenues recorded in 1992. The improvement of the total operating margin from 5.2% in 1992 to 5.5% in 1993 was largely attributable to the acquisition of Veratex late in 1992.

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

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

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

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

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

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

REPORTING ON ADVERTISING COSTS

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

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

EXHIBIT 21
SUBSIDIARIES OF CHEMED CORPORATION

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

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

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

EXHIBIT 23

CONSENT OF INDEPENDENT ACCOUNTANTS

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

/s/ Price Waterhouse LLP

PRICE WATERHOUSE LLP

Cincinnati, Ohio
March 28, 1995

EXHIBIT 24

POWER OF ATTORNEY

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

Dated: March 18, 1995

/s/ J. Peter Grace

J. Peter Grace

POWER OF ATTORNEY

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

Dated: March 14, 1995

/s/ James A. Cunningham

James A. Cunningham

POWER OF ATTORNEY

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

Dated: March 15, 1995

/s/ James H. Devlin

James H. Devlin

POWER OF ATTORNEY

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

Dated: March 18, 1995

/s/ Charles H. Erhart, Jr.

Charles H. Erhart, Jr.

POWER OF ATTORNEY

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

Dated: March 22, 1995

/s/ Joel F. Gemunder

Joel F. Gemunder

POWER OF ATTORNEY

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

Dated: March 10, 1995

/s/ William R. Griffin

William R. Griffin

POWER OF ATTORNEY

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

Dated: March 17, 1995

/s/ Thomas C. Hutton

Thomas C. Hutton

POWER OF ATTORNEY

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

Dated: March 20, 1995

/s/ Sandra E. Laney

Sandra E. Laney

POWER OF ATTORNEY

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

Dated: March 14, 1995

/s/ Kevin J. McNamara

Kevin J. McNamara

POWER OF ATTORNEY

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

Dated: March 16, 1995

/s/ John M. Mount

John M. Mount

POWER OF ATTORNEY

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

Dated: March 13, 1995

/s/ D. Walter Robbins, Jr.

D. Walter Robbins, Jr.

POWER OF ATTORNEY

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

Dated: March 13, 1995

/s/ Paul C. Voet

Paul C. Voet

POWER OF ATTORNEY

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

Dated: March 10, 1995

/s/ Hugh A. Westbrook

Hugh A. Westbrook

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM FORM 10-K
FOR THE YEAR ENDED DECEMBER 31, 1994 FOR CHEMED CORPORATION AND IS QUALILFIED IN
ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

0000019584
CHEMED CORPORATION
1,000

YEAR
DEC-31-1994
JAN-01-1994
DEC-31-1994
4,722
19,517
84,796
(2,974)
60,273
183,319
117,491
(40,375)
505,483
142,666
92,133
12,369
0
0
173,951
505,483
415,807
645,027
284,973
427,669
0
1,855
8,807
29,774
10,954
14,532
29,390
0
0
43,922
4.46
4.46