

SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

FORM 10-K

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

For the fiscal year ended December 31, 2002

or

Transition Report Pursuant to Section 13 or 15(d) of the  
Securities Exchange Act of 1934

For the Transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number: 1-8351

CHEMED CORPORATION

(Exact name of registrant as specified in its charter)

Delaware  
(State or other jurisdiction of  
incorporation or organization)

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

2600 Chemed Center, 255 East Fifth Street, Cincinnati, Ohio  
(Address of principal executive offices)

45202-4726  
(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  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. Yes  No

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Act). Yes  No

The aggregate market value of the voting stock held by non-affiliates of the registrant, based upon the average bid and asked price of said stock on the New York Stock Exchange - Composite Transaction Listing on June 28, 2002 (\$37.02 per share), was \$354,574,950.

At March 21, 2003, 9,901,179 shares of Chemed Corporation Capital Stock (par value \$1 per share) were outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

DOCUMENT -----	WHERE INCORPORATED -----
2002 Annual Report to Stockholders (Specified Portions) Proxy Statement for Annual Meeting to be held May 19, 2003	Parts I, II and IV Part III

CHEMED CORPORATION  
2002 FORM 10-K ANNUAL REPORT  
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ITEM 1. BUSINESS

GENERAL

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

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

On December 31, 1986, the Company completed the sale of substantially all of the business and assets of Vestal Laboratories, Inc., a wholly owned subsidiary. 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"), then 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.

On December 21, 1992, the Company acquired The Veratex Corporation and related businesses ("Veratex Group") from Omnicare, Inc. 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, plus 17,500 shares of the Company's Capital Stock. An additional cash payment of \$1,000,000 was made on March 31, 1996 and another payment of \$1,000,000 was made on March 31, 1997.

In July 1995, the Company's Omnia Group (formerly Veratex Group) completed the sale of the business and assets of its Veratex Retail division to Henry Schein, Inc. ("HSI") for \$10 million in cash plus a \$4.1 million note for which payment was received in December 1995.

Effective September 17, 1996, the Company completed a merger of a subsidiary of the Company, Chemed Acquisition Corp., and Roto-Rooter, Inc. pursuant to a Tender Offer commenced on August 8, 1996 to acquire any and all of the outstanding shares of Common Stock of Roto-Rooter, Inc. for \$41.00 per share in cash.

On September 24, 1997, the Company completed the sale of its wholly owned businesses comprising the Omnia Group to Banta Corporation for \$50 million in cash and \$2.3 million in deferred payments.

Effective September 30, 1997, the Company completed a merger between its 81-percent-owned subsidiary, National Sanitary Supply Company, and a wholly owned subsidiary of Unisource Worldwide, Inc. for \$21.00 per share, with total payments of \$138.3 million.

Effective October 11, 2002, the Company sold its Patient Care, Inc. subsidiary ("Patient Care") to an investor group that included Schroder Ventures Life Sciences Group, Oak Investment Partners, Prospect Partners and Salix Ventures. Patient Care provides home-healthcare services primarily in the New York-New Jersey-Connecticut area. The cash proceeds to the Company total \$57,500,000, of which \$5,000,000 was placed in escrow pending settlement of Patient Care's receivables with third-party payers. Of this amount, \$2,500,000 is to be evaluated and distributed as of October 2003 and \$2,500,000 as of

October 2004. Also, the Company estimates that the purchaser owes an additional \$1,251,000 based on the value of Patient Care's balance sheet on the date of sale. The final value of this adjustment is to be determined in 2003. In addition, the Company received a senior subordinated note receivable ("Note") for \$12,500,000 and a common stock purchase warrant ("Warrant") for 2% of the outstanding stock of the purchasing company. The Note is due October 11, 2007, and bears interest at the annual rate of 7.5% through September 30, 2004, 8.5% from October 1, 2004, through September 30, 2005, and 9.5% thereafter. The Warrant has an estimated fair value of \$1,445,000.

The Company now conducts its business operations in two segments: Roto-Rooter Group ("Roto-Rooter") and Service America Systems, Inc. ("Service America").

#### FORWARD LOOKING STATEMENTS

This Annual Report contains or incorporates by reference certain forward looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Chemed intends such statements to be subject to the safe harbors created by that legislation. Such statements involve risks and uncertainties that affect Chemed's results of operations.

#### 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, 2000, 2001 and 2002 are shown in the "Segment Data" on pages 28 and 29 of the 2002 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 2 of the Notes to Financial Statements appearing on page 16 of the 2002 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 services and products. While new products and services 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 products and services 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 Chemed's United States manufacturing operations are purchased from United States sources. No segment of Chemed experienced any material raw material shortages during 2002, 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) trademarks and service marks have been used and advertised since 1935 by Roto-Rooter Corporation, a wholly owned subsidiary of Roto-Rooter, Inc., a 100 percent-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. Chemed and its subsidiaries also own certain trade secrets including training manuals, pricing information, customer information, and software source codes.

## COMPETITION

### ROTO-ROOTER

All aspects of the sewer, drain, and pipe cleaning, HVAC services 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, name recognition, 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.

### SERVICE AMERICA

All aspects of the HVAC and appliance repair and maintenance service industry 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.

## 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.

## GOVERNMENT REGULATIONS

Roto-Rooter's franchising activities are subject to various federal and state franchising laws and regulations, including the rules and regulations of the Federal Trade Commission (the "FTC") regarding the offering or sale of franchises. The rules and regulations of the FTC require that Roto-Rooter provide all prospective franchisees with specific information regarding the franchise program and Roto-Rooter in the form of a detailed franchise offering circular. In addition, a number of states require Roto-Rooter to register its franchise offering prior to offering or selling franchises in the state. Various state laws also provide for certain rights in favor of franchisees, including (i) limitations on the franchisor's ability to terminate a franchise except for good cause, (ii) restrictions on the franchisor's ability to deny renewal of a franchise, (iii) circumstances under which the franchisor may be required to purchase certain inventory of franchisees when a franchise is terminated or not renewed in violation of such laws, and (iv) provisions relating to arbitration. Roto-Rooter's ability to engage in the plumbing repair business is also subject to certain limitations and restrictions imposed by state and local licensing laws and regulations.

Service America's home and service warranty operations are regulated by the Florida and Arizona Departments of Insurance. In accordance with certain Florida regulatory requirements, Service America maintains cash with the Department of Insurance and is also required to maintain additional unencumbered reserves. In addition, Service America's air conditioning and appliance repair and maintenance business is also subject to certain limitations imposed by state and local licensing laws and regulations.

ENVIRONMENTAL MATTERS

Roto-Rooter's operations are subject to various federal, state, and local laws and regulations regarding environmental matters and other aspects of the operation of a sewer and drain cleaning, HVAC and plumbing services business. For certain other activities, such as septic tank and grease trap pumping, Roto-Rooter is subject to state and local environmental health and sanitation regulations. Service America's operations are also subject to various federal, state and local laws and regulations regarding environmental matters and other aspects of the operation of a HVAC and appliance repair and maintenance service industry.

At December 31, 2002, the Company's accrual for its estimated liability for potential environmental cleanup and related costs arising from the sale of DuBois Chemicals Inc. ("Dubois") amounted to \$2,093,000. Of this balance, \$1,043,000 is included in other liabilities and \$1,050,000 is included in other current liabilities. The Company is contingently liable for additional DuBois-related environmental cleanup and related costs up to a maximum of \$18,013,000. On the basis of a continuing evaluation of the Company's potential liability, management believes that it is not probable this additional liability will be paid. Accordingly, no provision for this contingent liability has been recorded. Although it is not presently possible to reliably project the timing of payments related to the Company's potential liability for environmental costs, management believes that any adjustments to its recorded liability will not materially adversely affect its financial position or results of operations.

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. Capital expenditures for the purposes of complying with environmental laws and regulations during 2003 and 2004 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, 2002, Chemed had a total of 3,335 employees.

AVAILABLE INFORMATION

The Company's internet address is [www.chemed.com](http://www.chemed.com). The Company's annual report on Form 10-K, quarterly reports on Form 10-Q, and current reports on Form 8-K, and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act are electronically available through the Company's website as soon as reasonably practicable after such reports are filed with, or furnished to, the SEC.

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 sixteen 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 -----
ROTO-ROOTER GROUP			
Cincinnati, OH	Office and service facilities	22,000 sq. ft.	44,000 sq. ft.

LOCATION -----	TYPE ----	OWNED -----	LEASED -----
ROTO-ROOTER GROUP			
West Des Moines, IA	Office, manufacturing and distribution center facilities	29,000 sq. ft.	--
Northeastern U.S. Area (1)	Office and service facilities	31,000 sq. ft.	58,000 sq. ft.
Central U.S. Area (2)	Office and service facilities	35,000 sq. ft.	74,000 sq. ft.
Southern U.S. Area (3)	Office and service facilities	25,000 sq. ft.	83,000 sq. ft.
Western U.S. Area (4)	Office and service facilities	19,000 sq. ft.	86,000 sq. ft.
SERVICE AMERICA			
Florida (5)	Office and service facilities	67,000 sq. ft.	21,000 sq. ft.
Arizona (6)	Office and service facilities	--	10,000 sq. ft.
CORPORATE			
Cincinnati, OH (7)	Corporate offices and related facilities	8,000 sq. ft.	41,000 sq. ft.

- 
- (1) Comprising locations in Stoughton, Springfield and Woburn, Massachusetts; West Stratford and Bloomfield, Connecticut; Farmingdale, Hawthorne, and Staten Island, New York; Pennsauken and Brunswick, New Jersey; Levittown and Philadelphia, Pennsylvania; Cranston, Rhode Island; and Newark, Delaware.
- (2) Comprising locations in Columbus and Independence, Ohio; Indianapolis, Indiana; Memphis and Nashville, Tennessee; Wilmerding and North Hills, Pennsylvania; Rochester and West Seneca, New York; Baltimore, Derwood and Jessup, Maryland; Manassas and Virginia Beach, Virginia; and Charlotte, Raleigh and Durham, North Carolina.
- (3) Comprising locations in Atlanta, Decatur, Newnan and Kennesaw, Georgia; Birmingham, Alabama; Ft. Lauderdale, Jacksonville, Miami, Orlando, Longwood, Medley, Tampa and Daytona Beach, Florida; and Houston, San Antonio and Austin, Texas.
- (4) Comprising locations in St. Paul, Minneapolis and Oakdale, Minnesota; Addison, Thornton, Schaumburg and Glenview, Illinois; St. Louis, Missouri; Commerce City, Colorado; Honolulu, Hawaii; Menlo Park, California; Seattle, Tacoma and Bremerton, Washington; and Las Vegas, Nevada.
- (5) Comprising locations in Pompano Beach, Miami, Fort Myers, Orlando, Deerfield Beach, Jupiter, Tampa and Delray Beach, Florida.
- (6) Comprising location in Phoenix, Arizona. Excludes 6,000 square feet in Tucson, Arizona sublet to outside party.
- (7) Excludes 69,000 square feet in current Cincinnati, Ohio office facilities that are sublet to outside parties.

ITEM 3. LEGAL PROCEEDINGS

The Company is party to lawsuits in the normal course of business, none of which is expected to have a material impact on operating results. This includes a class action lawsuit filed in the Third Judicial Circuit Court of Madison County, Illinois in June of 2000 by Robert Harris, alleging certain Roto-Rooter plumbing was performed by unlicensed employees. The Company contests these allegations and believes them baseless. Due to the complex legal and other issues involved, it is not presently possible to estimate the amount of liability, if any, related to this matter.

On April 5, 2002 Michael Linn, an attorney, filed a class action complaint against the Company in the Court of Common Pleas, Cuyahoga County, Ohio. He alleges Roto-Rooter Services Company's miscellaneous parts charge, ranging from \$4.95 to 12.95 per job, violates the Ohio Consumer Sales Practices Act. The Company contends that the charge, which is included within the estimate approved by its customers, is a fully disclosed component of its pricing. On February 25, 2003 the trial court certified a class of customers who paid the charge from October 1999 to July 2002. The Company is appealing this order and believes the ultimate disposition of this lawsuit will not have a material effect on its financial position.

The District Attorney of Suffolk County, New York is contemplating legal proceedings against Roto-Rooter Services Company, an indirect subsidiary of the Company, arising out of the disposal of restaurant grease trap waste, originating in adjacent Nassau County, in Suffolk County disposal sites. The Company believes the disposition of this matter will not have a material effect on its financial position.

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	83	Chairman	November 3, 1993 (1)
Kevin J. McNamara	49	President and Chief Executive Officer	August 2, 1994 (2)
Timothy S. O'Toole	47	Executive Vice President and Treasurer	May 18, 1992 (3)
Spencer S. Lee	47	Executive Vice President	May 15, 2000 (4)
Sandra E. Laney	59	Executive Vice President and Chief Administrative Officer	November 3, 1993 (5)
Arthur V. Tucker, Jr.	53	Vice President and Controller	May 20, 1991 (6)

- (1) Mr. E. L. Hutton is the Chairman of the Company and has held this position since November 1993. Previously, from April 1970 to May 2001, Mr. E. L. Hutton also served as Chief Executive Officer and from April 1970 to November 1993, he held the position of President 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 and Chief Executive Officer of the Company and has held these positions since August 1994 and May 2001, respectively. 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. 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.
- (4) Mr. Lee is an Executive Vice President of the Company and has held this position since May 15, 2000. Mr. Lee is also Chairman and Chief Executive Officer of Roto-Rooter, Inc., a wholly owned subsidiary of the Company ("Roto-Rooter"), and has

held this position since January 1999. Previously, he served as a Senior Vice President of Roto-Rooter Services Company from May 1997 to January 1999.

- (5) Ms. S. E. Laney retired as an Executive Vice President and the Chief Administrative Officer of the Company on March 1, 2003, having held these positions since May 2001 and May 1991, respectively. Previously, from November 1993 to May 2001, she held the position of Senior Vice President of the Company.
- (6) Mr. A. V. Tucker, Jr. 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 19, 2003.

## 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 2001 and 2002 are set forth below.

	CLOSING		DIVIDENDS PAID
	HIGH	LOW	PER SHARE
-----			
2002			
----			
First Quarter	\$38.30	\$33.52	\$.11
Second Quarter	39.35	38.60	.11
Third Quarter	37.04	29.85	.11
Fourth Quarter	37.84	29.65	.12
2001			
----			
First Quarter	\$39.00	\$33.00	\$.11
Second Quarter	38.50	30.90	.11
Third Quarter	36.10	26.70	.11
Fourth Quarter	34.00	27.75	.11

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

The information called for by this Item with respect to the Company's Capital Stock authorized under the Company's stock incentive plans is set forth on page 26 of the 2002 Annual Report to Stockholders and is incorporated herein by reference.

As of March 21, 2003, there were approximately 3,567 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 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, 2002 is set forth on pages 30 and 31 of the 2002 Annual Report to Stockholders and 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 34 through 39 of the 2002 Annual Report to Stockholders and is incorporated herein by reference.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The Company has an insignificant number of financial instruments held for trading purposes and does not hedge any of its market risks with derivative instruments.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The consolidated financial statements, together with the report thereon of PricewaterhouseCoopers LLP dated February 7, 2003, appearing on pages 9 through 14 of the 2002 Annual Report to Stockholders, along with the Supplementary Data (Unaudited Summary of Quarterly Results) appearing on page 33, 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:

Edward L. Hutton	Sandra E. Laney
Kevin J. McNamara	Spencer S. Lee
Rick L. Arquilla	John M. Mount
Charles H. Erhart, Jr.	Timothy S. O'Toole
Joel F. Gemunder	Donald E. Saunders
Patrick P. Grace	George J. Walsh III
Thomas C. Hutton	Frank E. Wood
Walter L. Krebs	

Except for Messrs. Arquilla, Krebs, Lee and Mount, the additional information required under this Item with respect to the directors and executive officers is set forth in the Company's 2003 Proxy Statement and in Part I hereof under the caption "Executive Officers of the Registrant" and is incorporated herein by reference. The additional information with respect to Messrs. Arquilla, Krebs, Lee and Mount is set forth below:

Mr. Arquilla, who is 49 years old, is President and Chief Operating Officer of Roto-Rooter Services Company, an indirectly wholly owned subsidiary of the Company, and has held this position since January 1999. He served as Senior Vice President of Rooter Services Company, from May 1997 to January 1999. He has served as a director since May 1999.

Mr. Krebs, who is 70 years old, retired as Senior Vice President-Finance, Chief Financial Officer and Treasurer of Service America Systems, Inc., a wholly owned subsidiary of the Company ("Service America"), in July 1999, having held that position since October 1997. Previously, he was a Director-Financial Services of DiverseyLever, Inc. (formerly known as Diversey Corporation), Detroit, Michigan (specialty chemicals) ("Diversey") from April 1991 to April 1996. Previously, from January 1990 to April 1991, he was a Senior Vice President and the Chief Financial Officer of the Company's then

wholly owned subsidiary, DuBois Chemicals, Inc. ("DuBois"). He has served as a director from May 1989 to April 1991 and since May 1995.

Mr. Lee, who is 47 years old, is an Executive Vice President of the Company and has held this position since May 2000. He is also Chairman and Chief Executive Officer of Roto-Rooter, Inc., a wholly owned subsidiary of the Company ("Roto-Rooter"), and has held this position since January 1999. Previously, he served as a Senior Vice President of Roto-Rooter Services Company from May 1997 to January 1999. He has served as a director since May 1999.

Mr. Mount, who is 61 years old, is a Vice President of the Company and has held this position since November 1997. He is also President and Chief Executive Officer of Service America and has held these positions since October 1997. Previously, he was a Principal of Lynch-Mount Associates, Cincinnati, Ohio (management consulting), from November 1993 to October 1997. From April 1991 to November 1993, Mr. Mount was Senior Vice President of Diversey and President of Diversey's DuBois Industrial division. Previously, from May 1989 to April 1991, Mr. Mount was an Executive Vice President of the Company and President of DuBois. He held the latter position from September 1986 to April 1991. He has served as a director from May 1986 to April 1991 and since February 1994.

#### ITEM 11. EXECUTIVE COMPENSATION

Information required under this Item is set forth in the Company's 2003 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 2003 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 2003 Proxy Statement, which is incorporated herein by reference.

#### ITEM 14. CONTROLS AND PROCEDURES

The Company maintains disclosure controls and procedures that are designed to ensure that information required to be disclosed in the Company's Exchange Act reports is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to the Company's management to allow timely decisions regarding required disclosure. Management necessarily applies its judgment in assessing the costs and benefits of such controls and procedures which, by their nature, can provide only reasonable assurance regarding management's control objectives.

Within 90 days prior to the date of this report, the Company carried out an evaluation, under the supervision of the Company's President and Chief Executive Officer, with the participation of its Executive Vice President and Treasurer and its Vice President and Controller, of the effectiveness of the design and operation of the Company's disclosure controls and procedures pursuant to Exchange Act Rule 13a-14. Based upon this evaluation, the Company's President and Chief Executive Officer, Executive Vice President and Treasurer and Vice President and Controller concluded the Company's disclosure controls and procedures are effective in timely alerting them to material information relating to the Company and its consolidated subsidiaries required to be included in the Company's Exchange Act reports. There have been no significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of this evaluation.

PART IV

ITEM 15. 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.\*
- 4.1 Offer to Exchange Chemed Capital Trust Convertible Preferred Securities for Shares of Capital Stock, dated as of December 23, 1999.\*
- 4.2 Chemed Capital Trust, dated as of December 23, 1999.\*
- 4.3 Amended and Restated Declaration of Trust of Chemed Capital Trust, dated February 7, 2000.\*
- 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 Agreement and Plan of Merger among National Sanitary Supply Company, Unisource Worldwide, Inc. and TFBD, Inc. dated as of August 11, 1997.\*
- 10.4 Stock Purchase Agreement dated as of May 8, 2002 by and between PCI Holding Corp. and Chemed Corporation. \*
- 10.5 Amendment No. 1 to Stock Purchase Agreement dated as of October 11, 2002 by and among PCI Holding Corp., PCI-A Holding Corp. and Chemed Corporation. \*
- 10.6 Senior Subordinated Promissory Note dated as of October 11, 2002 by and among PCI Holding Corp. and Chemed Corporation. \*
- 10.7 Common Stock Purchase Warrant dated as of October 11, 2002 by and between PCI Holding Corp. and Chemed Corporation. \*
- 10.8 1981 Stock Incentive Plan, as amended through May 20, 1991.\*,\*\*
- 10.9 1983 Incentive Stock Option Plan, as amended through May 20, 1991.\*,\*\*
- 10.10 1986 Stock Incentive Plan, as amended through May 20, 1991.\*,\*\*
- 10.11 1988 Stock Incentive Plan, as amended through May 20, 1991.\*,\*\*
- 10.12 1993 Stock Incentive Plan.\*,\*\*
- 10.13 1995 Stock Incentive Plan.\*,\*\*
- 10.14 1997 Stock Incentive Plan.\*,\*\*
- 10.15 1999 Stock Incentive Plan.\*,\*\*
- 10.16 1999 Long-Term Employee Incentive Plan as amended through May 20, 2002.\*\*
- 10.17 2002 Stock Incentive Plan.\*\*
- 10.18 2002 Executive Long-Term Incentive Plan.\*\*
- 10.19 Employment Contracts with Executives.\*,\*\*

- 10.20 Amendment to Employment Agreements with Kevin J. McNamara, Thomas C. Hutton and Sandra E. Laney dated August 7, 2002.\*\*
- 10.21 Amendment to Employment Agreements with Timothy S. O'Toole and Arthur V. Tucker dated August 7, 2002.\*\*
- 10.22 Amendment to Employment Agreements with Spencer S. Lee and Rick L. Arquilla dated August 7, 2002.\*\*
- 10.23 Amendment No. 4 to Employment Agreement with John M. Mount dated August 7, 2002.\*\*
- 10.24 Amendment to Employment Agreements with Executives dated January 1, 2002.\*, \*\*
- 10.25 Employment Contract with John M. Mount.\*, \*\*
- 10.26 Consulting Agreement between Timothy S. O'Toole and PCI Holding Corp. effective October 11, 2002.\*\*
- 10.27 Amendment No. 16 to Employment Agreement with Sandra E. Laney dated March 1, 2003.\*\*
- 10.28 Excess Benefits Plan, as restated and amended, effective April 1, 1997.\*,\*\*
- 10.29 Non-Employee Directors' Deferred Compensation Plan.\*,\*\*
- 10.30 Chemed/Roto-Rooter Savings & Retirement Plan, effective January 1, 1999.\*,\*\*
- 10.31 First Amendment to Chemed/Roto-Rooter Savings & Retirement Plan, effective September 6, 2000.\*, \*\*
- 10.32 Second Amendment to Chemed/Roto-Rooter Savings & Retirement Plan, effective January 1, 2001.\*, \*\*
- 10.33 Third Amendment to Chemed/Roto-Rooter Savings & Retirement Plan, effective December 12, 2001.\*, \*\*
- 10.34 Stock Purchase Agreement by and Among Banta Corporation, Chemed Corporation and OCR Holding Company as of September 24, 1997.\*
- 10.35 Directors Emeriti Plan.\*,\*\*
- 10.36 Second Amendment to Split Dollar Agreement with Executives.\*,\*\*
- 10.37 Split Dollar Agreement with Sandra E. Laney.\*,\*\*
- 10.38 Split Dollar Agreement with Executives.\*,\*\*
- 10.39 Split Dollar Agreement with Edward L. Hutton.\*,\*\*
- 10.40 Split Dollar Agreement with John M. Mount.\*,\*\*
- 10.41 Split Dollar Agreement with Spencer S. Lee.\*,\*\*
- 10.42 Split Dollar Agreement with Rick L. Arquilla.\*,\*\*
- 10.43 Form of Promissory Note under the Executive Stock Purchase Plan.\*\*
- 10.44 Promissory Note under the Executive Stock Purchase Plan with Kevin J. McNamara.\*\*
- 10.45 Roto-Rooter Deferred Compensation Plan No. 1, as amended January 1,1998.\*,\*\*

- 10.46 Roto-Rooter Deferred Compensation Plan No. 2.\*,\*\*
- 13. 2002 Annual Report to Stockholders.
- 21. Subsidiaries of Chemed Corporation.
- 23. Consent of Independent Accountants.
- 24. Powers of Attorney.
- 99.1 Certification by Kevin J. McNamara pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
- 99.2 Certification by Timothy S. O'Toole pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
- 99.3 Certification by Arthur V. Tucker, Jr. pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

\* 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

The Company filed a Form 8-K dated October 18, 2002 with respect to its October 11, 2002 sale of Patient Care, Inc. ("Patient Care"), formerly a wholly owned subsidiary of the Company. Pro forma financial statements contained therein present the financial position and results of operations of the Company excluding Patient Care as of June 30, 2002, for the six months ended June 30, 2002 and 2001, and for the year ended December 31, 2001.

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, 2003

By /s/ Kevin J. McNamara

-----  
 Kevin J. McNamara  
 President 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/ Kevin J. McNamara ----- Kevin J. McNamara	President and Chief Executive Officer and a Director (Principal Executive Officer)	March 28, 2003
/s/ Timothy S. O'Toole ----- Timothy S. O'Toole	Executive Vice President and Treasurer and a Director (Principal Financial Officer)	
/s/ Arthur V. Tucker, Jr. ----- Arthur V. Tucker, Jr.	Vice President and Controller (Principal Accounting Officer)	
Edward L. Hutton*	Sandra E. Laney*	
Rick L. Arquilla*	Spencer S. Lee*	
Charles H. Erhart, Jr.*	John M. Mount*	
Joel F. Gemunder*	Donald E. Saunders*	--Directors
Patrick P. Grace*	George J. Walsh III*	
Thomas C. Hutton*	Frank E. Wood*	
Walter L. Krebs*		

\* 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, 2003 /s/ Naomi C. Dallob  
 -----  
 Date Naomi C. Dallob  
 (Attorney-in-Fact)

CERTIFICATIONS PURSUANT TO RULE 13A-14 OF THE EXCHANGE ACT OF 1934

I, Kevin J. McNamara, certify that:

1. I have reviewed this annual report on Form 10-K of Chemed Corporation;
2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report;



a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;

b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this annual report (the "Evaluation Date"); and

c) presented in this annual report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors:

a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officers and I have indicated in this annual report whether there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: March 28, 2003

/s/ Timothy S. O'Toole

-----  
Timothy S. O'Toole  
(Executive Vice President and Treasurer)

I, Arthur V. Tucker, Jr., certify that:

1. I have reviewed this annual report on Form 10-K of Chemed Corporation;

2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report;

3. Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations, and cash flows of the registrant as of, and for, the periods presented in this annual report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:

a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;

b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this annual report (the "Evaluation Date"); and

c) presented in this annual report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors:

a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officers and I have indicated in this annual report whether there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: March 28, 2003

/s/ Arthur V. Tucker, Jr.  
-----  
Arthur V. Tucker, Jr.  
(Vice President and Controller)

CHEMED CORPORATION AND SUBSIDIARY COMPANIES

INDEX TO FINANCIAL STATEMENTS AND FINANCIAL STATEMENT SCHEDULE

2000, 2001 AND 2002

CHEMED CORPORATION CONSOLIDATED FINANCIAL STATEMENTS AND FINANCIAL STATEMENT SCHEDULE	PAGE(S)
Report of Independent Accountants.....	9*
Consolidated Statement of Operations.....	10*
Consolidated Balance Sheet.....	11*
Consolidated Statement of Changes in Stockholders' Equity.....	12-13*
Consolidated Statement of Comprehensive Income.....	12*
Consolidated Statement of Cash Flows.....	14*
Notes to Financial Statements.....	15-27*
Segment Data.....	28-29*
Report of Independent Accountants on Financial Statement Schedule.....	S-2
Schedule II -- Valuation and Qualifying Accounts.....	S-3-S-4

\* Indicates page numbers in Chemed Corporation 2002 Annual Report to Stockholders.

The consolidated financial statements of Chemed Corporation listed above, appearing in the 2002 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 7, 2003 APPEARING ON PAGE 9 OF THE 2002 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 THE INDEX TO FINANCIAL STATEMENTS AND FINANCIAL STATEMENT SCHEDULE ON PAGE S-1. 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/ PRICEWATERHOUSECOOPERS LLP

-----  
PRICEWATERHOUSECOOPERS LLP  
CINCINNATI, OHIO  
FEBRUARY 7, 2003

SCHEDULE II

CHEMED CORPORATION AND SUBSIDIARY COMPANIES  
VALUATION AND QUALIFYING ACCOUNTS  
(IN THOUSANDS)  
DR/(CR)

DESCRIPTION	BALANCE AT BEGINNING OF PERIOD	ADDITIONS		APPLICABLE TO COMPANIES ACQUIRED IN PERIOD	DEDUCTIONS (b)	BALANCE AT END OF PERIOD
		(CHARGED) CREDITED TO COSTS AND EXPENSES	(CHARGED) CREDITED TO OTHER ACCOUNTS (a)			
Allowances for doubtful accounts (d)						
For the year 2002.....	\$ (4,091) =====	\$(1,808) =====	\$ - =====	\$ - =====	\$ 2,590 =====	\$ (3,309) =====
For the year 2001.....	\$ (3,637) =====	\$(2,866) =====	\$ - =====	\$ - =====	\$ 2,412 =====	\$ (4,091) =====
For the year 2000.....	\$ (2,854) =====	\$(2,236) =====	\$ - =====	\$ - =====	\$ 1,453 =====	\$ (3,637) =====
Allowances for doubtful accounts - notes receivable (e)						
For the year 2002.....	\$ (900) =====	\$ 478 =====	\$ - =====	\$ - =====	\$ =====	\$ (422) =====
For the year 2001.....	\$ (23) =====	\$ (900) =====	\$ - =====	\$ - =====	\$ 23 =====	\$ (900) =====
For the year 2000.....	\$ (23) =====	\$ - =====	\$ - =====	\$ - =====	\$ - =====	\$ (23) =====

DESCRIPTION	BALANCE AT BEGINNING OF PERIOD	(CHARGED) CREDITED TO COSTS AND EXPENSES(a)	(CHARGED) CREDITED TO OTHER ACCOUNTS (b)	APPLICABLE TO COMPANIES ACQUIRED IN PERIOD	DEDUCTIONS (c)	BALANCE AT END OF PERIOD
Valuation allowance for available-for-sale securities						
For the year 2002.....	\$ 6,483 =====	\$(1,200) =====	\$ 326 =====	\$ - =====	\$ (1,141) =====	\$ 4,468 =====
For the year 2001.....	\$ 4,980 =====	\$ - =====	\$ 2,496 =====	\$ - =====	\$ (993) =====	\$ 6,483 =====
For the year 2000.....	\$ 5,220 =====	\$ - =====	\$ 3,159 =====	\$ - =====	\$ (3,399) =====	\$ 4,980 =====

- 
- (a) With respect to the valuation allowance for available-for-sale securities, amounts charged to cost and expenses in 2002 comprise a write down for investment impairment.
  - (b) With respect to the valuation allowance for available-for-sale securities, amounts charged or credited to other accounts comprise net unrealized holding gains arising during the period.
  - (c) With respect to allowances for doubtful accounts, deductions include accounts considered uncollectible or written off, payments, companies divested, etc. with respect to valuation allowance for available-for-sale securities, deductions comprise net realized gains on sales of investments.
  - (d) Classified in consolidated balance sheet as a reduction of accounts receivable.
  - (e) 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 3/28/89	2
4.1	Offer to Exchange Chemed Capital Trust Convertible Trust Preferred Securities for Shares of Capital Stock, dated as of 12/23/99	Form T-3 12/23/99	T3E.1
4.2	Chemed Capital Trust, dated as of 12/23/99	Schedule 13E-4 12/23/99	(b)(1)
4.3	Amended and Restated Declaration of Trust of Chemed Capital Trust, dated February 7, 2000	Schedule 13E-4A 2/7/00, Amendment No. 2	(b)(2)
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	Agreement and Plan of Merger among National Sanitary Supply Company, Unisource Worldwide, Inc. and TFB, Inc.	Form 8-K 10/13/97	1
10.4	Stock Purchase Agreement dated as of May 8, 2002 by and between PCI Holding Corp. and Chemed Corporation	Form 8-K 10/11/02	2.1

PAGE NUMBER  
OR  
INCORPORATION BY REFERENCE

EXHIBIT NUMBER		FILE NO. AND FILING DATE	PREVIOUS EXHIBIT NO.
10.5	Amendment No. 1 to Stock Purchase Agreement dated as of October 11, 2002 by and among PCI Holding Corp., PCI-A Holding Corp. and Chemed Corporation	Form 8-K 10/11/02	2.2
10.6	Senior Subordinated Promissory Note dated as of October 11, 2002 by and among PCI Holding Corp. and Chemed Corporation	Form 8-K 10/11/02	2.3
10.7	Common Stock Purchase Warrant dated as of October 11, 2002 by and between PCI Holding Corp. and Chemed Corporation	Form 8-K 10/11/02	2.4
10.8	1981 Stock Incentive Plan, as amended through May 20, 1991	Form 10-K 3/27/92, **	7
10.9	1983 Incentive Stock Option Plan, as amended through May 20, 1991	Form 10-K 3/27/92, **	8
10.10	1986 Stock Incentive Plan, as amended through May 20, 1991	Form 10-K 3/27/92, **	9
10.11	1988 Stock Incentive Plan, as amended through May 20, 1991	Form 10-K 3/27/92, **	10
10.12	1993 Stock Incentive Plan	Form 10-K 3/29/94, **	10.8
10.13	1995 Stock Incentive Plan	Form 10-K 3/28/96, **	10.14
10.14	1997 Stock Incentive Plan	Form 10-K 3/27/98, **	10.10
10.15	1999 Stock Incentive Plan	Form 10-K 3/29/00, **	10.11
10.16	1999 Long-Term Employee Incentive Plan as amended through May 20, 2002	*, **	
10.17	2002 Stock Incentive Plan	*, **	

PAGE NUMBER  
OR  
INCORPORATION BY REFERENCE

EXHIBIT NUMBER		FILE NO. AND FILING DATE	PREVIOUS EXHIBIT NO.
10.18	2002 Executive Long-Term Incentive Plan	*, **	
10.19	Employment Contracts with Executives	Form 10-K 3/28/89, **	10.12
10.20	Amendment to Employment Agreements with Kevin J. McNamara, Thomas C. Hutton and Sandra E. Laney dated August 7, 2002	*, **	
10.21	Amendment to Employment Agreements with Timothy S. O'Toole and Arthur V. Tucker dated August 7, 2002	*, **	
10.22	Amendment to Employment Agreements with Spencer S. Lee and Rick L. Arquilla, dated August 7, 2002	*, **	
10.23	Amendment No. 4 to Employment Agreement with John M. Mount dated August 7, 2002	*, **	
10.24	Amendment to Employment Agreement with Executives dated January 1, 2002	Form 10-K 3/28/02, **	10.16
10.25	Employment Contract with John M. Mount	Form 10-K 3/27/98, **	10.23
10.26	Consulting Agreement between Timothy S. O'Toole and PCI Holding Corp.	*, **	
10.27	Amendment No. 16 to Employment Agreement with Sandra E. Laney dated March 1, 2003	*, **	
10.28	Excess Benefits Plan, as restated and amended, effective April 1, 1997	Form 10-K 3/27/98, **	10.9

PAGE NUMBER  
OR  
INCORPORATION BY REFERENCE

EXHIBIT NUMBER		FILE NO. AND FILING DATE	PREVIOUS EXHIBIT NO.
10.29	Non-Employee Directors' Deferred Compensation Plan	Form 10-K 3/24/88, **	10.10
10.30	Chemed/Roto-Rooter Savings & Retirement Plan, effective January 1, 1999	Form 10-K 3/25/99, **	10.25
10.31	First Amendment to Chemed/Roto-Rooter Savings & Retirement Plan effective September 6, 2000	Form 10-K 3/28/02, **	10.22
10.32	Second Amendment to Chemed/Roto-Rooter Savings & Retirement Plan effective January 1, 2001	Form 10-K 3/28/02, **	10.23
10.33	Third Amendment to Chemed/Roto-Rooter Savings & Retirement Plan effective December 12, 2001	Form 10-K 3/28/02, **	10.24
10.34	Stock Purchase Plan by and among Banta Corporation, Chemed Corporation and OCR Holding Company	Form 8-K 10/13/97	10.21
10.35	Directors Emeriti Plan	Form 10-Q 5/12/88, **	10.11
10.36	Second Amendment to Split Dollar Agreement with Executives	Form 10-K 3/29/00, **	10.26
10.37	Split Dollar Agreement with Sandra E. Laney	Form 10-K 3/25/99, **	10.27
10.38	Split Dollar Agreements with Executives	Form 10-K 3/28/96, **	10.15
10.39	Split Dollar Agreement with Edward L. Hutton	Form 10-K 3/28/96, **	10.16
10.40	Split Dollar Agreement with John M. Mount	Form 10-K 3/29/00, **	10.32
10.41	Split Dollar Agreement with Spencer S. Lee	Form 10-K 3/29/00, **	10.33

PAGE NUMBER  
OR  
INCORPORATION BY REFERENCE

EXHIBIT NUMBER		FILE NO. AND FILING DATE	PREVIOUS EXHIBIT NO.
10.42	Split Dollar Agreement with Rick L. Arquilla	Form 10-K 3/29/00, **	10.34
10.43	Form of Promissory Note under the Executive Stock Purchase Plan	*, **	
10.44	Form of Promissory Note under the Executive Stock Purchase Plan with Kevin J. McNamara	*, **	
10.45	Roto-Rooter Deferred Compensation Plan No. 1, as amended January 1, 1998	Form 10-K 3/28/01, **	10.37
10.46	Roto-Rooter Deferred Compensation Plan No. 2	Form 10-K 3/28/01, **	10.38
13.	2002 Annual Report to Stockholders	*	
21	Subsidiaries of Chemed Corporation	*	
23	Consent of Independent Accountants	*	
24	Powers of Attorney	*	
99.1	Certification by Kevin J. McNamara pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	*	
99.2	Certification by Timothy S. O'Toole pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	*	
99.3	Certification by Arthur V. Tucker, Jr. pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	*	

\* Filed herewith.

\*\*Management contract or compensatory plan or arrangement.

CHEMED CORPORATION  
1999 LONG-TERM EMPLOYEE INCENTIVE PLAN

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

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

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

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

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

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

**COMPENSATION/INCENTIVE COMMITTEE:** The Compensation/Incentive Committee designated to administer this Plan pursuant to the provisions of Section 10.

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

**EMPLOYEE:** An employee of the Corporation or of a Subsidiary who in the opinion of the Compensation/Incentive Committee can contribute significantly to the growth and successful operations of the Corporation or a Subsidiary. The grant of a Stock Incentive to an employee by the Compensation/Incentive Committee shall be deemed a determination by the Compensation/Incentive Committee that such employee is an Employee. For the purposes of this Plan, a director or officer of the Corporation or of a Subsidiary shall not be deemed an Employee.

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

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

PLAN: The 1999 Long-Term Employee Incentive Plan herein set forth as the same may from time to time be amended.

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

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

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

### 3. GRANTS OF STOCK INCENTIVES:

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

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

- (1) a Stock Award, or
- (2) an Option, or
- (3) a combination of a Stock Award and an Option.

### 4. STOCK SUBJECT TO THIS PLAN:

(a) Subject to the provisions of paragraph (c) and (d) of this Section 4 and of Section 8, the aggregate number of shares of Capital Stock which may be issued or transferred pursuant to Stock Incentives granted under this Plan shall not exceed 250,000 shares; provided, however, that the maximum aggregate number of shares of Capital Stock which may be issued or transferred pursuant to Stock Incentives in the form of Stock Awards, shall not exceed 7,000 shares.

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

(c) If any shares of Capital Stock subject to a Stock Incentive shall not be issued or transferred and shall cease to be issuable or transferable because of the termination, in whole or in part, of such Stock Incentive or for any other reason, or if any such shares shall, after issuance or transfer, be reacquired by the Corporation or a Subsidiary because of an Employee's failure to comply with the terms and conditions of a Stock Incentive, the shares not so issued or transferred, or the shares so reacquired

by the Corporation or a Subsidiary shall no longer be charged against any of the limitations provided for in paragraphs (a) or (b) of this Section 4 and may again be made subject to Stock Incentives.

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

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

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

(c) Shares of Capital Stock subject to a Stock Award may be issued or transferred to the Employee at the time the Stock Award is granted, or at any time subsequent thereto, or in installments from time to time, as the Compensation/Incentive Committee shall determine. In the event that any such issuance or transfer shall not be made to the Employee at the time the Stock Award is granted, the Compensation/Incentive Committee may provide for payment to such Employee, either in cash or in shares of Capital Stock from time to time or at the time or times such shares shall be issued or transferred to such Employee, of amounts not exceeding the dividends which would have been payable to such Employee in respect of such shares (as adjusted under Section 8) if they had been issued or transferred to such Employee at the time such Stock Award was granted. Any amount payable in shares of Capital Stock under the terms of a Stock Award may, at the discretion of the Corporation, be paid in cash, on each date on which delivery of shares would otherwise have been made, in an amount equal to the Fair Market Value on such date of the shares which would otherwise have been delivered.

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

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

(a) The maximum aggregate number of Stock Incentives in the form of Options which may be granted to an individual Employee in any calendar year shall not exceed 25,000 Options.

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

(c) Each Option shall be exercisable in full or in part six months after the date the Option is granted, or may become exercisable in one or more installments and at such time or times, as the Compensation/Incentive Committee shall determine. Unless otherwise provided in the Option, an Option, to the extent it is or becomes exercisable, may be exercised at any time in whole or in part until the

expiration or termination of the Option. Any term or provision in any outstanding Option specifying when the Option is exercisable or that it be exercisable in installments may be modified at any time during the life of the Option by the Compensation/Incentive Committee, provided, however, no such modification of an outstanding Option shall, without the consent of the optionee, adversely affect any Option theretofore granted to him. An Option will become immediately exercisable in full if at any time during the term of the Option the Corporation obtains actual knowledge that any of the following events has occurred, irrespective of the applicability of any limitation on the number of shares then exercisable under the Option: (1) any person within the meaning of Sections 13(d) and 14(d) of the Securities Exchange Act of 1934 (the "1934 Act"), other than the Corporation or any of its subsidiaries, has become the beneficial owner, within the meaning of Rule 13d-3 under the 1934 Act, of 30 percent or more of the combined voting power of the Corporation's then outstanding voting securities; (2) the expiration of a tender offer or exchange offer, other than an offer by the Corporation, pursuant to which 20 percent or more of the shares of the Corporation's Capital Stock have been purchased; (3) the stockholders of the Corporation have approved (i) an agreement to merge or consolidate with or into another corporation and the Corporation is not the surviving corporation or (ii) an agreement to sell or otherwise dispose of all or substantially all of the assets of the Corporation (including a plan of liquidation); or (4) during any period of two consecutive years, individuals who at the beginning of such period constitute the Board of Directors cease for any reason to constitute at least a majority thereof, unless the nomination for the election by the Corporation's stockholders of each new director was approved by a vote of at least one-half of the persons who were directors at the beginning of the two-year period.

(d) Each Option shall be exercisable during the life of the optionee only by him or a transferee or assignee permitted by paragraph (g) of this Section (6) and, after his death, only by his estate or by a person who acquired the right to exercise the Option pursuant to one of the provisions of paragraph (g) of this Section (6). An Option, to the extent that it shall not have been exercised, shall terminate when the optionee ceases to be an employee of the Corporation or a Subsidiary, unless he ceases to be an employee because of his resignation with the consent of the Compensation/Incentive Committee (which consent may be given before or after resignation), or by reason of his death, incapacity or retirement under a retirement plan of the Corporation or a Subsidiary. Except as provided in the next sentence, if the optionee ceases to be an employee by reason of such resignation, the Option shall terminate three months after he ceases to be an employee. If the optionee ceases to be an employee by reason of such death, incapacity or retirement, or if he should die during the three-month period referred to in the preceding sentence, the Option shall terminate fifteen months after he ceases to be an employee. Where an Option is exercised more than three months after the optionee ceased to be an employee, the Option may be exercised only to the extent it could have been exercised three months after he ceased to be an employee. A leave of absence for military or governmental service or for other purposes shall not, if approved by the Compensation/Incentive Committee, be deemed a termination of employment within the meaning of this paragraph (d); provided, however, that an Option may not be exercised during any such leave of absence. Notwithstanding the foregoing provisions of this paragraph (d) or any other provision of this Plan, no Option shall be exercisable after expiration of the term for which the Option was granted, which shall in no event exceed ten years. Where an Option is granted for a term of less than ten years, the Compensation/Incentive Committee, may, at any time prior to the expiration of the Option, extend its term for a period ending not later than ten years from the date the Option was granted.

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

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

(g) No Option nor any right thereunder may be assigned or transferred by the optionee except:

(i) by will or the laws of descent and distribution;

- (ii) pursuant to a qualified domestic relations order as defined by the Internal Revenue Code of 1986, as amended, or by the Employee Retirement Income Security Act of 1974, as amended, or the rules thereunder;
- (iii) by an optionee who, at the time of the transfer, is not subject to the provisions of Section 16 of the 1934 Act, provided such transfer is to, or for the benefit of (including but not limited to trusts for the benefit of), the optionee's spouse or lineal descendants of the optionee's parents; or
- (iv) by an optionee who, at the time of the transfer, is subject to the provisions of Section 16 of the 1934 Act, to the extent, if any, such transfer would be permitted under Securities and Exchange Commission Rule 16b-3 or any successor rule thereto, as such rule or any successor rule thereto may be in effect at the time of the transfer.

If so provided in the Option or if so authorized by the Compensation/Incentive Committee and subject to such terms and conditions as are specified in the Option or by the Compensation/Incentive Committee, the Corporation may, upon or without the request of the holder of the Option and at any time or from time to time, cancel all or a portion of the Option then subject to exercise and either (i) pay the holder an amount of money equal to the excess, if any, of the Fair Market Value, at such time or times, of the shares subject to the portion of the Option so canceled over the aggregate purchase price of such shares, or (ii) issue or transfer shares of Capital Stock to the holder with a Fair Market Value, at such time or times, equal to such excess.

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

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

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

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

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

8. ADJUSTMENT PROVISIONS: In the event that any recapitalization, or reclassification, split-up or consolidation of shares of Capital Stock shall be effected, or the outstanding shares of Capital Stock are, in connection with a merger or consolidation of the Corporation or a sale by the Corporation of all or a part of its assets, exchanged for a different number or class of shares of stock or other securities of the

Corporation or for shares of the stock or other securities of any other corporation, or a record date for determination of holders of Capital Stock entitled to receive a dividend payable in Capital Stock shall occur (a) the number and class of shares or other securities that may be issued or transferred pursuant to Stock Incentives, (b) the number and class of shares or other securities which have not been issued or transferred under outstanding Stock Incentives, (c) the purchase price to be paid per share or other security under outstanding Options, and (d) the price to be paid per share or other security by the Corporation or a Subsidiary for shares or other securities issued or transferred pursuant to Stock Incentives which are subject to a right of the Corporation or a Subsidiary to reacquire such shares or other securities, shall in each case be equitably adjusted.

9. TERM: This Plan shall be deemed adopted and shall become effective on May 17, 1999. No Stock Incentives shall be granted under this Plan after May 17, 2009.

10. ADMINISTRATION:

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

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

(c) Members of the Board of Directors and members of the Compensation/Incentive Committee acting under this Plan shall be fully protected in relying in good faith upon the advice of counsel and shall incur no liability except for gross negligence or willful misconduct in the performance of their duties.

11. GENERAL PROVISIONS:

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

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

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

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

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

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

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

#### 12. AMENDMENTS AND DISCONTINUANCE:

(a) This Plan may be amended by the Board of Directors upon the recommendation of the Compensation/Incentive Committee, provided that, without the approval of the stockholders of the Corporation, no amendment shall be made which (i) increases the aggregate number of shares of Capital Stock that may be issued or transferred pursuant to Stock Incentives as provided in paragraph (a) of Section 4, (ii) increases the maximum aggregate number of Stock Incentives, in the form of Options, which may be granted to an individual employee as provided in paragraph (a) of Section 6, (iii) withdraws the administration of this Plan from the Compensation/Incentive Committee, (iv) permits any person who is not at the time an Employee of the Corporation or of a Subsidiary to be granted a Stock Incentive, (v) permits any Option to be exercised more than ten years after the date it is granted, (vi) amends Section 9 to extend the date set forth therein or (vii) amends this Section 12.

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

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

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

CHEMED CORPORATION  
2002 STOCK INCENTIVE PLAN

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

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

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

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

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

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

**COMPENSATION/INCENTIVE COMMITTEE:** The Compensation/Incentive Committee designated to administer this Plan pursuant to the provisions of Section 10.

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

or subsequent to the date of the approval and adoption of this Plan by the stockholders of the Corporation.

**KEY EMPLOYEE:** An employee of the Corporation or of a Subsidiary who in the opinion of the Compensation/Incentive Committee can contribute significantly to the growth and successful operations of the Corporation or a Subsidiary. The grant of a Stock Incentive to an employee by the Compensation/Incentive Committee shall be deemed a determination by the Compensation/Incentive Committee that such employee is a Key Employee. For the purposes of this Plan, a director or officer of the Corporation or of a Subsidiary shall be deemed an employee regardless of whether such director or officer is on the payroll of, or otherwise paid for services by, the Corporation or a Subsidiary.

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

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

**PLAN:** The 2002 Stock Incentive Plan herein set forth as the same may from time to time be amended.

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

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

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

### 3. GRANTS OF STOCK INCENTIVES:

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

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

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

4. STOCK SUBJECT TO THIS PLAN:

(a) Subject to the provisions of paragraph (c) and (d) of this Section 4 and of Section 8, the aggregate number of shares of Capital Stock which may be issued or transferred pursuant to Stock Incentives granted under this Plan shall not exceed 450,000 shares; provided, however, that the maximum aggregate number of shares of Capital Stock which may be issued or transferred pursuant to Stock Incentives in the form of Stock Awards, shall not exceed 135,000 shares.

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

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

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

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

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

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

(c) Shares of Capital Stock subject to a Stock Award may be issued or transferred to the Key Employee at the time the Stock Award is granted, or at any time subsequent thereto, or in installments from time to time, as the Compensation/Incentive Committee shall determine. In the event that any such issuance or transfer shall not be made to the Key Employee at the time the Stock Award is granted, the Compensation/Incentive Committee may provide for payment to such Key Employee, either in cash or in shares of Capital Stock from time to time or at the time or times such shares shall be issued or transferred to such Key Employee, of amounts not exceeding the dividends which would have been payable to such Key Employee in respect of such shares (as adjusted under Section 8) if they had been issued or transferred to such Key Employee at the time such Stock Award was granted. Any amount payable in shares of Capital Stock under the terms of a Stock Award may, at the discretion of the Corporation, be paid in cash, on each date on which delivery of shares would otherwise

have been made, in an amount equal to the Fair Market Value on such date of the shares which would otherwise have been delivered.

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

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

(a) The maximum aggregate number of Stock Incentives in the form of Options which may be granted to an individual employee of the Corporation or a Subsidiary in any calendar year shall not exceed 50,000 Options.

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

(c) Each Option shall be exercisable in full or in part six months after the date the Option is granted, or may become exercisable in one or more installments and at such time or times, as the Compensation/Incentive Committee shall determine. Unless otherwise provided in the Option, an Option, to the extent it is or becomes exercisable, may be exercised at any time in whole or in part until the expiration or termination of the Option. Any term or provision in any outstanding Option specifying when the Option is exercisable or that it be exercisable in installments may be modified at any time during the life of the Option by the Compensation/Incentive Committee, provided, however, no such modification of an outstanding Option shall, without the consent of the optionee, adversely affect any Option theretofore granted to him. An Option will become immediately exercisable in full if at any time during the term of the Option the Corporation obtains actual knowledge that any of the following events has occurred, irrespective of the applicability of any limitation on the number of shares then exercisable under the Option: (1) any person within the meaning of Sections 13(d) and 14(d) of the Securities Exchange Act of 1934 (the "1934 Act"), other than the Corporation or any of its subsidiaries, has become the beneficial owner, within the meaning of Rule 13d-3 under the 1934 Act, of 30 percent or more of the combined voting power of the Corporation's then outstanding voting securities; (2) the expiration of a tender offer or exchange offer, other than an offer by the Corporation, pursuant to which 20 percent or more of the shares of the Corporation's Capital Stock have been purchased; (3) the stockholders of the Corporation have approved (i) an agreement to merge or consolidate with or into another corporation and the Corporation is not the surviving corporation or (ii) an agreement to sell or otherwise dispose of all or substantially all of the assets of the Corporation (including a plan of liquidation); or (4) during any period of two consecutive years, individuals who at the beginning of such period constitute the Board of Directors cease for any reason to constitute at least a majority thereof, unless the nomination for the election by the Corporation's stockholders of each new director was approved by a vote of at least one-half of the persons who were directors at the beginning of the two-year period.

(d) Each Option shall be exercisable during the life of the optionee only by him or a transferee or assignee permitted by paragraph (g) of this Section 6 and, after his death, only by his estate or by a person who acquired the right to exercise the Option pursuant to one of the provisions of paragraph (g) of this Section 6. An Option, to the extent that it shall not have been exercised, shall terminate when the optionee ceases to be an employee of the Corporation or a Subsidiary, unless he ceases to be an employee because of his resignation with the consent of the Compensation/Incentive Committee (which consent may be given before or after resignation), or by reason of his death, incapacity or retirement under a retirement plan of the Corporation or a Subsidiary. Except as provided in the next sentence, if the optionee ceases to be an employee by reason of such resignation, the Option shall terminate three months after he ceases to be an employee. If the optionee ceases to be an employee by reason of such death, incapacity or retirement, or if he should die during the three-month period referred to in the preceding sentence, the Option shall terminate fifteen months after he ceases to be an employee. Where an Option is exercised more than three months after the optionee ceased to be an employee, the Option may be exercised only to the extent it could have been exercised three months after he ceased to be an employee. A leave of absence for military or governmental service or for other purposes shall not, if approved by the Compensation/Incentive Committee, be deemed a termination of employment within the meaning of this paragraph (d); provided, however, that an Option may not be exercised during any such leave of absence. Notwithstanding the foregoing provisions of this paragraph (d) or any other provision of this Plan, no Option shall be exercisable after expiration of the term for which the Option was granted, which shall in no event exceed ten years. Where an Option is granted for a term of less than ten years, the Compensation/Incentive Committee, may, at any time prior to the expiration of the Option, extend its term for a period ending not later than ten years from the date the Option was granted.

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

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

(g) No Option nor any right thereunder may be assigned or transferred by the optionee except:

(i) by will or the laws of descent and distribution;

(ii) pursuant to a qualified domestic relations order as defined by the Internal Revenue Code of 1986, as amended, or by the Employee Retirement Income Security Act of 1974, as amended, or the rules thereunder;

(iii) by an optionee who, at the time of the transfer, is not subject to the provisions of Section 16 of the 1934 Act, provided such transfer is to, or for the benefit of (including but not limited to trusts for the benefit of), the optionee's spouse or lineal descendants of the optionee's parents; or

(iv) by an optionee who, at the time of the transfer, is subject to the provisions of Section 16 of the 1934 Act, to the extent, if any, such transfer would be permitted under Securities and Exchange Commission Rule 16b-3 or any successor rule thereto, as such rule or any successor rule thereto may be in effect at the time of the transfer.

If so provided in the Option or if so authorized by the Compensation/Incentive Committee and subject to such terms and conditions as are specified in the Option or by the Compensation/Incentive Committee, the Corporation may, upon or without the request of the holder of the Option and at any time or from time to time, cancel all or a portion of the Option then subject to exercise and either (i) pay the holder an amount of money equal to the excess, if any, of the Fair Market Value, at such time or times, of the shares subject to the

portion of the Option so canceled over the aggregate purchase price of such shares, or (ii) issue or transfer shares of Capital Stock to the holder with a Fair Market Value, at such time or times, equal to such excess.

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

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

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

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

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

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

9. TERM: This Plan shall be deemed adopted and shall become effective on the date it is approved and adopted by the stockholders of the Corporation. No Stock Incentives shall be granted under this Plan after May 19, 2012.

10. ADMINISTRATION:

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

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

(c) Members of the Board of Directors and members of the Compensation/Incentive Committee acting under this Plan shall be fully protected in relying in good faith upon the advice of counsel and shall incur no liability except for gross negligence or willful misconduct in the performance of their duties.

11. GENERAL PROVISIONS:

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

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

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

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

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

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

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

## 12. AMENDMENTS AND DISCONTINUANCE:

(a) This Plan may be amended by the Board of Directors upon the recommendation of the Compensation/Incentive Committee, provided that, without the approval of the stockholders of the Corporation, no amendment shall be made which (i) increases the aggregate number of shares of Capital Stock that may be issued or transferred pursuant to Stock Incentives as provided in paragraph (a) of Section 4, (ii) increases the maximum aggregate number of shares of Capital Stock that may be issued or transferred under the Plan to directors of the Corporation or of a Subsidiary as provided in paragraph (b) of Section 4, (iii) increases the maximum aggregate number of Stock Incentives, in the form of Options, which may be granted to an individual employee as provided in paragraph (a) of Section 6, (iv) withdraws the administration of this Plan from the Compensation/Incentive Committee, (v) permits any person who is not at the time a Key Employee of the Corporation or of a Subsidiary to be granted a Stock Incentive, (vi) permits any Option to be exercised more than ten years after the date it is granted, (vii) amends Section 9 to extend the date set forth therein or (viii) amends this Section 12.

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

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

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

CHEMED CORPORATION  
2002 EXECUTIVE LONG-TERM INCENTIVE PLAN

SECTION 1. PURPOSES: The purposes of the Chemed Corporation 2002 Executive Long-Term Incentive Plan are to provide a means to attract and retain officers and other key employees of the Company and its Subsidiaries and to motivate such individuals to improve the long-term performance of the Company.

SECTION 2. DEFINITIONS: As used in this Plan, unless the context otherwise requires, each of the following terms shall have the meaning set forth below.

- (a) "Award" shall mean, for any Plan Period, a payment made to a Participant under the terms of this Plan.
- (b) "Board of Directors" or "Board" shall mean the Board of Directors of the Company.
- (c) "CEO" shall mean the Chief Executive Officer of the Company.
- (d) "Code" shall mean the Internal Revenue Code of 1986, as amended from time to time, and any references to a particular section of the Code shall be deemed to include any successor provision thereto.
- (e) "Committee" shall mean a committee of the Board of Directors, which shall consist solely of two or more "outside directors" within the meaning of Section 162(m) of the Code.
- (f) "Capital Stock" shall mean the capital stock of the Company, par value \$1.00 per share.
- (g) "Company" shall mean Chemed Corporation, a Delaware corporation.
- (h) "Covered Employee" shall mean the CEO and each other executive of the Company or a Subsidiary who the Committee determines, in its discretion, is or may be a "covered employee" within the meaning of Section 162(m) of the Code for the Plan Period to which an Award hereunder is related.
- (i) "Eligible Employee" shall mean all officers and other key employees of the Company and any of its Subsidiaries, as determined by the Committee in its sole discretion.
- (j) "Maximum Amount" shall mean the product of:
  - (i) \$2,000,000; and
  - (ii) The number of full or partial fiscal years in the Plan Period.
- (k) "Participant" shall mean an Eligible Employee selected by the Committee to participate in the Plan pursuant to Section 4.
- (l) "Performance Goal(s)" shall mean the goal or goals established for a Participant for a Plan Period by the Committee pursuant to Section 5.

- (m) "Performance Measures" shall mean any of the following performance criteria, either alone or in any combination, and may be expressed with respect to the Company or one or more operating units or groups or Subsidiaries, as the Committee may determine: cash flow; cash flow from operations; total earnings; earnings per share, diluted or basic; earnings per share from continuing operations, diluted or basic; earnings before interest and taxes; earnings before interest, taxes, depreciation, and amortization; earnings from continuing operations; net asset turnover; inventory turnover; net earnings or net income; operating earnings; operating margin; return on equity; return on net assets; return on total assets; return on capital; return on investment; return on sales; sales; revenues; market share; economic value added; expense reduction levels; stock price; and total shareholder return. For any Plan Period, Performance Measures may be determined on an absolute basis or relative to internal goals or relative to levels attained in a year or years prior to such Plan Period or related to other companies or indices or as ratios expressing relationships between two or more Performance Measures. For any Plan Period, the Committee shall provide how any Performance Measure shall be adjusted to the extent necessary to prevent dilution or enlargement of any Award as a result of extraordinary events or circumstances, as determined by the Committee, or to exclude the effects of extraordinary, unusual, or non-recurring items; changes in applicable laws, regulations, or accounting principles; currency fluctuations; discontinued operations; non-cash items, such as amortization, depreciation, or reserves; or any recapitalization, restructuring, reorganization, merger, acquisition, divestiture, consolidation, spin-off, split-up, combination, liquidation, dissolution, sale of assets, or other similar corporate transaction, or stock dividend, or stock split or combination; provided, however, in the case of a Covered Employee, no such adjustment will be made if the effect of such adjustment would cause the Award to a Covered Employee to fail to qualify as "qualified performance-based compensation" within the meaning of Section 162(m) of the Code.
- (n) "Plan" shall mean the Chemed Corporation 2002 Executive Long-Term Incentive Plan, as amended and restated from time to time.
- (o) "Plan Period" shall mean a period longer than one fiscal year, as determined by the Committee in its sole discretion.
- (p) "Subsidiary" shall mean any corporation, the majority of the outstanding voting stock of which is owned, directly or indirectly, by the Company, and that is not itself a publicly held corporation within the meaning of Section 162(m) of the Code.

SECTION 3. ADMINISTRATION: Subject to the express provisions of this Plan, the Committee shall have authority to interpret the Plan, to prescribe, amend, and rescind rules and regulations relating to it, and to make all other determinations deemed necessary or advisable for the administration of the Plan. In exercising its discretion, the Committee may use such objective or subjective factors as it determines to be appropriate in its sole discretion. The determinations of the Committee pursuant to its authority under the Plan shall be conclusive and binding.

SECTION 4. ELIGIBILITY: The Committee shall designate which Eligible Employees will be Participants in the Plan for a particular Plan Period. Designation of an Eligible Employee as a Participant for any Plan Period shall not require designation of such Eligible Employee for any other Plan Period.

SECTION 5. AWARDS:

- (a) The Committee may make Awards to Participants with respect to each Plan Period, subject to the terms and conditions set forth in the Plan.

- (b) Within 90 days after the commencement of each Plan Period (or such other date as required by Section 162(m) of the Code and the regulations promulgated thereunder), the Committee shall, in writing, select the length of such Plan Period, select which Eligible Employees will be Participants for such Plan Period, and determine for each such Plan Period the following:
  - (i) The Performance Goal or Performance Goals applicable to each Participant for the Plan Period based on one or more Performance Measures; and
  - (ii) The payment schedule detailing the total amount which may be available for payment to each Participant as an Award based upon the relative level of attainment of the Performance Goal or Performance Goals.
- (c) Upon completion of a Plan Period, the Committee shall:
  - (i) Certify, in writing, prior to payment of any Award, whether and to what extent the Performance Goal or Performance Goals for the Plan Period were satisfied;
  - (ii) Determine the amount available for each Participant's Award pursuant to the payment schedule established in Section 5(b)(ii);
  - (iii) Determine any increase or reduction in the amount of a Participant's available Award, as determined pursuant to Section 5(c)(ii), (including a reduction to zero) based on any subjective or objective factors that it determines to be appropriate in its sole discretion; provided, however, in the case of a Covered Employee, the Committee may reduce (including a reduction to zero) but may not increase the amount of an Award; and provided further that the exercise of such discretion to reduce an Award with respect to any Participant shall not have the effect of increasing an Award that is payable to a Covered Employee; and
  - (iv) Authorize payment subject to Section 6 of such amounts determined under Section 5(c)(iii).
- (d) Notwithstanding any other provision of this Plan, in no event shall the Award earned by any Participant for a Plan Period exceed the Maximum Amount.
- (e) Notwithstanding any other provision of this Plan, a Plan Period shall not commence until any preceding Plan Period has been completed.

SECTION 6. PAYMENT OF AWARDS: Awards under this Plan shall be made in a lump sum payment in cash and/or Capital Stock to the Participant or the Participant's beneficiary, as designated under procedures established by the Committee, as soon as practicable following the Plan Period or to such deferred plan as the Company may have established for such purposes. If all or a portion of the Award is to be paid in Capital Stock, the Committee shall determine the basis on which the Award will be converted into Capital Stock. The Company may deduct from any payment such amounts as may be required to be withheld under any federal, state, or local tax laws.

SECTION 7. NO CONTINUED EMPLOYMENT: Nothing in this Plan shall give any person any right to continue in the employ of the Company or its Subsidiaries or constitute a contract or agreement of employment or interfere in any way with the right of the Company or its Subsidiaries to terminate or change the conditions of employment.

SECTION 8. NONASSIGNABILITY: Except as otherwise required by applicable law, any rights of a Participant or Participant's beneficiary under this Plan shall not be anticipated, sold, assigned, transferred, encumbered, hypothecated, or pledged nor be subject to any levy or charge and shall not be subject in any manner to the claims of any creditor of a Participant or a Participant's beneficiary; and any attempt to take such action shall be null and void.

SECTION 9. TERMINATION AND AMENDMENT: The Board may at any time and from time to time alter, amend, suspend, or terminate the Plan in whole or in part; provided, however, that no amendment which requires stockholder approval in order for the Plan to continue to comply with Section 162(m) of the Code shall be effective unless such amendment is approved by the stockholders of the Company. Notwithstanding the foregoing, no termination or amendment of the Plan may, without the consent of the Participant to whom an Award has been determined for a completed Plan Period but not yet paid, adversely affect the rights of such Participant in such Award.

SECTION 10. INTERPRETATION: Except with respect to terminations of employment or in connection with a change in control of the Company, as determined by the Committee in its sole discretion, it is the intent of the Company that Awards made to Covered Employees shall constitute "qualified performance-based compensation" satisfying the requirements of Section 162(m) of the Code. Accordingly, the provisions of the Plan shall be interpreted in a manner consistent with Section 162(m) of the Code. If any other provision of the Plan or an Award is intended to but does not comply or is inconsistent with the requirements of Section 162(m) of the Code, such provision shall be construed or deemed amended to the extent necessary to conform to and comply with such requirements.

SECTION 11. UNFUNDED STATUS: Awards shall be made from the general funds of the Company, and no special or separate fund shall be established or other segregation of assets made to assure payment. No Participant or other person shall have under any circumstances any interest in any particular property or assets of the Company.

SECTION 12. APPLICABLE LAW: This Plan shall be governed by and construed in accordance with the laws of the State of Delaware, without regard to its principles of conflict of laws.

SECTION 13. EFFECTIVE DATE: This Plan will become effective as of March 6, 2002; provided, however, that no Award will be made under the Plan unless prior to such payment, the holders of a majority of the shares of the Company's Capital Stock actually voting on the matter approve and adopt this Plan at a meeting of the stockholders of the Company.

AMENDMENT NO. 15  
TO EMPLOYMENT AGREEMENT

AGREEMENT dated as of August 7, 2002 between a \_\_\_\_\_  
("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, May 17, 1993, May 16, 1994, May 15, 1995, May 20, 1996, May 19, 1997, May 18, 1998, May 17, 1999, May 15, 2000, May 21, 2001 and January 2, 2002 ("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 August 7, 2002, as follows:

- A. The date, amended as of May 15, 2000, set forth in Section 1.2 of the Employment Agreement, is hereby deleted and the date of \_\_\_\_\_ is hereby substituted therefore.
- B. The base salary amount set forth in the first sentence of Section 2.1 of the Employment Agreement is hereby deleted and the base salary amount of \$\_\_\_\_\_ per annum is hereby substituted.

C. The amount of unrestricted stock award recognized in lieu of incentive compensation in 2001 is \$\_\_\_\_\_.

Except as specifically amended in this Amendment No. 15 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

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CHEMED CORPORATION

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SCHEDULE TO EXHIBIT 10.20

NAME AND POSITION	CURRENT SALARY AND BONUS (a)	CURRENT (b) STOCK AWARD COMPENSATION	CURRENT EXPIRATION DATE OF AGREEMENT
K. J. McNamara President and Chief Executive Officer	\$404,850 255,944	\$266,655	5/3/2007
S. E. Laney Executive Vice President and Chief Administrative Officer	235,400 191,789	160,992	5/3/2007
T. C. Hutton Vice President	215,700 40,441	84,106	5/3/2007

(a) Bonus paid in 2002 for 2001 services.

(b) Represents stock awards that would have vested in 2002 (for 2001 service) under their original vesting schedules. Also includes shares granted in February 2002 with immediate vesting.

AMENDMENT NO. 14  
TO EMPLOYMENT AGREEMENT

AGREEMENT dated as of August 7, 2002 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, May 17, 1993, May 16, 1994, May 15, 1995, May 20, 1996, May 19, 1997, May 18, 1998, May 17, 1999, May 15, 2000 and January 2, 2002 ("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 15, 2000, as follows:

- A. The date, amended as of May 15, 2000, set forth in Section 1.2 of the Employment Agreement, is hereby deleted and the date of \_\_\_\_\_ is hereby substituted therefore.
- B. The base salary amount set forth in the first sentence of Section 2.1 of the Employment Agreement is hereby deleted and the base salary amount of \$\_\_\_\_\_ per annum is hereby substituted.

C. The amount of unrestricted stock award recognized in lieu of incentive compensation in 2001 is \$\_\_\_\_\_.

Except as specifically amended in this Amendment No. 14 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

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CHEMED CORPORATION

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SCHEDULE TO EXHIBIT 10.21

NAME AND POSITION -----	CURRENT SALARY AND BONUS (a) -----	CURRENT (b) STOCK AWARD COMPENSATION -----	CURRENT EXPIRATION DATE OF AGREEMENT -----
T. S. O'Toole Executive Vice President and Treasurer	\$240,800 89,839	\$160,992	5/3/2007
A. V. Tucker Vice President and Controller	140,600 53,023	67,413	5/3/2006

(a) Bonus paid in 2002 for 2001 services.

(b) Represents stock awards that would have vested in 2002 (for 2001 service) under their original vesting schedules. Also includes shares granted in February 2002 with immediate vesting.

AMENDMENT NO. 6  
TO EMPLOYMENT AGREEMENT

AGREEMENT dated as of August 7, 2002 between \_\_\_\_\_ ("Employee") and Chemed Corporation (the "Company").

WHEREAS, Employee and the Company have entered into an Employment Agreement dated as of May 19, 1997 and amended May 18, 1998, May 17, 1999, May 15, 2000, May 21, 2001 and January 2, 2002 ("Employment Agreement"); and

WHEREAS, Employee and the Company desire to 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 August 7, 2002, as follows:

- A. The date, amended as of May 21, 2001, set forth in Section 1.2 of the Employment Agreement, is hereby deleted and the date of \_\_\_\_\_ is hereby substituted therefore.
- B. The base salary amount set forth in the first sentence of Section 2.1 of the Employment Agreement is hereby deleted and the base salary amount of \$\_\_\_\_\_ per annum is hereby substituted.
- C. The amount of unrestricted stock award recognized in lieu of incentive compensation in 2001 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

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CHEMED CORPORATION

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Kevin J. McNamara  
President & Chief Executive Officer

SCHEDULE TO EXHIBIT 10.22

NAME AND POSITION -----	CURRENT SALARY AND BONUS (a) -----	CURRENT (b) STOCK AWARD COMPENSATION -----	CURRENT EXPIRATION DATE OF AGREEMENT -----
Spencer S. Lee Chairman and Chief Executive Officer of Roto-Rooter, Inc.	\$238,921 115,500	\$52,626	5/21/2005
Rick L. Arquilla Senior Vice President Roto-Rooter Services Company	218,096 90,000	45,424	5/21/2005

- (a) Bonus paid in 2002 for 2001 services.
- (b) Represents stock awards that would have vested in 2002 (for 2001 service) under their original vesting schedules. Also includes shares granted in February 2002 with immediate vesting.

AMENDMENT NO. 4  
TO EMPLOYMENT AGREEMENT

AGREEMENT dated as of August 7, 2002 between John M. Mount ("Employee") and Chemed Corporation (the "Company").

WHEREAS, Employee and the Company have entered into an Employment Agreement dated as of November 5, 1997 and amended May 17, 1999, May 15, 2000 and January 2, 2002 ("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 August 7, 2002, as follows:

- A. The date, amended as of May 15, 2000, set forth in Section 1.2 of the Employment Agreement, is hereby deleted and the date of May 3, 2005 is hereby substituted therefore.
- B. The base salary amount set forth in the first sentence of Section 2.1 of the Employment Agreement is hereby deleted and the base salary amount of \$266,000 per annum is hereby substituted.
- C. The amount of unrestricted stock award recognized in lieu of incentive compensation in 2001 is \$49,779.

Except as specifically amended in this Amendment No. 4 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

/s/ John M. Mount

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CHEMED CORPORATION

/s/ Kevin J. McNamara

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Kevin J. McNamara  
President & Chief Executive Officer

## CONSULTING AGREEMENT

THIS CONSULTING AGREEMENT is made between PCI Holding Corp., a Delaware corporation (the "Company"), and Timothy O'Toole (the "Contractor"), effective this 11th day of October 2002 for the purpose of setting forth the exclusive terms and conditions by which Company desires to acquire Contractor's services on a temporary basis.

In consideration of the mutual obligations specified in this Agreement, and any compensation paid to Contractor for its services, the parties, intending to be legally bound hereby, agree to the following:

1. SERVICES/TERM: The Company hereby retains Contractor, and the Contractor hereby agrees to perform certain services assigned to the Contractor by the Company as shall be mutually agreed upon (the "Services"). Unless terminated earlier in accordance with Section 4 below, this Agreement shall be in effect for the period beginning on October 11, 2002 and ending on the earliest to occur of (i) the repayment in full of the principal under that certain Senior Subordinated Promissory Note issued by the Company to Chemed Corporation ("Chemed"), dated as of the date hereof, a copy of which is attached hereto as Exhibit A (the "Note"), (ii) any sale, transfer or other disposition of the Note by Chemed, (iii) any exercise, whether in whole or in part, of that certain Common Stock Purchase Warrant No. W-1 issued by the Company to Chemed, dated as of the date hereof, a copy of which is attached hereto as Exhibit B, and (iv) the termination of Contractor's employment with Chemed.

2. CONSIDERATION:

(a) In exchange for the full, prompt, and satisfactory performance of all Services to be rendered to the Company hereunder, the Company shall provide the Contractor, as full and complete consideration for the Services rendered hereunder, cash compensation at the rate of Three Thousand Dollars (\$3,000) per month during the term of this Agreement. The Company shall pay such monthly compensation to Contractor on or before the 15th day of each month.

(b) The Contractor shall not be entitled to receive any other consideration or any benefits from the Company. Except as otherwise required by law, the Company shall not withhold any sums from payments made to the Contractor for Social Security or other federal, state or local tax liabilities or contributions, and all withholdings, liabilities, and contributions shall be solely the Contractor's responsibility. Further, the Contractor understands and agrees that the services performed for the Company are not covered under the unemployment insurance laws. Accordingly, the Contractor shall have sole and exclusive responsibility for the payment of all federal, state and local income taxes, for all employment and disability insurance and for Social Security and other similar taxes with respect to any consideration or benefits provided by the Company hereunder. The Company will issue Contractor an Internal Revenue Service ("IRS") Form 1099 for the payment of the consulting fees described in this Section at the appropriate time. The

Contractor shall assume and accept all responsibilities which are imposed on independent contractors by any statute, regulation, rule of law or otherwise.

3. NONDISCLOSURE OBLIGATION:

The Contractor shall not, either during the term of this Agreement or at any time thereafter, for any reason whatsoever, reveal to any person or entity (both commercial and non-commercial) any of the trade secrets or confidential business information concerning the Company or any of its affiliates: including, without limitation, its marketing plans and strategies; pricing and costing policies; customer and supplier lists; or nonpublic financial information of the Company or any of its affiliates so far as they have come or may come to the Contractor's knowledge. This restriction shall not apply to: (i) information that may be disclosed generally or is in the public domain through no fault of the Contractor; (ii) information received from a third party outside the Company that was disclosed without a breach of any confidentiality obligation; (iii) information approved for release by written authorization of the Company; or (iv) information that may be required by law or an order of any court, agency or proceeding to be disclosed. The foregoing restrictions shall not prevent Contractor from consulting with, being employed by or serving as a director of other companies; provided, however, that Contractor's obligations under this Section 3 shall not be affected by any such consulting, employment or service.

4. TERMINATION:

This Agreement may only be terminated prior to the expiration of its term (as set forth in Section 1 above) by either party upon thirty (30) days' prior written notice.

5. INDEPENDENT CONTRACTOR:

The Company and the Contractor expressly agree and understand that the Contractor is an independent contractor and nothing in this Agreement nor the services rendered hereunder is meant to or shall be construed in any way or manner as creating between them a relationship of employer and employee, principal and agent, partners or any other relationship other than that of independent parties contracting with each other solely for the purpose of carrying out the provisions of the Agreement. The Contractor is not the agent of the Company and is not authorized and shall not have the power or authority to bind the Company or incur any liability or obligation, or act on behalf of the Company.

While the Company is entitled to provide the Contractor with general guidance to assist the Contractor in completing the scope of work to the Company's satisfaction, the Contractor is ultimately responsible for directing and controlling the performance of the task comprising the scope of work, in accordance with the terms and conditions of this Agreement. The Contractor shall use his best efforts, energy and skill in his own name and in such manner as he sees fit.

6. GENERAL:

(a) This Agreement may not be changed unless mutually agreed upon in writing by both parties.

(b) The Contractor represents that his performance of all the terms of this Agreement does not and will not breach any agreement entered into by the Contractor with any other party, and the Contractor agrees not to enter into any agreement, oral or written, in conflict herewith.

(c) The Contractor hereby agrees that each provision herein shall be treated as a separate and independent clause, and the unenforceability of any one clause shall in no way impair the enforceability of any of the other clauses herein. Moreover, if one or more of the provisions contained in this Agreement shall for any reason be held to be excessively broad as to scope, activity, subject or otherwise so as to be unenforceable at law, such provision or provisions shall be construed by the appropriate judicial body by limiting or reducing it or them so as to be enforceable to the maximum extent compatible with the applicable law as it shall then appear.

(d) Section 3 shall survive the termination of this Agreement for any reason, including expiration of the term of the Agreement.

(e) This Agreement and all aspects of the relationship between the parties hereto shall be construed and enforced in accordance with and governed by the internal laws of the Commonwealth of Massachusetts without regard to its conflict of laws provisions.

(g) This instrument contains the entire agreement between the parties hereto with respect to the transactions contemplated herein. All prior negotiations and agreements between the parties are superseded by this Agreement and there are no representations, warranties, understandings or agreements other than those expressly set forth herein.

(h) This Agreement may be executed in duplicate counterparts (including counterparts executed and delivered by facsimile, which shall be treated as counterparts executed and delivered manually), which, when taken together, shall constitute one instrument and each of which shall be deemed to be an original instrument.

(i) In the event that the Contractor's employment with Chemed is terminated (whether by the Contractor or by Chemed), the Contractor shall promptly, but in any event within five (5) days thereafter, notify the Company of such termination.

(j) Any notice, request or other communications to be given to any party hereunder shall be given in writing and shall be effective when either served by hand delivery, electronic facsimile transmission, express overnight courier service, or by

registered or certified mail, return receipt requested, addressed to the parties at their respective addresses set forth above, or to such other address or addresses as either party may later specify by written notice to the other.

[Remainder of page left blank intentionally]

IN WITNESS WHEREOF, the parties hereto have executed this Consulting Agreement as of the date first above written.

PCI HOLDING CORP.

CONTRACTOR

By: /s/ Ira Bergstein

/s/ Timothy O'Toole

Name: Ira Bergstein

Timothy O'Toole

Title: Executive Vice President - Finance

Social Security Number: ###-##-####

Date: 10/11/02

Date: 10/11/02

EXHIBIT A

SENIOR SUBORDINATED PROMISSORY NOTE

EXHIBIT B  
COMMON STOCK PURCHASE WARRANT

AMENDMENT NO. 16 TO EMPLOYMENT AGREEMENT

This AGREEMENT dated as of March 1, 2003 by and between Sandra E. Laney ("Employee") and Chemed Corporation ("Company").

WITNESSETH:

WHEREAS, Employee and the Company entered into an Employment Agreement dated as of May 2, 1988 as amended May 15, 1989, May 21, 1990, May 20, 1991, May 18, 1992, May 17, 1993, May 16, 1994, May 15, 1995, May 20, 1996, May 16, 1997, May 18, 1998, May 17, 1999, May 15, 2000, May 21, 2001, January 2, 2002 and August 7, 2002 (collectively with all amendments, the "Employment Agreement"); and

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

NOW, THEREFORE, Employee and the Company mutually agree that the Employment Agreement shall be amended, effective as of March 1, 2003 (the "Effective Date"), as follows:

1. As of the Effective Date, the Company and the Employee hereby terminate the employment relationship between them by mutual agreement in the manner set forth below.

2. Sections 1, 2, 3, 5 and Section 6.6 of the Employment Agreement are hereby terminated in their entirety. The remaining Sections of the Employment Agreement shall survive this Agreement on the terms set forth in the Employment Agreement.

3. Company is paying Employee One Million Dollars (\$1,000,000.00) on execution hereof. Commencing March 1, 2003 and on the last day of each month thereafter through and including, but not after May 30, 2007, Employee shall be paid severance pay at the rate of Fifty-Two Thousand Seven Hundred Eighty-Eight Dollars (\$52,788.00) per month subject to the set-off provision of the Employment Agreement. Except as set forth in Section 4 of this Amendment, Employee shall not participate in any other employee benefit program. The payments set forth in this Section 3 of this Agreement shall represent full and complete payment for all purposes under the Employment Agreement. In the event of the death of the Employee at any time before she has received full payment of the severance pay set forth in Section 3, the monthly severance payments otherwise payable to the Employee if she had survived shall be paid to the Executor of the Estate of the Employee, or to such other party as the Employee may hereafter designate by written instructions delivered to the Secretary of the Company.

4. As of the Effective Date, the Employee will cease to participate in the benefit plans of the Company, with the exception of the benefit plan payments made in 2003 with respect to 2002 service; her continued participation in group life insurance programs, to the extent possible; and her continued participation in split dollar life insurance programs, provided

the Company continues to make such split dollar programs available to other employees. Subject to any rights Employee may have under the Consolidated Omnibus Budget Recognition Act of 1985, the Employee shall continue to have the right to participate in the Company's health insurance plan (at the same cost as provided to other participants) and the Company's dental plan for the period of the shorter of (a) the duration of payments under this Agreement or (b) the commencement of Employee's employment with an employer which offers healthcare insurance to other employees.

5. Except as set forth in Section 4, the payments to be made pursuant to Section 3 hereof shall represent full and final payments of any and all claims for wages, bonuses, awards and compensation of any nature whatsoever relating to the employment or other service of Employee for Company for all purposes including, without limitation, claims for severance.

6. It is expressly acknowledged that the Company will withhold from the payments hereunder all required taxes and other withholding items, including but not limited to Employee's portion of F.I.C.A. taxes.

7. The Company and the Employee, each for itself or herself, as the case may be, does hereby release the other, including the Company's directors, officers, employees, agents, subsidiaries and affiliates from any and all claims or causes of action related to the Employee's status and service as officer, director and shareholder of Employee of the Company, its subsidiaries and affiliates, or the terminations thereof, except that this release shall not apply to the specific obligations pursuant to its Certificate of Incorporation and By-Laws and pursuant to those certain Indemnification Agreements between the Employee and the Company nor shall this release apply to the obligations of any subsidiary or affiliate of the Company pursuant to similar indemnification undertakings and agreements, all of which shall remain in full force and effect.

8. In the event Company is considering suspension or termination of any amounts payable under this Amendment, Company shall give thirty (30) days prior written notice to Employee, setting forth the reason for the contemplated suspension or termination. Employee shall then have forty-five (45) days to cure any breach of this Agreement.

9. Employee hereby resigns her position as officer of Chemed Corporation and of all companies affiliated with Chemed Corporation and resigns all directorships of Chemed affiliates, but not of Chemed, itself.

10. Except as specifically amended in this Amendment No. 16 to the Employment Agreement, the Employment Agreement shall continue in full force and effect in accordance with its original terms, conditions and provisions. The remedies and protections afforded to the Company hereunder are cumulative with those provided by the Employment Agreement and shall be given the broadest meaning provided by law as set forth in this Agreement and the Employment Agreement.

11. This Agreement shall be binding upon the parties' heirs, executors, administrators, representatives, successors and assigns, as the case may be. This Agreement and its terms shall be governed by the laws of the State of Ohio.

12. During such period as Employee serves as director of activities of Chemed's airport operations, she shall be provided office space, secretarial support, and parking at Chemed's downtown parking facilities.

13. Employee shall have the right at any time to purchase her office furnishings at an aggregate cost of \$250 over the book value.

14. For purposes of Chemed's Incentive Stock Option Plans, Employee shall remain an "eligible employee" for the longer of (a) the duration of her service as a director of the Company or (b) April 7, 2007.

IN WITNESS WHEREOF, the parties hereto have executed this instrument as of the date first above written.

ATTEST:

CHEMED CORPORATION

/s/ Naomi C. Dallob  
-----

By: /s/ Kevin J. McNamara  
-----

Its: Vice President & Secretary  
-----

Its: President & Chief Executive Officer  
-----

WITNESS:

/s/ Naomi C. Dallob  
-----

/s/ Sandra E. Laney  
-----  
Sandra E. Laney

SCHEDULE TO EXHIBIT 10.43

·  
·  
·

Employee -----	Title -----	Amount -----
Edward L. Hutton	Chairman	\$404,182

SCHEDULE TO EXHIBIT 10.44

·  
·  
·

Employee -----	Title -----	Amount -----
Kevin J. McNamara	President & CEO	\$493,083

CHEMED

2002 ANNUAL REPORT

Serving AMERICA's Commercial and Residential REPAIR and MAINTENANCE Markets

## CHEMED

Chemed Corporation, headquartered in Cincinnati, Ohio, operates in the residential and commercial repair-and-maintenance-service industry through two wholly owned subsidiaries, Roto-Rooter Inc. and Service America Systems Inc. Chemed Capital Stock is publicly traded on the New York Stock Exchange under the symbol CHE.

### [ROTO-ROOTER LOGO]

The largest provider of plumbing and drain cleaning services in North America, Roto-Rooter operates through more than 100 company-owned branches and independent contractors and 500 franchisees. The total Roto-Rooter system offers services to more than 90% of the U.S. population and approximately 55% of the Canadian population. Roto-Rooter also has licensed master franchisees in Australia; China, including Hong Kong; the republics of Indonesia and Singapore; Japan; Mexico; the Philippines; and the United Kingdom.

### [SERVICE AMERICA LOGO]

With operations throughout Florida and in Phoenix, Arizona, Service America furnishes residential and commercial appliance and heating/air-conditioning (HVAC) repair, maintenance, and replacement services. Among the leading direct providers of service agreements in the United States, Service America also offers appliance and heating/air-conditioning products and services not covered by a service agreement.

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Roto-Rooter(R) is a registered trademark of Roto-Rooter Corporation.  
Service America(TM) is a trademark of Service America Systems Inc.

FINANCIAL SUMMARY

Chemed Corporation and Subsidiary Companies  
(in thousands, except per share data, shareholders and employees)

For the Years Ended December 31,	2002	2001	2000	1999	1998
-----					
Service Revenues and Sales					
from Continuing Operations . . . . .	\$314,176	\$337,908	\$355,307	\$316,719	\$263,001
Income/(Loss) from Continuing Operations					
As Reported . . . . .	\$ (8,122)	\$ (7,227)	\$ 18,643	\$ 16,410	\$16,477
Plus: Goodwill Impairment Charge . . . . .	20,342	--	--	--	--
Plus: Investment Impairment Charge . . . . .	780	--	--	--	--
Less: Capital Gains on the Sales of Investments . . . . .	(775)	(703)	(2,261)	(2,960)	(7,945)
Plus: Aftertax Amortization of Goodwill . . . . .	--	3,888	3,875	3,580	3,415
Plus: Restructuring and Similar Expenses and Other Charges . . . . .	--	16,943	--	--	495
Pro Forma Income . . . . .	\$ 12,225	\$ 12,901	\$ 20,257	\$ 17,030	\$12,442
Net Income/(Loss) . . . . .	\$ (1,813)	\$ (10,375)	\$ 20,584	\$ 19,696	\$19,909
Earnings/(Loss) Per Share					
Income/(Loss) from Continuing Operations					
As Reported . . . . .	\$ (.82)	\$ (.74)	\$ 1.90	\$ 1.57	\$ 1.64
Pro Forma . . . . .	\$ 1.24	\$ 1.33	\$ 2.06	\$ 1.63	\$ 1.24
Net Income/(Loss) . . . . .	\$ (.18)	\$ (1.07)	\$ 2.09	\$ 1.88	\$ 1.98
Average Number of Shares Outstanding . . . . .	9,858	9,714	9,833	10,470	10,058
Dividends Per Share . . . . .	\$ .45	\$ .44	\$ .40	\$ 2.12	\$ 2.12
Number of Shareholders . . . . .	3,548	3,686	3,850	4,864	5,271
Number of Employees from Continuing Operations . . . . .	3,335	3,764	3,784	3,949	3,867

2002 Business Highlights

- Chemed sold its Patient Care home-healthcare subsidiary, netting proceeds of \$70.2 million and resulting in an even stronger balance sheet for Chemed. This sound financial foundation enables Chemed to support the growth of its repair-and-maintenance service businesses and pursue further acquisitions of Roto-Rooter franchises.
- Roto-Rooter successfully introduced its own brand of drain care products in more than 3,500 retail outlets nationwide, including Kroger, Target, and selected Wal-Mart stores. While the products themselves serve as advertisements for the Roto-Rooter(R) brand, the proceeds from their sales also will help finance advertising and marketing of Roto-Rooter plumbing and drain cleaning services.

TO OUR FELLOW SHAREHOLDERS

March 3, 2003

In 2001, we examined every Chemed operation and began implementing corporate-wide restructuring initiatives. We pared noncore and underperforming businesses, refinanced debt, and restructured various headquarters' costs. These measures bore fruit in 2002, and your company is a leaner, more effective business today. Our 2002 financial results showed improvement, and Chemed's balance sheet is stronger yet.

#### Financial Results

For the year ended December 31, 2002, Chemed recorded a net loss of \$.18 per share as compared with a net loss of \$1.07 per share in 2001. The net loss for 2002 included income from discontinued operations of \$.64 per share, capital gains from sales of investments of \$.08 per share, investment impairment charges of \$.08 per share, and goodwill impairment charges of \$2.06 per share. Net income for 2001 included aftertax restructuring and other charges of \$1.74 per share, a loss of \$.15 per share from discontinued operations, goodwill amortization of \$.40 per share, and an extraordinary loss of \$.18 per share in debt prepayment penalties, and capital gains from sales of investments of \$.07 per share.

On a pro forma basis excluding capital gains, restructuring and other charges, amortization of goodwill, and impairment charges, Chemed's earnings from continuing operations were \$1.24 per share for 2002 as compared with \$1.33 per share for 2001.

Service revenues and sales from continuing operations for 2002 were \$314.2 million, 7% below 2001's \$337.9 million. For 2002, earnings from continuing operations before impairment charges, capital gains, interest, taxes, depreciation, and amortization (EBITDA) were \$37.3 million versus EBITDA of \$26.6 million for 2001, and for 2002, EBITDA represented 12% of revenues. Pro forma EBITDA for 2001, which exclude all restructuring and other charges, amounted to \$41.8 million, or 12% of revenues.

#### Operations

We are encouraged by Chemed's operational results, which were achieved in difficult economic conditions. Our flagship Roto-Rooter operation generated income of \$15.4 million in 2002.

Roto-Rooter's income of \$15.4 million compares favorably with net income of \$3.4 million in 2001. The 2001 net income included \$10.4 million in charges related to restructuring and goodwill amortization of \$3.1 million. Excluding these charges, Roto-Rooter generated \$16.9 million of income in 2001.

Revenues for Roto-Rooter amounted to \$253.7 million in 2002, \$15.7 million, or 6%, below the prior year's revenues of \$269.4 million. During 2002, Roto-Rooter exited underperforming, non-Roto-Rooter-branded operations, which accounted for the majority of the revenue decline. Softening demand for Roto-Rooter's nonemergency services accounted for the remainder. Good expense control, along with the positive earnings impact from exiting the non-Roto-Rooter-branded operations, partially offset the effects of the revenue decline on earnings.

In order to overcome the soft economy, Roto-Rooter will continue to concentrate efforts in the areas it can impact: increasing sales to commercial accounts, improving service technician productivity, and controlling expenses at all levels. To further counteract the economic slowdown, Roto-Rooter must increase the number of inbound calls for service. Toward that end, Roto-Rooter is investing heavily to improve its ad placement in its primary marketing vehicle, phone directories. In addition, the toll-free 1-800-GET-ROTO number is featured on all packages of Roto-Rooter's new retail products, plus coupons for discounted service

are included on the new Roto-Rooter(R) Clog Remover. These initiatives should put the Roto-Rooter name prominently in front of consumers and, in turn, create top-of-mind awareness when service is needed.

We are confident Roto-Rooter's critical issues are being addressed and that providing excellent service at a fair price will ultimately result in job count and sales growth over the long term.

Service America recorded a loss of \$20.0 million in 2002 as a result of a goodwill impairment charge of \$20.3 million. This compares with a loss of \$686,000 in 2001. Before impairment and restructuring charges and amortization of goodwill, Service America's earnings in 2002 were \$381,000 as compared with \$1.8 million in 2001. Revenues at Service America declined from \$68.6 million in 2001 to \$60.5 million in 2002, as the company continued to eliminate unprofitable service contracts. With the contract base representing the greatest opportunity for retail sales, this planned reduction in service agreements also led to a decline in retail sales. At the same time, Service America experienced increased labor and materials costs, the net result being a decline in the gross margin of 3.1 percentage points in 2002. Service America's multiyear review of its contracts has culminated in a new pricing strategy that should yield improved results for the company.

#### Financial Position

Chemed is on solid financial footing. In October 2002, we sold our Patient Care home-healthcare subsidiary, yielding net proceeds of \$70.2 million and putting Chemed in an excellent cash position. Additionally, since 1991, Chemed has maintained a \$31.3 million investment in the preferred stock and warrants of Vitas Healthcare Corporation, a leading provider of hospice care serving more than 35,000 patients and their families annually. This asset yields 8% aftertax on the Vitas preferred dividend and represents a potential source of future capital gains or equity earnings.

As a result, today Chemed's balance sheet is extremely healthy as evidenced by a current ratio of 1.4 and a debt-to-total-capital ratio of 11% at December 31, 2002. Cash balances exceed long-term debt, giving Chemed the resources to support its subsidiaries' growth, pursue its acquisition strategy targeting Roto-Rooter franchises, and consider opportunities in related industries.

#### Dividend Increase

Attesting to its confidence in Chemed's solid financial position and future earnings potential, in the 2002 fourth quarter, the Board of Directors increased the quarterly dividend rate 9%, from \$.11 per share to \$.12 per share. Further, including the March 10, 2003, dividend payment, Chemed has paid 127 consecutive quarterly dividends in 31 years as a public corporation, providing shareholders with a tangible cash return on their investment.

#### Outlook

We recognize that 2003 will be another challenging year for Chemed's operations, but we believe our initiatives have strengthened Chemed's businesses. Your company is a much better, leaner company today than it was a year ago, and with a little help from the economy, we are positioned to leverage sales growth into profit growth over the long term.

/s/ Kevin J. McNamara

-----  
Kevin J. McNamara  
President & Chief  
Executive Officer

/s/ Edward L. Hutton

-----  
Edward L. Hutton  
Chairman

CHEMED CORPORATE MANAGEMENT

[PHOTO]

(Front row, left - right) Edward L. Hutton, Chairman; Kevin J. McNamara, President & Chief Executive Officer; (center row, l-r) Sandra E. Laney, Executive Vice President & Chief Administrative Officer; Timothy S. O'Toole, Executive Vice President & Treasurer; Spencer S. Lee, Executive Vice President; Rick L. Arquilla, President & Chief Operating Officer of Roto-Rooter Services Company; John M. Mount, Vice President; (back row, l-r) Arthur V. Tucker, Jr., Vice President & Controller; Thomas C. Hutton, Vice President; David G. Sparks, Vice President; David J. Lohbeck, Vice President; (not pictured) Naomi C. Dallob, Vice President & Secretary; Thomas J. Reilly, Vice President

## OPERATIONS REVIEW

Roto-Rooter Inc.

### Principal Services & Products

- - Plumbing
- - Sewer, drain & pipe cleaning
- - Pipe rehabilitation
- - Drain cleaning equipment
- - Drain care products

### Principal Markets

- - Residential
- - Industrial
- - Business/Commercial
- - Municipal

Through its network of more than 600 company-owned branches, independent contractors, and franchisees, Roto-Rooter offers plumbing and drain cleaning services to home owners and commercial customers throughout the United States, in Canada, and in seven countries worldwide. And for the first time, Roto-Rooter-brand retail products are appearing on store shelves in the United States.

The introduction in August 2002 of three retail drain-care products marked a milestone in Roto-Rooter's 65-year history. Roto-Rooter(R) Clog Remover,

Roto-Rooter's preferred service technician program assures commercial customers that their accounts will be maintained by a team familiar with their staffs, facilities, and needs.

[PHOTO]

Roto-Rooter(R) Septic & Cesspool System Treatment, and Roto-Rooter(R) Root Killer are being stocked in Target, Kroger, and selected Wal-Mart stores and a growing number of mass retail, grocery, and hardware outlets nationwide. Importantly, Roto-Rooter offers the only product line in the drain care category with a service force behind it.

The introduction of retail products serves a twofold purpose. Not only do their sales generate revenues, but they are also designed to drive name recognition every time a shopper sees them in the store aisle. That's millions of consumer impressions helping to build name recognition for the Roto-Rooter(R) brand. Further, the proceeds generated from retail product sales are earmarked to help support additional national marketing and advertising programs to promote the Roto-Rooter(R) brand name.

These retail products enable Roto-Rooter to be there for customers from start to finish. Roto-Rooter products, like their competitors, are made to solve mild problems, and research shows that consumers typically try a bottle of do-it-yourself drain opener before calling

One of the best-known brands in the world, Roto-Rooter works hard at providing excellent service at a fair price. Home owners know they can count on Roto-Rooter's well-trained work force whenever they need plumbing and drain cleaning service.

[PHOTO]

for service. Should a problem persist, consumers know they can call Roto-Rooter to take care of the problem.

To capitalize on the opportunity, Roto-Rooter's toll-free number, 1-800-GET-ROTO, is prominently displayed on the packaging, enabling customers to connect with their local Roto-Rooter operations without resorting to their phone directories--and possibly seeing competitors' ads. Plus, the primary product, Roto-Rooter(R) Clog Remover, provides a discount coupon for a service call.

In 2002, Roto-Rooter generated \$25.9 million of operating profit and revenues of \$253.7 million. This compares with \$8.5 million of operating profit and revenues of \$269.4 million in 2001. Excluding amortization of goodwill (\$3.3 million) and restructuring and similar expenses and other charges (\$17.2 million) in 2001, operating profit was \$29.0 million. These results reflect a slowdown in demand for plumbing and drain cleaning services, which began in 2001 and continued in 2002.

Plumbing revenues in 2002 amounted to \$98.8 million, down 7% from \$105.8 million in 2001. Plumbing revenues accounted for 39.0% of total Roto-Rooter 2002 revenues. The drain cleaning business is more recession-resistant than plumbing, due to the emergency nature of many drain cleaning services. As a result, drain cleaning revenues were off just 3% at \$106.1 million in 2002 and represented 41.8% of total revenues.

Roto-Rooter disposed of most of its heating and cooling businesses in 2002, accounting for a \$6.1 million decline in revenues in this segment. While adding to the decline in total revenues, this move added to Roto-Rooter's profitability in 2002.

To counter this downward pressure on revenues, Roto-Rooter is focusing on initiatives to improve productivity and reduce costs. Moving customer service and dispatch to centralized call centers has improved closing rates and technician productivity, while freeing branch management to focus on commercial sales and service technician recruitment and training. Tight expense control helped to partially offset increasing insurance costs. While costs are still a concern, with a boost from the economy in 2003, Roto-Rooter is poised to leverage sales growth into profit growth.

#### Service America Systems Inc.

##### Principal Services & Products

- - Service agreements for HVAC & major-appliance repair, minor plumbing & electrical repairs
- - Retail maintenance & repair services for major appliances & HVAC systems
- - Air conditioner & major-appliance sales
- - Duct cleaning

##### Principal Markets

- - Retirees
- - Absentee home owners
- - Dual-income households
- - Condominium & home owners' associations

For more than 25 years, Service America has provided service agreements to home and business owners who don't want to risk a financial burden for repairs to their air conditioning systems and major appliances. In addition, Service America offers retail sales and service not covered by an agreement. With more than 2 million service agreements fulfilled, Service America has the expertise to solve customers' repair and maintenance problems.

With a service agreement from Service America, customers need not worry about how much home appliance repairs will cost or who will perform them. Service America continues to improve customer satisfaction by offering Saturday service, well-trained technicians with multiple skills, and preventive maintenance programs.

[PHOTO]

Service America continued to revamp its operations in 2002 in order to improve service and productivity. Additionally, a revised pricing strategy should, over the 12-month renewal cycle, result in fairer pricing for both the company and customers. Initial customer reaction has been favorable.

Contract and retail sales growth is integral to Service America's success. A promising concept being tested is the replacement of branches in industrial locations with new Parts Today stores in more visible and accessible retail strip centers. These stores carry appliance parts and offer personalized assistance to customers, while providing the opportunity to introduce Service America's service agreements, retail air conditioner and appliance sales, and duct cleaning services.

While revenues are not expected to grow in 2003, Service America will execute programs to improve the value of its contract base. Further, Service America will manage service levels and promote retail sales while aligning its cost structure with its revenue base. These and other measures are expected to improve Service America's performance in the long term.

## FINANCIAL REVIEW

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[PRICEWATERHOUSECOOPERS 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 10 through 29 of this report present fairly, in all material respects, the financial position of Chemed Corporation and its subsidiaries ("the Company") at December 31, 2002 and 2001, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2002 in conformity with accounting principles generally accepted in the United States of America. 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 auditing standards generally accepted in the United States of America, which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As discussed in Notes 1 and 3, effective January 1, 2002, the Company adopted the provisions of Statement of Financial Accounting Standards No. 142, Goodwill and Other Intangible Assets.

/s/ PricewaterhouseCoopers LLP

Cincinnati, Ohio  
February 7, 2003

CONSOLIDATED STATEMENT OF OPERATIONS

Chemed Corporation and Subsidiary Companies

(in thousands, except per share data)

For the Years Ended December 31,

	2002	2001	2000
<b>CONTINUING OPERATIONS</b>			
Service revenues and sales . . . . .	\$314,176	\$337,908	\$ 355,307
Cost of services provided and goods sold . . . . .	186,285	205,616	208,978
General and administrative expenses . . . . .	51,096	56,546	58,919
Selling and marketing expenses . . . . .	44,416	45,393	44,545
Depreciation . . . . .	13,587	14,395	13,374
Impairment, restructuring and similar expenses (Notes 3 and 4) . . . . .	20,342	24,734	--
Total costs and expenses . . . . .	315,726	346,684	325,816
Income/(loss) from operations . . . . .	(1,550)	(8,776)	29,491
Interest expense . . . . .	(2,928)	(5,423)	(7,211)
Distributions on preferred securities . . . . .	(1,079)	(1,113)	(1,197)
Other income--net (Note 7) . . . . .	4,282	4,987	9,846
Income/(loss) before income taxes . . . . .	(1,275)	(10,325)	30,929
Income taxes (Note 8) . . . . .	(6,847)	3,098	(12,286)
Income/(loss) from continuing operations . . . . .	(8,122)	(7,227)	18,643
DISCONTINUED OPERATIONS (Note 5) . . . . .	6,309	(1,447)	1,941
Income/(loss) before extraordinary loss . . . . .	(1,813)	(8,674)	20,584
Extraordinary loss on extinguishment of debt (Note 11) . . . . .	--	(1,701)	--
NET INCOME/(LOSS) . . . . .	\$ (1,813)	\$ (10,375)	\$ 20,584
<b>EARNINGS/(LOSS) PER SHARE</b>			
Income/(loss) from continuing operations . . . . .	\$ (.82)	\$ (.74)	\$ 1.90
Income/(loss) before extraordinary loss . . . . .	\$ (.18)	\$ (.89)	\$ 2.09
Net income/(loss) . . . . .	\$ (.18)	\$ (1.07)	\$ 2.09
<b>DILUTED EARNINGS/(LOSS) PER SHARE (Note 16)</b>			
Income/(loss) from continuing operations . . . . .	\$ (.82)	\$ (.74)	\$ 1.88
Income/(loss) before extraordinary loss . . . . .	\$ (.18)	\$ (.89)	\$ 2.07
Net income/(loss) . . . . .	\$ (.18)	\$ (1.07)	\$ 2.07
<b>INCOME/(LOSS) BEFORE EXTRAORDINARY LOSS EXCLUDING GOODWILL AMORTIZATION</b>			
Income/(loss) before extraordinary loss . . . . .	\$ (1,813)	\$ (4,053)	\$ 25,192
Earnings/(loss) per share . . . . .	\$ (.18)	\$ (.42)	\$ 2.56
Diluted earnings/(loss) per share (Note 16) . . . . .	\$ (.18)	\$ (.42)	\$ 2.52
<b>NET INCOME/(LOSS) EXCLUDING GOODWILL AMORTIZATION</b>			
Net income/(loss) . . . . .	\$ (1,813)	\$ (5,754)	\$ 25,192
Earnings/(loss) per share . . . . .	\$ (.18)	\$ (.59)	\$ 2.56
Diluted earnings/(loss) per share (Note 16) . . . . .	\$ (.18)	\$ (.59)	\$ 2.52
<b>AVERAGE NUMBER OF SHARES OUTSTANDING</b>			
Earnings/(loss) per share . . . . .	9,858	9,714	9,833
Diluted earnings/(loss) per share (Note 16) . . . . .	9,858	9,714	10,305

The Notes to Financial Statements are integral parts of this statement.

CONSOLIDATED BALANCE SHEET

Chemed Corporation and Subsidiary Companies

(in thousands, except shares and par value)  
December 31,

	2002	2001
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents (Note 9) . . . . .	\$ 37,731	\$ 8,725
Accounts receivable less allowances of \$3,309 (2001--\$4,091) . . . . .	16,071	15,128
Inventories, primarily general merchandise and finished goods . . . . .	9,493	10,424
Statutory deposits . . . . .	12,323	13,331
Current deferred income taxes (Note 8) . . . . .	7,278	8,250
Current assets of discontinued operations (Note 5) . . . . .	--	36,404
Prepaid expenses and other current assets . . . . .	13,332	12,375
	-----	-----
Total current assets . . . . .	96,228	104,637
Other investments (Note 15) . . . . .	37,326	38,273
Properties and equipment, at cost less accumulated depreciation (Note 10) . . . . .	48,361	54,549
Identifiable intangible assets less accumulated amortization of \$7,167 (2001--\$6,545) (Note 3) . . . . .	2,889	3,461
Goodwill less accumulated amortization of \$30,457 (2001--\$30,450)(Note 3) . . . . .	110,843	130,402
Noncurrent assets of discontinued operations(Note 5) . . . . .	--	44,905
Other assets . . . . .	43,282	26,641
	-----	-----
Total Assets. . . . .	\$338,929	\$402,868
	=====	=====
<b>LIABILITIES</b>		
Current liabilities		
Accounts payable . . . . .	\$ 5,686	\$ 9,126
Current portion of long-term debt (Note 11) . . . . .	409	353
Income taxes (Note 8) . . . . .	7,348	6,896
Deferred contract revenue . . . . .	17,321	22,194
Current liabilities of discontinued operations(Note 5) . . . . .	--	10,422
Other current liabilities (Note 12) . . . . .	39,105	40,703
	-----	-----
Total current liabilities. . . . .	69,869	89,694
Long-term debt (Note 11) . . . . .	25,603	61,037
Noncurrent liabilities of discontinued operations(Note 5) . . . . .	--	1,773
Other liabilities (Note 12) . . . . .	25,994	27,842
	-----	-----
Commitments and contingencies (Notes 12, 14 and 18)		
Total Liabilities . . . . .	121,466	180,346
	-----	-----
<b>MANDATORILY REDEEMABLE CONVERTIBLE PREFERRED SECURITIES</b>		
OF THE CHEMED CAPITAL TRUST (Note 19) . . . . .	14,186	14,239
	-----	-----
<b>STOCKHOLDERS' EQUITY</b>		
Capital stock--authorized 15,000,000 shares \$1 par; issued 13,448,475 shares (2001--13,437,781 shares) . . . . .	13,448	13,438
Paid-in capital . . . . .	168,299	167,542
Retained earnings. . . . .	132,793	139,163
Treasury stock--3,630,689 shares (2001--3,606,085 shares), at cost . . . . .	(111,582)	(110,424)
Unearned compensation (Note 13) . . . . .	(4,694)	(7,436)
Deferred compensation payable in Company stock (Note 13) . . . . .	2,280	3,288
Accumulated other comprehensive income . . . . .	3,685	4,214
Notes receivable for shares sold (Note 17) . . . . .	(952)	(1,502)
	-----	-----
Total Stockholders' Equity . . . . .	203,277	208,283
	-----	-----
Total Liabilities and Stockholders' Equity. . . . .	\$338,929	\$402,868
	=====	=====

The 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
Balance at December 31, 1999. . . . .	\$ 13,665	\$164,549
Net income. . . . .	--	--
Dividends paid (\$.40 per share) . . . . .	--	--
Exchange of capital stock for trust securities. . . . .	(576)	(7,971)
Purchases of treasury stock . . . . .	--	--
Decrease in unearned compensation (Note 13) . . . . .	--	--
Stock awards and exercise of stock options (Note 17). . . . .	226	6,266
Other comprehensive loss. . . . .	--	--
Other . . . . .	3	(226)
Balance at December 31, 2000. . . . .	13,318	162,618
Net loss . . . . .	--	--
Dividends paid (\$.44 per share) . . . . .	--	--
Stock awards and exercise of stock options (Note 17). . . . .	119	5,055
Decrease in unearned compensation (Note 13) . . . . .	--	--
Transfer of deferred compensation payable to other liabilities. . . . .	--	14
Other comprehensive income. . . . .	--	--
Purchases of treasury stock . . . . .	--	--
Payments on notes receivable (Note 17). . . . .	--	--
Other . . . . .	1	(145)
BALANCE AT DECEMBER 31, 2001. . . . .	13,438	167,542
NET LOSS . . . . .	--	--
DIVIDENDS PAID (\$.45 PER SHARE) . . . . .	--	--
DECREASE IN UNEARNED COMPENSATION (NOTE 13) . . . . .	--	--
STOCK AWARDS AND EXERCISE OF STOCK OPTIONS (NOTE 17) . . . . .	23	974
OTHER COMPREHENSIVE LOSS . . . . .	--	--
PAYMENTS ON NOTES RECEIVABLE (NOTE 17) . . . . .	--	--
PURCHASES OF TREASURY STOCK . . . . .	--	--
DISTRIBUTION OF ASSETS TO SETTLE DEFERRED COMPENSATION LIABILITIES. . . . .	--	--
OTHER . . . . .	(13)	(217)
BALANCE AT DECEMBER 31, 2002. . . . .	\$ 13,448	\$168,299

CONSOLIDATED STATEMENT  
OF COMPREHENSIVE INCOME/(LOSS)

Chemed Corporation and Subsidiary Companies

(in thousands)

For the Years Ended December 31,	2002	2001	2000
Net income/(loss) . . . . .	\$ (1,813)	\$(10,375)	\$20,584
Other comprehensive income/(loss), net of income tax			
Unrealized holding gains arising during the period . . . . .	246	1,680	2,106
Reclassification adjustment for gains included in net income/(loss) . . . . .	(775)	(703)	(2,261)
Total. . . . .	(529)	977	(155)
Comprehensive income/(loss) . . . . .	\$ (2,342)	\$ (9,398)	\$20,429

The Notes to Financial Statements are integral parts of these statements.

Retained Earnings	Treasury Stock-- at Cost	Unearned Compensation	Deferred Compensation Payable in Company Stock	Accumulated Other Comprehensive Income	Notes Receivable for Shares Sold	Total
\$144,322	\$ (99,437)	\$(17,056)	\$ 5,340	\$ 3,392	\$(2,731)	\$212,044
20,584	--	--	--	--	--	20,584
(4,022)	--	--	--	--	--	(4,022)
(6,992)	--	--	--	--	--	(15,539)
--	(5,320)	--	--	--	--	(5,320)
--	--	3,617	--	--	--	3,617
--	(408)	(3,244)	--	--	--	2,840
--	--	--	--	(155)	--	(155)
17	(84)	--	160	--	(155)	(285)
-----	-----	-----	-----	-----	-----	-----
153,909	(105,249)	(16,683)	5,500	3,237	(2,886)	213,764
(10,375)	--	--	--	--	--	(10,375)
(4,384)	--	--	--	--	--	(4,384)
--	(3,654)	5,138	--	--	--	6,658
--	--	4,109	--	--	--	4,109
--	(14)	--	(2,293)	--	--	(2,293)
--	--	--	--	977	--	977
--	(219)	--	--	--	--	(219)
--	(1,288)	--	--	--	1,484	196
13	--	--	81	--	(100)	(150)
-----	-----	-----	-----	-----	-----	-----
139,163	(110,424)	(7,436)	3,288	4,214	(1,502)	208,283
(1,813)	--	--	--	--	--	(1,813)
(4,438)	--	--	--	--	--	(4,438)
--	--	2,742	--	--	--	2,742
--	(2,114)	--	--	--	--	(1,117)
--	--	--	--	(529)	--	(529)
--	(338)	--	--	--	550	212
--	(51)	--	--	--	--	(51)
--	1,066	--	(1,066)	--	--	--
(119)	279	--	58	--	--	(12)
-----	-----	-----	-----	-----	-----	-----
\$132,793	\$(111,582)	\$ (4,694)	\$ 2,280	\$ 3,685	\$ (952)	\$203,277
=====	=====	=====	=====	=====	=====	=====

CONSOLIDATED STATEMENT OF CASH FLOWS

Chemed Corporation and Subsidiary Companies

(in thousands)

For the Years Ended December 31,

2002

2001

2000

CASH FLOWS FROM OPERATING ACTIVITIES

Net income/(loss) . . . . .	\$ (1,813)	\$ (10,375)	\$ 20,584
Adjustments to reconcile net income/(loss) to net cash provided by operations			
Depreciation and amortization . . . . .	14,356	21,273	20,314
Noncash restructuring and impairment charges . . . . .	21,542	15,150	--
Provision for uncollectible accounts receivable . . . . .	1,808	2,028	2,236
Provision for deferred income taxes . . . . .	855	(5,198)	469
Discontinued operations (Note 5) . . . . .	(6,309)	1,447	(1,941)
Gains on sales of investments . . . . .	(1,141)	(993)	(3,399)
Changes in operating assets and liabilities, excluding amounts acquired in business combinations			
Decrease/(increase) in accounts receivable . . . . .	(2,691)	346	(1,011)
Decrease in statutory reserve requirements . . . . .	1,008	715	208
Decrease/(increase) in inventories . . . . .	931	79	(706)
Decrease/(increase) in prepaid expenses and other current assets . . . . .	3,405	(6,379)	(3,149)
Increase/(decrease) in accounts payable, deferred contract revenue and other current liabilities . . . . .	(8,580)	7,059	2,873
Increase/(decrease) in income taxes . . . . .	752	(951)	7,533
Other--net . . . . .	2,771	2,922	1,970
Net cash provided by continuing operations . . . . .	26,894	27,123	45,981
Net cash provided by discontinued operations (Note 5) . . . . .	2,629	7,258	5,794
Net cash provided by operating activities . . . . .	29,523	34,381	51,775

CASH FLOWS FROM INVESTING ACTIVITIES

Capital expenditures . . . . .	(11,855)	(14,457)	(17,586)
Net proceeds/(uses) from sale of discontinued operations (Note 5) . . . . .	50,676	(6,332)	(3,695)
Business combinations, net of cash acquired (Note 6) . . . . .	(1,236)	(1,555)	(11,504)
Proceeds from sales of investments . . . . .	1,917	1,377	4,290
Purchase of Roto-Rooter minority interest . . . . .	(83)	(820)	(1,236)
Investing activities of discontinued operations (Note 5) . . . . .	(469)	(900)	(1,911)
Other--net . . . . .	2,066	3,598	322
Net cash provided/(used) by investing activities . . . . .	41,016	(19,089)	(31,320)

CASH FLOWS FROM FINANCING ACTIVITIES

Repayment of long-term debt (Note 11) . . . . .	(40,378)	(46,377)	(18,164)
Proceeds from issuance of long-term debt (Note 11) . . . . .	5,000	35,000	1,200
Dividends paid . . . . .	(4,438)	(4,384)	(4,022)
Purchases of treasury stock . . . . .	(3,214)	(1,226)	(5,728)
Issuance of capital stock . . . . .	1,547	735	97
Other--net . . . . .	(50)	(293)	(903)
Net cash used by financing activities . . . . .	(41,533)	(16,545)	(27,520)

INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS . . . . .	29,006	(1,253)	(7,065)
Cash and cash equivalents at beginning of year . . . . .	8,725	9,978	17,043
Cash and cash equivalents at end of year . . . . .	\$ 37,731	\$ 8,725	\$ 9,978

The Notes to Financial Statements are integral parts of this statement.

## NOTES TO FINANCIAL STATEMENTS

Chemed Corporation and Subsidiary Companies

### 1. Summary of Accounting Policies

#### PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include the accounts of Chemed Corporation and its wholly owned subsidiaries. All significant intercompany transactions have been eliminated.

#### CASH EQUIVALENTS

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

#### OTHER INVESTMENTS

Equity investments with readily determinable fair values are recorded at their fair values. Other equity investments are recorded at cost subject to write-down for impairment. 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 first-in, first-out ("FIFO") method is used.

#### 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 as incurred. 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.

The weighted average lives of the Company's gross properties and equipment at December 31, 2002, were:

	Life
Machinery and equipment	4.5 yrs.
Furniture and fixtures	6.3
Transportation equipment	6.7
Computer software	7.5
Buildings	23.7

#### INTANGIBLE ASSETS

Identifiable intangible assets arise from purchase business combinations and are amortized using the straight-line method over the estimated useful lives of the assets. In accordance with Financial Accounting Standards Board ("FASB") Statement No. 142, Goodwill and Other Intangible Assets, amortization of goodwill ceased effective December 31, 2001. Beginning January 1, 2002, goodwill is tested at least annually for impairment. For 2001 and earlier years, goodwill acquired prior to July 1, 2001, was amortized using the straight-line method over the estimated useful life, but not in excess of 40 years.

The weighted average lives of the Company's gross identifiable intangible assets at December 31, 2002, were:

	Life
Covenants not to compete	5.4 yrs.
Contracts	9.9
Customer lists	12.5
Trade names	20.4

#### LONG-LIVED ASSETS

The Company periodically makes an estimation and valuation of the future benefits of its long-lived assets (other than goodwill) based on key financial indicators. If the projected undiscounted cash flows of a major business unit indicate that property and equipment 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 service revenues and sales are recognized when the services are provided or the products are delivered.

#### COMPUTATION OF EARNINGS PER SHARE

Earnings per share are computed using the weighted average number of shares of capital stock outstanding. Diluted earnings per share reflect the dilutive impact of the Company's outstanding stock options and nonvested stock awards. Diluted earnings per share also assume the conversion of the Convertible Preferred Securities into capital stock only when the impact is dilutive on earnings per share from continuing operations.

#### EMPLOYEE STOCK OWNERSHIP PLANS

Contributions to the Company's Employee Stock Ownership Plans ("ESOP") are based on established debt repayment schedules. Shares are allocated to participants based on the principal and interest payments made during the period. The Company's policy is to record its ESOP expense by applying the transition rule under the level-principal amortization concept.

STOCK-BASED COMPENSATION PLANS

The Company uses Accounting Principles Board Opinion No. 25 ("APB 25"), Accounting for Stock Issued to Employees, to account for stock-based compensation. Since the Company's stock options qualify as fixed options under APB 25 and since the option price equals the market price on the date of grant, there is no compensation cost recorded for stock options. Restricted stock was recorded as compensation cost over the requisite vesting periods on a pro rata basis, based on the market value on the date of grant.

The following table illustrates the effect on net income/(loss) and earnings/(loss) per share if the Company had applied the fair-value-recognition provisions of FASB Statement No. 123, Accounting for Stock-Based Compensation (in thousands, except per share data):

	For the Years Ended December 31,		
	2002	2001	2000
Net income/(loss), as reported	\$ (1,813)	\$ (10,375)	\$ 20,584
Add: stock-based employee compensation included in reported net income/(loss), net of related income tax effects	120	4,113	1,106
Deduct: total stock-based employee compensation determined under a fair-value-based method for all stock options and awards, net of related income tax effects	(856)	(4,444)	(1,631)
Pro forma net income/(loss)	\$ (2,549)	\$ (10,706)	\$ 20,059
Earnings/(loss) per share: As reported	\$ (.18)	\$ (1.07)	\$ 2.09
Pro forma	\$ (.26)	\$ (1.10)	\$ 2.04
Diluted earnings/(loss) per share: As reported	\$ (.18)	\$ (1.07)	\$ 2.07
Pro forma	\$ (.26)	\$ (1.10)	\$ 2.02

The above pro forma data were calculated using the Black-Scholes option-valuation method to value the Company's stock options granted in 2002 and prior years. Key assumptions include:

Per share fair value of options	\$11.18
Risk-free interest rate	4.8%
Expected volatility	25.1
Expected life of options	6 yrs.

No options were granted in 2001 or 2000; however, for 2002, it was assumed that the annual dividend would be increased \$.01 per share per quarter in the fourth quarter of every odd-numbered year. This assumption was based on the facts and circumstances that existed at the time options were granted and should not be construed to be an indication of future dividend amounts to be paid.

INSURANCE ACCRUALS

The Company is self-insured for casualty insurance claims, subject to a stop-loss policy with a maximum per-occurrence limit of \$250,000. Management consults with insurance professionals and closely monitors and evaluates its historical claims experience to estimate the appropriate level of accrual for incurred claims.

ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

RECLASSIFICATIONS

Certain amounts in prior years' financial statements have been reclassified to conform to the 2002 presentation.

2. Segments and Nature of the Business

Chemed is a New York Stock Exchange-listed corporation operating in the residential and commercial repair-and-maintenance-service industry through two wholly owned subsidiaries. Roto-Rooter Inc. ("Roto-Rooter") provides plumbing and draining cleaning services, and Service America Systems Inc. ("Service America") provides major-appliance and heating/air-conditioning ("HVAC") repair, maintenance and replacement services. Relative contributions to service revenues and sales were 81% and 19%, respectively, in 2002.

The reportable segments have been defined along service lines, consistent with the way the businesses are managed. In determining reportable segments, no

operating segments have been aggregated. Accordingly, the reportable segments are defined as follows:

- The Roto-Rooter segment provides repair and maintenance services to residential and commercial accounts. Such services include plumbing and sewer, drain and pipe cleaning. They are delivered through company-owned, independent-contractor-operated and franchised locations. Roto-Rooter also manufactures and sells products and equipment used to provide such services.

- The Service America segment provides HVAC repair, maintenance and replacement services primarily to residential customers through service contracts and retail sales (demand services). In addition, Service America sells air conditioning equipment and duct cleaning services.

Substantially all of the Company's service revenues and sales from continuing operations are generated from business within the United States. Management closely monitors accounts receivable balances and has established policies regarding the extension of credit and compliance therewith.

Financial data by business segment shown on pages 28 and 29 of this annual report are integral parts of these financial statements.

### 3. Intangible Assets

Amortization of intangible assets from continuing operations was (in thousands):

	For the Years Ended December 31,		
	2002	2001	2000
Identifiable intangible assets	\$ 621	\$ 680	\$ 902
Goodwill	--	4,102	4,090
<b>Total</b>	<b>\$ 621</b>	<b>\$4,782</b>	<b>\$4,992</b>

The following is a schedule by year of projected amortization expense for intangible assets (in thousands):

2003	\$ 568
2004	310
2005	273
2006	259
2007	239

The changes in the carrying amount of goodwill for the years ended December 31, 2001 and 2002, are as follows (in thousands):

	Roto- Rooter	Service America	Total
December 31, 2000	\$111,854	\$31,982	\$143,836
Impairment losses	(9,793)	(787)	(10,580)
Amortization	(3,286)	(816)	(4,102)
Acquired in business combinations	1,428	--	1,428
Other adjustments	(180)	--	(180)
<b>DECEMBER 31, 2001</b>	<b>100,023</b>	<b>30,379</b>	<b>130,402</b>
ACQUIRED IN BUSINESS COMBINATIONS	1,110	--	1,110
IMPAIRMENT LOSSES	--	(20,342)	(20,342)
OTHER ADJUSTMENTS	(327)	--	(327)
<b>DECEMBER 31, 2002</b>	<b>\$100,806</b>	<b>\$10,037</b>	<b>\$110,843</b>

In conjunction with the adoption of FASB Statement No. 142, the Company performed its transition evaluation of goodwill as of January 1, 2002. For the purpose of impairment testing, the Company determined its reporting components to be Service America, Patient Care, Roto-Rooter Services (plumbing and drain cleaning services), Roto-Rooter Franchising and Products (franchising and manufacturing and sale of plumbing and drain cleaning products) and Roto-Rooter HVAC/non-Roto-Rooter brands (heating, ventilating, and air-conditioning repair services and non-Roto-Rooter-branded plumbing and drain cleaning services). The Company's transition impairment tests, based on valuations by a professional valuation firm, indicated that none of the goodwill for any of its reporting components was impaired at January 1, 2002.

During the fourth quarter of 2002, the Company recognized a \$20,342,000 impairment loss on the goodwill included in the Service America segment. The loss was based on a valuation of the Service America business as of December 31, 2002, by a professional valuation firm. The valuation was based on an average of a capital markets valuation for comparable businesses and discounted cash flows.

During 2001, the Company recognized a \$10,580,000 impairment loss under FASB Statement No. 121, Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of. Most of this amount (\$9,793,000) relates to goodwill included on the books of Roto-Rooter's HVAC and non-Roto-Rooter-branded plumbing operations. As the Company had committed to exit these underperforming businesses in November 2001, the amount of the impairment was based on the estimated selling price of the operations to be sold or dissolved. The remaining \$787,000 impairment loss relates to the closing of Service America's Tucson branch. These charges are included in the restructuring-and-similar-expenses account in the statement of operations.

Earnings/(loss) for 2001 and 2000 excluding the amortization of goodwill are presented below (in thousands):

	For the Years Ended December 31,	
	2001	2000
Reported income/(loss)		

before extraordinary loss	\$ (8,674)	\$20,584
Aftertax amortization of goodwill	4,621	4,608
	-----	-----
Adjusted income/(loss)	\$ (4,053)	\$25,192
	=====	=====
Reported net income/(loss)	\$(10,375)	\$20,584
Aftertax amortization of goodwill	4,621	4,608
	-----	-----
Adjusted net income/(loss)	\$ (5,754)	\$25,192
	=====	=====

4. Restructuring and Similar Expenses

During 2001, the Company's continuing operations recorded pretax restructuring and similar expenses and other nonrecurring and unusual charges as follows (in thousands, except footnote):

	Roto- Rooter -----	Service America -----	Corporate -----	Total -----
Restructuring and similar expenses:				
Cost of exiting HVAC and non-Roto-Rooter-branded plumbing businesses(a)	\$11,205	\$ --	\$ --	\$11,205
Charges for accelerating the vesting of restricted stock awards	877	146	4,417	5,440
Severance charges (10 individuals)	123	757	2,786	3,666
Resolution of overtime pay issues with the U.S. Department of Labor	2,749	--	--	2,749
Cost of closing Service America's Tucson branch	--	1,171	--	1,171
Property and equipment impairment	300	166	37	503
	-----	-----	-----	-----
Subtotal	15,254	2,240	7,240	24,734
Other nonrecurring or unusual charges:				
Unfavorable adjustments to casualty insurance accruals related to adverse claims experience	1,411	--	--	1,411
Terminated lease obligations	166	69	--	235
All other	417	414	--	831
	-----	-----	-----	-----
Total	\$17,248 =====	\$2,723 =====	\$7,240 =====	\$27,211 =====

(a) Amount includes a charge of \$9,793,000 for the reduction in the carrying value of goodwill.

These costs were charged to the following accounts in the consolidated statement of operations (in thousands):

Cost of services provided and goods sold	\$ 2,027
General and administrative expenses	450
Impairment, restructuring and similar expenses	24,734
	-----
Total	\$27,211 =====

The combined aftertax impact of the restructuring and similar expenses and other charges for 2001 was \$16,943,000 (\$1.74 per share).

During 2002, the Company decided to retain several of Roto-Rooter's non-branded plumbing and HVAC businesses. In the aggregate, the retained operations generated \$16,162,000 of net revenues and \$241,000 of operating profit in 2002.

The operating results for businesses divested within the Roto-Rooter and Service America segments as a part of the restructuring in 2001 were (in thousands):

	For the Years Ended December 31,		
	----- 2002 -----	2001 -----	2000 -----
Service revenues and sales:			
Non-Roto-Rooter-branded businesses	\$ 403	\$6,275	\$9,298
Service America's Tucson branch	--	1,664	2,342
Operating loss:			
Non-Roto-Rooter-branded businesses	(106)	(754)	(112)
Service America's Tucson branch	--	(430)	(487)

Accruals relating to restructuring charges recorded in 2001 total approximately \$1,610,000 at December 31, 2002, compared with \$3,468,000 at December 31, 2001. The reduction relates largely to the settlement of stock awards, severance and lease payments and the disposal of assets.

5. Discontinued Operations

During 2002, the Company sold its Patient Care Inc. subsidiary ("Patient Care") to an investor group that included Schroder Ventures Life Sciences Group, Oak Investment Partners, Prospect Partners and Salix Ventures. Patient Care provides home-healthcare services primarily in the New York-New Jersey-Connecticut area.

The cash proceeds to the Company from the sale of Patient Care totaled \$57,500,000, of which, \$5,000,000 was placed in escrow pending settlement of Patient Care's receivables with third-party payers. Of this amount, \$2,500,000 is to be evaluated and distributed as of October 2003 and \$2,500,000 as of October 2004. The Company estimates that the purchaser owes an additional \$1,251,000 based on the value of Patient Care's balance sheet on the date of sale. The final value of this adjustment is to be determined in 2003 and could impact the amount of the gain recorded on the sale of Patient Care. In addition, the Company received a senior subordinated note receivable ("Note") for \$12,500,000 and a common stock purchase warrant for 2% of the outstanding stock of the purchasing company. The Note is due October 11, 2007, and bears interest at the annual rate of 7.5% through September 30, 2004, 8.5% from October 1, 2004, through September 30, 2005, and 9.5% thereafter. The warrant has an estimated fair value of \$1,445,000.

During 2001, Chemed discontinued its Cadre Computer Resources Inc. ("Cadre Computer") segment and on August 31, 2001, completed the sale of the business and assets of Cadre Computer to a company owned by the former Cadre Computer employees for a note receivable that was fully reserved on the date of sale. During 2002, Cadre borrowed an additional \$150,000 from the Company and made principal payments of \$31,000 on the first note. As of December 31, 2002, Chemed's notes receivable from Cadre Computer totaled \$518,000, against which the Company has an allowance for uncollectible notes totaling \$422,000.

Discontinued operations comprise (in thousands, except per share amounts):

	For the Years Ended December 31,		
	2002	2001	2000
<b>Patient Care (2002):</b>			
Income before income taxes	\$ 5,233	\$ 262	\$ 2,541
Income taxes	(2,142)	264	(457)
Income from operations, net of income taxes	3,091	526	2,084
Gain on disposal, net of income taxes of \$594	304	--	--
<b>Total Patient Care</b>	<b>3,395</b>	<b>526</b>	<b>2,084</b>
<b>Cadre Computer (2001):</b>			
Loss before income taxes	--	(734)	(240)
Income tax benefit	--	255	81
Minority interest	--	46	16
Loss from operations, net of income taxes	--	(433)	(143)
Loss on disposal, net of income tax benefit of \$829	--	(1,540)	--
<b>Total Cadre Computer</b>	<b>--</b>	<b>(1,973)</b>	<b>(143)</b>
<b>Adjustment to accruals of operations discontinued in prior years:</b>			
Sublease accrual (1991)	(1,145)	(1,700)	--
Allowance for uncollectible notes receivable (2001)	477	--	--
Severance and other accruals (1997)	180	(170)	(275)
Loss before income taxes	(488)	(1,870)	(275)
Income tax refund (1997)	2,861	--	--
State income tax accrual (1997)	--	1,700	--
All other income taxes	541	170	275
<b>Total adjustments</b>	<b>2,914</b>	<b>--</b>	<b>--</b>
<b>Total discontinued operations</b>	<b>\$ 6,309</b>	<b>\$(1,447)</b>	<b>\$ 1,941</b>
<b>Earnings/(loss) per share</b>	<b>\$ .64</b>	<b>\$ (.15)</b>	<b>\$ .19</b>
<b>Diluted earnings/(loss) per share</b>	<b>\$ .64</b>	<b>\$ (.15)</b>	<b>\$ .19</b>

Revenues generated by discontinued operations comprise (in thousands):

	For the Years Ended December 31,		
	2002	2001	2000
Patient Care	\$116,191	\$139,208	\$137,086
Cadre Computer	--	5,089	8,292
Total	\$116,191	\$144,297	\$145,378

6. Business Combinations

During 2002, one purchase business combination was completed within the Roto-Rooter segment for a purchase price of \$1.2 million in cash. During 2001, two purchase business combinations were completed within the Roto-Rooter segment for an aggregate purchase price of \$1.6 million in cash. During 2000, three purchase business combinations were completed within the Roto-Rooter segment for an aggregate purchase price of \$11.5 million in cash.

All of the aforementioned business combinations involved operations primarily in the business of providing plumbing repair and drain cleaning services. The results of operations of these business combinations are immaterial to the consolidated operations of the Company.

The excess of the purchase price over the fair value of the net assets acquired in purchase business combinations is classified as goodwill. A summary of net assets acquired in purchase business combinations follows (in thousands):

	For the Years Ended December 31,		
	2002	2001	2000
Working capital	\$ 60	\$ --	\$ 89
Identifiable intangible assets	50	90	210
Goodwill	1,110	1,428	11,059
Other assets and liabilities--net	16	37	146
Total net assets	\$1,236	\$1,555	\$11,504

All of the goodwill related to business combinations completed in 2002 and 2001 is expected to be deductible for income tax purposes. Since these transactions occurred after June 30, 2001, the related goodwill is not being amortized. The weighted average lives of the identifiable intangible assets acquired in 2002 and 2001 are 7.0 years and 6.1 years, respectively.

7. Other Income--Net

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

	For the Years Ended December 31,		
	2002	2001	2000
Interest income	\$ 3,308	\$ 2,867	\$ 3,672
Dividend income	2,461	2,548	2,563
Unrealized gains/(losses) on investments	(1,401)	(820)	388
Investment impairment charge	(1,200)	--	--
Gain on sales of investments	1,141	993	3,399
Other--net	(27)	(601)	(176)
Total other income --net	\$ 4,282	\$ 4,987	\$ 9,846

8. Income Taxes

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

	For the Years Ended December 31,		
	2002	2001	2000
Continuing Operations:			
Current			
U.S. federal	\$ 3,938	\$ 2,112	\$ 9,736
U.S. state and local	1,913	59	1,977
Foreign	141	(71)	104
Deferred			
U.S. federal	871	(5,164)	517
Foreign	(16)	(34)	(48)

Total	\$ 6,847	\$(3,098)	\$12,286
	=====	=====	=====
Discontinued Operations:			
Current U.S. federal	\$ (2,954)	\$(4,242)	\$(2,551)
Current U.S. state and local	794	(1,454)	174
Deferred U.S. federal	1,494	2,478	2,478
	-----	-----	-----
Total	\$ (666)	\$(3,218)	\$ 101
	=====	=====	=====

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

	December 31,	
	2002	2001
Deferred compensation	\$ 6,117	\$ 6,411
Accrued insurance expense	5,987	5,934
Accruals related		
to discontinued operations	3,556	4,057
Severance payments	1,380	1,934
Allowances for uncollectible		
accounts receivable	1,184	1,481
Accrued state taxes	1,047	1,128
Amortization of intangibles	314	1,759
Other	2,527	3,035
Gross deferred income tax assets	22,112	25,739
Accelerated tax depreciation	(4,388)	(5,235)
Cash to accrual adjustments	(3,331)	(3,604)
Market valuation of investments	(960)	(2,126)
Other	(1,629)	(1,571)
Gross deferred income tax liabilities	(10,308)	(12,536)
Net deferred income tax assets	\$ 11,804	\$13,203

Included in other assets at December 31, 2002, are deferred income tax assets of \$4,526,000 (December 31, 2001--\$4,953,000). 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 deferred income tax assets.

The difference between the actual income tax provision/(benefit) for continuing operations and the income tax provision/(benefit) calculated at the statutory U.S. federal tax rate is explained as follows (in thousands):

	For the Years Ended December 31,		
	2002	2001	2000
Income tax provision/(benefit) calculated using the statutory rate of 35%	\$ (446)	\$ (3,614)	\$10,825
Nondeductible goodwill impairment charge	7,120	--	--
State and local income taxes, less federal income tax effect	1,243	39	1,285
Domestic dividend exclusion	(686)	(706)	(710)
Unfavorable/(favorable) federal adjustments	(314)	337	(367)
Foreign income taxes, less federal income tax effect	(85)	(277)	89
Nondeductible amortization of goodwill	--	1,203	1,204
Other--net	15	(80)	(40)
Actual income tax provision/(benefit)	\$ 6,847	\$ (3,098)	\$12,286
Effective tax rate	(537.0)%	30.0%	39.7%

Income taxes included in the components of other comprehensive income/(loss) are as follows (in thousands):

	For the Years Ended December 31,		
	2002	2001	2000
Unrealized holding gains/(losses)	\$ 132	\$ 905	\$ 1,134
Reclassification adjustment	(366)	(290)	(1,138)

Summarized below are the total amounts of income taxes paid/(refunded) during the years ended December 31 (in thousands):

2002	\$ (910)
2001	5,772
2000	6,154



9. Cash Equivalents

Included in cash and cash equivalents at December 31, 2002, are cash equivalents in the amount of \$37,075,000 (2001--\$6,549,000). 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 1.1% in 2002 and 1.3% in 2001.

From time to time throughout the year, the Company invests its excess cash in repurchase agreements directly with major commercial banks. The collateral is not physically held by the Company, but 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.

10. Properties and Equipment

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

	December 31,	
	2002	2001
Land	\$ 2,538	\$ 2,568
Buildings	18,310	18,230
Transportation equipment	26,185	35,201
Machinery and equipment	34,440	33,391
Computer software	4,327	4,254
Furniture and fixtures	18,354	17,483
Projects under construction	6,577	4,989
<b>Total properties and equipment</b>	<b>110,731</b>	<b>116,116</b>
<b>Less: accumulated depreciation</b>	<b>(62,370)</b>	<b>(61,567)</b>
<b>Net properties and equipment</b>	<b>\$ 48,361</b>	<b>\$ 54,549</b>

11. Long-Term Debt and Lines of Credit

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

	December 31,	
	2002	2001
Senior notes, due 2005 - 2009	\$25,000	\$25,000
Revolving credit agreement, due 2003	--	35,000
Other	1,012	1,390
<b>Subtotal</b>	<b>26,012</b>	<b>61,390</b>
<b>Less: current portion</b>	<b>(409)</b>	<b>(353)</b>
<b>Long-term debt, less current portion</b>	<b>\$25,603</b>	<b>\$61,037</b>

REVOLVING CREDIT AGREEMENT AND LINES OF CREDIT

In December 2001, the Company entered into a revolving credit agreement ("Credit Agreement") with Bank One, N.A., to borrow up to \$40,000,000 at any time during the two-year period ending December 21, 2003. At December 31, 2001, the balance of the Credit Agreement totaled \$35,000,000. The interest rate, which is based on various stipulated market rates of interest, was 2.91% at December 31, 2001.

In addition to the Credit Agreement, the Company had approximately \$13,377,000 of unused short-term lines of credit with various banks at December 31, 2002.

SENIOR NOTES

In March 1997, the Company borrowed \$25,000,000 from several insurance companies. Principal is repayable in five annual installments of \$5,000,000 beginning on March 15, 2005, and bears interest at the rate of 7.31% per annum. Interest is payable on March 15 and September 15 of each year.

On December 31, 2001, the Company prepaid the outstanding balances of its 8.15% senior notes due 2002 through 2004 and its 10.67% senior notes due in 2002 and 2003. The principal balances outstanding at the time of prepayment were \$30,000,000 and \$2,000,000, respectively. Penalties incurred on these prepayments aggregated \$1,701,000 or \$.18 per share (net of income tax benefit of \$916,000) and are presented as extraordinary losses on extinguishment of debt in the statement of operations.

OTHER

Other long-term debt has arisen from loans in connection with acquisitions of various businesses and properties. Interest rates range from 7.3% to 8.0%, and the obligations are due on various dates through February 2009.

The following is a schedule by year of required long-term debt payments as of December 31, 2002 (in thousands):

2003	\$ 409
2004	334
2005	5,070
2006	5,074
2007	5,077
After 2007	10,048

Total long-term debt	----- \$26,012 =====
----------------------	----------------------------

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

Summarized below are the total amounts of interest paid during the years ended December 31 (in thousands):

2002	\$3,979
2001	7,007
2000	7,345

No interest was capitalized during the years ended December 31, 2002 and 2001. The amount of interest capitalized during 2000 was \$500,000.

12. Other Liabilities

At December 31, 2002, other current liabilities comprised the following (in thousands):

	December 31,	
	2002	2001
Accrued insurance	\$17,448	\$17,328
Accrued incentive compensation	3,738	2,833
Accrued divestiture expenses	3,661	4,176
Accrued savings and retirement contribution	3,642	5,344
Other	10,616	11,022
Total other current liabilities	\$39,105	\$40,703

Other liabilities at December 31, 2002, included deferred compensation liabilities totaling \$15,196,000 (2001--\$15,029,000).

At December 31, 2002, the Company's accrual for its estimated liability for potential environmental cleanup and related costs arising from the sale of DuBois Chemicals Inc. ("DuBois") amounted to \$2,093,000. Of this balance, \$1,043,000 is included in other liabilities and \$1,050,000 is included in other current liabilities. The Company is contingently liable for additional DuBois-related environmental cleanup and related costs up to a maximum of \$18,013,000. On the basis of a continuing evaluation of the Company's potential liability, management believes that it is not probable this additional liability will be paid. Accordingly, no provision for this contingent liability has been recorded. Although it is not presently possible to reliably project the timing of payments related to the Company's potential liability for environmental costs, management believes that any adjustments to its recorded liability will not materially adversely affect its financial position or results of operations.

At December 31, 2002, the Company's accrual for losses on subleases of office space formerly occupied by DuBois amounted to \$4,017,000 (2001--\$4,703,000), of which, \$1,200,000 (2001--\$1,500,000) is included in other current liabilities. The accrual is based on the expectation that space currently unoccupied will not be sublet during the remainder of the lease term, which ends April 2006.

Net proceeds/(uses) of cash for discontinued operations in the statement of cash flows represent the net proceeds from the sale of Patient Care in 2002 and the payment of severance, lease and other liabilities relating to operations disposed of in 1991, 1997 and 2001.

13. 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 that purchased a total of \$56,000,000 of the Company's capital stock. In December 1997, the Company restructured the ESOP loans and internally financed \$16,201,000 of the \$21,766,000 ESOP loans outstanding at December 31, 1997.

Substantially all Chemed headquarters and eligible employees of Roto-Rooter participate in the ESOPs. Eligible employees of Roto-Rooter and Service America are also covered by other defined contribution plans.

Expenses charged to continuing operations for the Company's pension and profit-sharing plans, ESOPs, excess benefit plans and other similar plans comprise the following (in thousands):

	For the Years Ended December 31,		
	2002	2001	2000
Compensation cost of ESOPs	\$1,746	\$2,144	\$1,649
Pension, profit-sharing and other similar plans	2,827	3,671	4,250
Total	\$4,573	\$5,815	\$5,899
Dividends on ESOP shares used for debt service	\$ 197	\$ 280	\$ 270

At December 31, 2002, there were 212,712 allocated shares (2001--489,742 shares) and 83,653 unallocated shares (2001--135,457 shares) in the ESOP trusts.

The Company has excess benefit plans for key employees whose participation in the qualified plans is limited by ERISA rules. Benefits are determined based on theoretical participation in the qualified ESOPs. Prior to September 1, 1998, the value of these benefits was invested in shares of the Company's stock and in mutual funds, which were held by grantor trusts. Currently, benefits are invested in only mutual funds, and participants are not permitted to diversify

accumulated benefits invested in shares of the Company's stock. Trust assets invested in shares of the Company's capital stock are included in treasury stock, and the corresponding liability is included in a separate component of shareholders' equity. At December 31, 2002, these trusts held 66,141 shares or \$2,290,000 of the Company's stock (December 31, 2001--94,742 shares or \$3,300,000). The diversified assets of these excess benefit plans and of Roto-Rooter and Service America deferred compensation plans, all of which are invested in various mutual funds, totaled \$15,176,000 at December 31, 2002 (December 31, 2001--\$14,750,000), and are included in other assets. The corresponding liabilities are included in other liabilities.

14. Lease Arrangements

The Company, as lessee, has operating leases that cover its corporate office headquarters, various warehouse and office facilities, office equipment and transportation equipment. The remaining terms of these leases range from one year to 16 years, and in most cases, management expects that these leases will be renewed or replaced by other leases in the normal course of business. Substantially all equipment is owned by the Company.

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, 2002 (in thousands):

2003	\$ 6,364
2004	5,747
2005	5,189
2006	2,206
2007	580
AFTER 2007	269
TOTAL MINIMUM RENTAL PAYMENTS	20,355
LESS: MINIMUM SUBLEASE RENTALS	(4,941)
NET MINIMUM RENTAL PAYMENTS	\$15,414

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

	For the Years Ended December 31,		
	2002	2001	2000
Total rental payments	\$ 6,037	\$ 6,716	\$ 7,655
Less: sublease rentals	(1,196)	(929)	(1,765)
Net rental expense	\$ 4,841	\$ 5,787	\$ 5,890

15. 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, statutory deposits 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 other investments and other assets, fair value is based upon quoted market prices for these or similar securities, if available. Included in other investments, below, is the Company's investment in privately held Vitas Healthcare Corporation ("Vitas"), which provides palliative and medical care and related services to terminally ill patients. In connection with Vitas' refinancing its debt obligations in April 2001, the Company and Vitas agreed to extend the maturity of the Vitas 9% Cumulative Preferred Stock ("Preferred") to April 1, 2007. In addition, Vitas issued a Common Stock Purchase Warrant ("Warrant C") to the Company for approximately 1,636,000 common shares and extended the expiration dates of the Company's other Vitas Common Stock Purchase Warrants ("Other Warrants") to December 31, 2007. Warrant C was recorded at its estimated fair value of \$2,601,000, and at the same time, a discount of \$2,601,000 to the Preferred was recorded. The appraised value of the Other Warrants was estimated to be \$4,048,000 in 2001 (versus a carrying value of \$1,500,000). The value of the Preferred is based on the present value of the mandatory redemption payments, using an interest rate of 9.0%, a rate which management believes is reasonable in view of risk factors attendant to the investment.
- 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 fair value of the Mandatorily Redeemable Convertible Preferred Securities of the Chemed Capital Trust ("Trust Securities") is based on the quoted market value at the end of the period.

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

	Carrying Amount	Fair Value
DECEMBER 31, 2002:		
OTHER INVESTMENTS(a)	\$37,326	\$39,874
LONG-TERM DEBT	26,012	28,622
TRUST SECURITIES	14,186	14,112
December 31, 2001:		
Other investments(a)	\$38,273	\$40,821
Long-term debt	61,390	61,891
Trust Securities	14,239	14,112

(a) Amounts include \$27,243,000 invested in the Preferred, which is recorded in other investments.

Disclosures regarding the Company's investments, all of which are equity securities classified as available-for-sale, are summarized below (in

thousands):

	December 31,	
	2002	2001
Aggregate fair value	\$39,874	\$40,821
Gross unrealized holding gains	8,239	9,145
Gross unrealized holding losses	(1,223)	(114)
Amortized cost	32,858	31,790

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

	For the Years Ended December 31,		
	2002	2001	2000
Proceeds from sales	\$1,917	\$1,377	\$4,290
Gross realized gains	1,223	1,112	3,496
Gross realized losses	(82)	(119)	(97)

16. Diluted Earnings/(Loss) Per Share

Due to the Company's losses from continuing operations in 2002 and 2001, all potentially dilutive securities were antidilutive for 2002 and 2001. Therefore, the diluted losses per share were the same as the losses per share in 2002 and 2001. Diluted earnings per share for 2000 were calculated as follows (in thousands, except per share data):

	Income (Numerator)	Shares (Denominator)	Income Per Share
Income from continuing operations:			
Earnings	\$18,643	9,833	\$1.90
Conversion of Trust Securities	777	378	=====
Nonvested stock awards	--	93	
Dilutive stock options	--	1	
	-----	-----	
Diluted earnings	\$19,420	10,305	\$1.88
	=====	=====	=====
Income before extraordinary loss and net income:			
Earnings	\$20,584	9,833	\$2.09
Conversion of Trust Securities	777	378	=====
Nonvested stock awards	--	93	
Dilutive stock options	--	1	
	-----	-----	
Diluted earnings	\$21,361	10,305	\$2.07
	=====	=====	=====

During all of 2002 and 2001, all options were excluded from the computation of diluted loss per share since their impact on the loss per share was antidilutive. Also, during most of 2000, options whose exercise prices were greater than the average market price during most of the year were excluded from the computation of diluted earnings per share. Those options comprise the following:

Grant Date	Exercise Price	Number of Options Outstanding at December 31,		
		2002	2001	2000
May 1999	\$32.19	371,625	429,250	490,125
May 2002	36.90	265,600	--	--
May 1996	38.75	159,275	159,425	161,923
March 1998	39.13	153,250	155,550	160,462
May 1997	35.94	152,600	159,413	166,188
February 1995	33.63	67,250	68,000	68,000
May 1995	32.19	35,300	39,950	83,713
March 1994	32.13	24,825	24,825	34,925
April 1998	40.53	12,000	12,000	12,000
February 1993	28.56	1,875	--	--
May 1998	37.78	--	750	1,000

17. Stock Incentive Plans

The Company has nine Stock Incentive Plans under which 3,300,000 shares of Chemed Capital Stock are issued to key employees pursuant to the grant of stock awards and/or options to purchase such shares. 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 a total of 450,000 shares, was adopted in May 2002.

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. Under the Long-Term Incentive Plan, adopted in 1999, up to 250,000 shares may be issued to employees who are not officers or directors of the Company or its subsidiaries.

The other plans are not qualified, restricted or incentive stock option plans under the Internal Revenue Code. Options generally become exercisable six months following the date of grant in four equal annual installments.

Data relating to the Company's stock issued to employees follow:

	2002		2001		2000	
	NUMBER OF SHARES	WEIGHTED AVERAGE PRICE	Number of Shares	Weighted Average Price	Number of Shares	Weighted Average Price
Stock options:						
Outstanding at January 1	1,059,088	\$34.91	1,194,756	\$34.62	1,226,756	\$34.60
Granted	268,600	36.90	--	--	--	--
Exercised	(66,738)	31.87	(103,538)	31.74	(6,000)	30.38
Forfeited	(17,350)	34.76	(25,725)	34.43	(26,000)	34.78
Expired	--	--	(6,405)	34.60	--	--
Outstanding at December 31	1,243,600	35.50	1,059,088	34.91	1,194,756	34.62
Exercisable at December 31	1,037,771	35.23	941,149	35.25	906,810	35.06
Stock awards issued	9,034	37.51	17,073	37.73	225,298	28.26

Options outstanding at December 31, 2002, comprise the following:

	Range of Exercise Prices		
	\$25.38 - \$28.56	\$32.13 - \$35.94	\$36.90 - \$40.53
Options outstanding	1,875	651,600	590,125
Average exercise price of options outstanding	\$28.56	\$33.21	\$38.05
Average contractual life	.1 yr.	5.1 yrs.	6.6 yrs.
Options exercisable	1,875	651,600	384,296
Average exercise price of options exercisable	\$28.56	\$33.21	\$38.67

There were 321,666 shares available for granting of stock options and awards at December 31, 2002.

Total compensation cost recognized for stock awards for continuing operations was \$184,000 in 2002 (2001--\$6,328,000; 2000--\$1,702,000). The expense for 2001 included \$4,263,000 resulting from the acceleration of vesting of restricted awards in connection with the restructuring of the Company's long-term incentive plans, effective December 31, 2001. The shares of capital stock were issued to key employees and directors at no cost and generally were previously restricted as to the transfer of ownership. In 2000 and prior years, restrictions covering between 7% and 33% of each holder's shares lapsed annually.

During 1999, the Company purchased 101,500 shares of its capital stock in open-market transactions and sold these shares to certain employees at fair market value in exchange for interest-bearing notes secured by the shares. Interest rates on these notes are set at the beginning of each year based on rates used by the Internal Revenue Service for demand loans (2.73% for 2002; 5.88% for 2001 and 2000).

Activity in the notes receivable accounts, which are presented as a reduction of stockholders' equity in the consolidated balance sheet, is summarized below (in thousands):

December 31, 2000	\$2,886
Accrual of interest	100
Cash payments	(196)
Value of shares surrendered	(1,288)
-----	
DECEMBER 31, 2001	1,502
ACCRUAL OF INTEREST	26
CASH PAYMENTS	(239)
VALUE OF SHARES SURRENDERED	(337)
-----	
DECEMBER 31, 2002	\$ 952
=====	

Shares surrendered in payment of notes receivable are valued at their fair market value on the date of surrender.

#### 18. Executive Long-Term Incentive Plan

In May 2002, the shareholders of the Company approved the adoption of the 2002 Executive Long-Term Incentive Plan ("LTIP") covering officers and key employees of the Company. The LTIP is administered by the Incentive/Compensation Committee ("ICC") of the Board of Directors and was adopted to replace the restricted stock program, which was terminated at the end of 2001. Based on guidelines established by the ICC, the LTIP covers the granting of cash awards based on two independent elements: 1) a totally discretionary award based on operating performance of the Company covering a period greater than one year and less than four years and 2) an award based on the attainment of a target stock price of \$50 per share during 10 consecutive trading days prior to the fourth anniversary of the plan.

As of December 31, 2002, no accrual for awards under the LTIP was made since it is not possible to estimate the amount of such awards, if any, which will be earned and paid.

#### 19. Trust Securities

Effective February 1, 2000, the Company completed an Exchange Offer whereby stockholders exchanged 575,503 shares of capital stock for shares of Trust Securities of the wholly owned Chemed Capital Trust ("Trust") on a one-for-one basis. The Trust Securities, which carry a redemption value of \$27.00 per security, pay an annual cash distribution of \$2.00 per security (payable at the quarterly rate of \$.50 per security commencing March 2000) and are convertible into capital stock at a price of \$37.00 per security. The Trust Securities mature 30 years from date of issuance and are callable beginning March 15, 2003, at a price of \$27.27 for each \$27.00 principal amount. On March 15, 2004, and later, the Trust Securities are callable without premium. At December 31, 2002, there were 525,401 shares of the Trust Securities outstanding (December 31, 2001--527,366 shares).

The number of Trust Securities purchased and converted and shares of capital stock issued upon conversion are summarized below:

	For the Years Ended December 31,		
	2002	2001	2000
Trust Securities purchased	1,533	13,720	30,619
Trust Securities converted	432	1,200	2,598
Shares of capital stock issued upon conversion of Trust Securities	315	876	1,895

The sole assets of the Trust are Junior Subordinated Debentures ("Debentures") of the Company in the principal amount of \$15,905,000. The Debentures mature March 15, 2030, and the interest rate of the Debentures is \$2.00 per annum per \$27.00 principal amount. In February 2000, the Company executed an Indenture relating to the Debentures, an Amended and Restated Declaration of Trust relating to the Trust Securities and a Guarantee Agreement for the benefit of the holders of the Trust Securities (collectively "Back-up Undertakings"). Considered together, the Back-up Undertakings constitute a full and unconditional guarantee by the Company of the Trust's obligations under the Trust Securities.

## SEGMENT DATA(a)

## Chemed Corporation and Subsidiary Companies

(in thousands, except footnote data)

For the Years Ended December 31,	2002	2001	2000
<b>REVENUES BY TYPE OF SERVICE</b>			
Roto-Rooter			
Sewer and drain cleaning .....	\$106,125	\$109,250	\$109,933
Plumbing repair and maintenance .....	98,812	105,803	113,333
Industrial and municipal sewer and drain cleaning .....	14,660	14,526	14,234
Contractors .....	12,350	11,873	11,279
HVAC repair and maintenance .....	3,746	9,859	13,412
Other products and services .....	17,994	18,042	18,886
Total Roto-Rooter .....	253,687	269,353	281,077
Service America			
Repair services under contracts .....	45,182	51,299	55,048
Demand repair services .....	15,307	17,256	19,182
Total Service America .....	60,489	68,555	74,230
Total service revenues and sales .....	\$314,176	\$337,908	\$355,307
<b>AFTERTAX SEGMENT EARNINGS/(LOSS)</b>			
Roto-Rooter(b) .....			
Service America(b,c) .....	\$ 15,382	\$ 3,367	\$ 20,032
Service America(b,c) .....	(19,961)	(686)	1,058
Total segment earnings/(loss) .....	(4,579)	2,681	21,090
Corporate			
Gains on sales of investments .....	775	703	2,261
Overhead(b) .....	(4,324)	(10,322)	(5,128)
Net investing and financing income/(expense)(d) ....	6	(289)	420
Discontinued operations .....	6,309	(1,447)	1,941
Extraordinary loss .....	--	(1,701)	--
Net income/(loss) .....	\$ (1,813)	\$(10,375)	\$ 20,584
<b>PRO FORMA AFTERTAX SEGMENT EARNINGS</b>			
Roto-Rooter			
Net income .....	\$ 15,382	\$ 3,367	\$ 20,032
Restructuring and similar expenses and other charges .....	--	10,415	--
Aftertax amortization of goodwill(e) .....	--	3,081	3,063
Pro forma earnings .....	15,382	16,863	23,095
Service America			
Net income/(loss) .....	(19,961)	(686)	1,058
Goodwill impairment charge .....	20,342	--	--
Restructuring and similar expenses and other charges .....	--	1,672	--
Aftertax amortization of goodwill(e) .....	--	807	812
Pro forma earnings .....	381	1,793	1,870
Pro forma segment earnings .....	\$ 15,763	\$ 18,656	\$ 24,965

(a) Data are presented for continuing operations of the company.

(b) Amounts for 2001 include aftertax restructuring and similar expenses and other charges totaling \$10,415,000 for Roto-Rooter, \$1,672,000 for Service America and \$4,856,000 for the Corporate Office.

(c) Amounts for 2002 for Service America include an aftertax goodwill impairment charge of \$20,342,000.

(d) Amount for 2002 includes a \$780,000 aftertax investment impairment charge.

(e) As required by the provisions of Statement of Financial Accounting Standards No. 142, amortization of goodwill ceased as of December 31, 2001.

## SEGMENT DATA(a) (continued)

## Chemed Corporation and Subsidiary Companies

(in thousands)

For the Years Ended December 31,	2002	2001	2000
<b>INTEREST INCOME</b>			
Roto-Rooter .....	\$ 549	\$ 243	\$ 95
Service America .....	413	799	1,077
Subtotal .....	962	1,042	1,172
Corporate .....	2,644	2,005	2,717
Intercompany eliminations .....	(298)	(180)	(217)
Total interest income .....	\$ 3,308	\$ 2,867	\$ 3,672
<b>INTEREST EXPENSE</b>			
Roto-Rooter .....	\$ 101	\$ 529	\$ 2,016
Service America .....	59	--	--
Subtotal .....	160	529	2,016
Corporate .....	2,768	5,310	7,091
Intercompany eliminations .....	--	(416)	(1,896)
Total interest expense .....	\$ 2,928	\$ 5,423	\$ 7,211
<b>INCOME TAX PROVISION</b>			
Roto-Rooter .....	\$ 9,555	\$ 3,616	\$ 14,797
Service America .....	419	437	1,570
Subtotal .....	9,974	4,053	16,367
Corporate .....	(3,127)	(7,151)	(4,081)
Total income tax provision .....	\$ 6,847	\$ (3,098)	\$ 12,286
<b>IDENTIFIABLE ASSETS</b>			
Roto-Rooter .....	\$167,217	\$176,996	\$190,350
Service America .....	49,580	71,350	72,364
Total identifiable assets .....	216,797	248,346	262,714
Corporate assets(f) .....	122,132	73,212	71,683
Discontinued operations .....	--	81,310	87,848
Total assets .....	\$338,929	\$402,868	\$422,245
<b>ADDITIONS TO LONG-LIVED ASSETS(g)</b>			
Roto-Rooter .....	\$ 9,433	\$ 10,892	\$ 21,046
Service America .....	3,414	4,696	7,748
Subtotal .....	12,847	15,588	28,794
Corporate assets(f) .....	184	424	207
Total additions .....	\$ 13,031	\$ 16,012	\$ 29,001
<b>DEPRECIATION AND AMORTIZATION(h)</b>			
Roto-Rooter .....	\$ 10,215	\$ 14,127	\$ 13,765
Service America .....	3,632	4,951	4,273
Subtotal .....	13,847	19,078	18,038
Corporate assets(f) .....	509	2,195	2,276
Total depreciation and amortization .....	\$ 14,356	\$ 21,273	\$ 20,314

(f) Corporate assets consist primarily of cash and cash equivalents, marketable securities, properties and equipment and other investments.

(g) Long-lived assets include goodwill, identifiable intangible assets and properties and equipment.

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

SELECTED FINANCIAL DATA

Chemed Corporation and Subsidiary Companies

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

	2002	2001	2000
<b>SUMMARY OF OPERATIONS</b>			
Continuing operations(a)			
Service revenues and sales	\$314,176	\$337,908	\$355,307
Gross profit	127,891	132,292	146,329
Depreciation	13,587	14,395	13,374
Amortization of goodwill	--	4,102	4,090
Income/(loss) from operations(b)	(1,550)	(8,776)	29,491
Income/(loss) from continuing operations	\$ (8,122)	\$ (7,227)	\$ 18,643
Plus: goodwill impairment charge	20,342	--	--
Plus: investment impairment charge	780	--	--
Less: capital gains on the sales of investments	(775)	(703)	(2,261)
Plus: aftertax amortization of goodwill	--	3,888	3,875
Plus: restructuring and similar expenses and other charges	--	16,943	--
Pro forma income from continuing operations	\$ 12,225	\$ 12,901	\$ 20,257
Net income/(loss)(c)	\$ (1,813)	\$ (10,375)	\$ 20,584
Earnings/(loss) per share			
Income/(loss) from continuing operations	\$ (.82)	\$ (.74)	\$ 1.90
Pro forma income from continuing operations	1.24	1.33	2.06
Net income/(loss)(c)	(.18)	(1.07)	2.09
Average number of shares outstanding	9,858	9,714	9,833
Diluted earnings/(loss) per share			
Income/(loss) from continuing operations	\$ (.82)	\$ (.74)	\$ 1.88
Pro forma income from continuing operations	1.24	1.33	2.04
Net income/(loss)(c)	(.18)	(1.07)	2.07
Average number of shares outstanding	9,858	9,714	10,305
Cash dividends per share	\$ .45	\$ .44	\$ .40
Return on average equity(d)	(.9)%	(4.8)%	10.0%
Return on average total capital employed(d)	.2	(1.5)	8.3
<b>FINANCIAL POSITION--YEAR-END</b>			
Cash, cash equivalents and marketable securities	\$ 37,731	\$ 8,725	\$ 9,978
Working capital	26,359	14,943	(472)
Current ratio	1.38	1.17	1.00
Properties and equipment, at cost less accumulated depreciation	\$ 48,361	\$ 54,549	\$ 60,343
Total assets	338,929	402,868	422,245
Long-term debt	25,603	61,037	58,391
Debt to total capital ratio	10.7%	21.6%	24.2%
Stockholders' equity	\$203,277	\$208,283	\$213,764
Book value per share	20.70	21.18	21.70
Diluted book value per share	21.32	21.50	22.13
<b>OTHER STATISTICS--CONTINUING OPERATIONS</b>			
Net cash provided by continuing operations	\$ 26,894	\$ 27,123	\$ 45,981
Capital expenditures	11,855	14,457	17,586
Number of employees(e)	3,335	3,764	3,784
Number of service and sales representatives	2,514	2,623	2,586

(a) Continuing operations exclude Patient Care Inc., discontinued in 2002; Cadre Computer Resources Inc., discontinued in 2001; National Sanitary Supply Company and The Omnia Group, discontinued in 1997; accrual adjustments in 1997 relating to the gain on the sale of Omnicare Inc. ("Omnicare"); Omnicare, discontinued in 1994; and accrual adjustments related to the gain on the sale of DuBois Chemicals Inc., discontinued in 1991.

(b) Income/(loss) from operations includes a goodwill impairment charge of \$20,342,000 in 2002 and restructuring and similar expenses and other charges of \$27,211,000 in 2001.

(c) Net income/(loss) includes discontinued operations, an extraordinary loss on the extinguishment of debt in 2001 (\$1,701,000) and the cumulative effect of a change in accounting principle in 1993 (\$1,651,000).

1999	1998	1997	1996	1995	1994	1993
\$316,719	\$263,001	\$220,586	\$201,648	\$179,722	\$171,930	\$136,428
127,042	101,558	84,480	80,200	69,171	64,331	54,325
11,284	9,424	7,469	6,387	5,746	5,512	3,914
3,770	3,544	3,428	2,342	1,777	1,490	1,234
21,557	14,544	13,902	11,849	9,113	7,913	7,388
\$ 16,410	\$ 16,477	\$ 13,841	\$ 22,212	\$ 9,296	\$ 5,620	\$ 7,563
--	--	--	--	--	--	--
--	--	--	--	--	--	--
(2,960)	(7,945)	(7,652)	(17,731)	(5,882)	(3,377)	(4,274)
3,580	3,415	3,381	2,317	1,759	1,478	1,226
--	495	--	--	208	692	--
-----	-----	-----	-----	-----	-----	-----
\$ 17,030	\$ 12,442	\$ 9,570	\$ 6,798	\$ 5,381	\$ 4,413	\$ 4,515
=====	=====	=====	=====	=====	=====	=====
\$ 19,696	\$ 19,909	\$ 30,237	\$ 32,328	\$ 23,182	\$ 43,922	\$ 19,480
\$ 1.57	\$ 1.64	\$ 1.39	\$ 2.27	\$ .95	\$ .57	\$ .78
1.63	1.24	.96	.69	.55	.45	.46
1.88	1.98	3.04	3.30	2.36	4.47	2.00
10,470	10,058	9,940	9,801	9,830	9,830	9,756
\$ 1.56	\$ 1.63	\$ 1.38	\$ 2.25	\$ .94	\$ .57	\$ .76
1.62	1.23	.96	.69	.54	.45	.46
1.87	1.97	3.02	3.26	2.33	4.42	1.97
10,514	10,100	10,014	9,879	9,898	9,907	9,824
\$ 2.12	\$ 2.12	\$ 2.09	\$ 2.08	\$ 2.06	\$ 2.04	\$ 2.01
9.1%	8.9%	13.8%	15.3%	11.9%	28.4%	14.3%
7.7	7.7	9.9	10.9	9.3	16.4	9.7
\$ 17,043	\$ 41,170	\$ 70,412	\$ 13,989	\$ 30,438	\$ 24,808	\$ 20,133
13,374	33,533	83,103	67,811	74,433	55,061	30,741
1.13	1.37	1.88	1.54	1.51	1.38	1.23
\$ 56,913	\$ 50,693	\$ 45,459	\$ 34,748	\$ 22,108	\$ 30,930	\$ 33,873
421,962	429,704	448,838	561,433	533,084	506,110	434,571
78,580	80,407	83,720	158,140	85,317	92,033	97,096
29.9%	27.5%	28.1%	44.6%	32.8%	36.6%	44.2%
\$212,044	\$223,356	\$228,120	\$217,891	\$208,657	\$186,320	\$137,151
20.40	21.45	22.64	21.89	21.18	18.89	14.00
20.31	21.36	22.54	21.76	21.06	18.76	13.91
\$ 28,582	\$ 16,621	\$ 21,508	\$ 6,625	\$ 3,958	\$ 16,114	\$ 6,029
16,696	17,377	17,551	8,504	6,611	7,065	7,420
3,949	3,867	3,277	2,933	2,679	2,674	2,711
2,699	2,634	2,243	1,908	1,766	1,747	1,832

(d) These computations are based on net income/(loss) and, with respect to return on average total capital employed, the adjustment of net income/(loss) to exclude aftertax interest expense.

(e) Numbers reflect full-time-equivalent employees.

SUPPLEMENTAL REVENUE AND PROFIT STATISTICS  
BY BUSINESS SEGMENT

Chemed Corporation and Subsidiary Companies

(in thousands, except percentages and footnote data)

	Continuing Operations		
	Roto- Rooter	Service America	Total
<b>SERVICE REVENUES AND SALES</b>			
2002	\$253,687	\$ 60,489	\$314,176
2001	269,353	68,555	337,908
2000	281,077	74,230	355,307
1999	242,819	73,900	316,719
1998	192,050	70,951	263,001
1997	153,883	66,703	220,586
1996	140,163	61,485	201,648
1995	121,999	57,723	179,722
1994	109,098	62,832	171,930
1993	95,555	40,873	136,428
<b>PERCENT OF TOTAL</b>			
2002	81%	19%	100%
1993	70	30	100
<b>OPERATING PROFIT/(LOSS)(a)</b>			
2002	\$ 25,856	\$(19,819)(b)	\$ 6,037
2001	8,477(c)	(952)(c)	7,525
2000	36,637	1,396	38,033
1999	26,310	3,679	29,989
1998	19,244(d)	3,491	22,735
1997	17,256	3,443	20,699
1996	15,707	2,503	18,210
1995	13,134(e)	1,906	15,040
1994	12,071	3,061	15,132
1993	9,854	3,708	13,562
<b>PERCENT OF TOTAL</b>			
2002	N.M.	N.M.	100%
1993	73%	27%	100
<b>PRO FORMA OPERATING PROFIT(f)</b>			
2002	\$ 25,856	\$ 523	\$ 26,379
2001	29,011	2,587	31,598
2000	39,906	2,217	42,123
1999	29,271	4,488	33,759
1998	22,740	4,291	27,031
1997	19,885	4,242	24,127
1996	17,250	3,303	20,553
1995	14,650	2,705	17,355
1994	12,796	3,826	16,622
1993	10,552	4,244	14,796
<b>PERCENT OF TOTAL</b>			
2002	98%	2%	100%
1993	71	29	100

(a) Operating profit/(loss) is total service revenues and sales 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 and other income-net.

(b) Amount includes a pretax goodwill impairment charge of \$20,342,000.

(c) Amounts include pretax restructuring and similar expenses and other charges totaling \$17,248,000 for Roto-Rooter and \$2,723,000 for Service America.

(d) Amount includes \$752,000 of pretax expenses incurred in connection with pooling-of-interest business combinations in 1998.

(e) Amount includes pretax charges of \$538,000 incurred as a result of discussions related to Chemed's proposal to acquire the 42% minority interest in Roto-Rooter.

(f) Pro forma operating profit is operating profit/(loss) as defined above, excluding impairment, restructuring and similar expenses and other charges in 2002 and 2001, goodwill in 2001 and prior years, pooling-of-interest expenses in 1998 and costs of discussions to repurchase the Roto-Rooter minority interest in 1995 (see notes b, c, d and e).

UNAUDITED SUMMARY OF QUARTERLY RESULTS

Chemed Corporation and Subsidiary Companies

(in thousands, except per share data)

2002	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total Year
<b>CONTINUING OPERATIONS</b>					
TOTAL SERVICE REVENUES AND SALES .....	\$80,853	\$79,082	\$75,322	\$ 78,919	\$314,176
GROSS PROFIT.....	\$32,345	\$32,458	\$31,008	\$ 32,080	\$127,891
INCOME/(LOSS) FROM OPERATIONS(a) .....	\$ 4,206	\$ 5,676	\$ 5,743	\$(17,175)	\$ (1,550)
INTEREST EXPENSE .....	(773)	(763)	(709)	(683)	(2,928)
DISTRIBUTIONS ON PREFERRED SECURITIES .....	(270)	(271)	(268)	(270)	(1,079)
OTHER INCOME--NET(b) .....	2,589	953	268	472	4,282
INCOME/(LOSS) BEFORE INCOME TAXES(a,b) .....	5,752	5,595	5,034	(17,656)	(1,275)
INCOME TAXES .....	(1,947)	(2,150)	(1,856)	(894)	(6,847)
INCOME/(LOSS) FROM CONTINUING OPERATIONS(a,b) .....	3,805	3,445	3,178	(18,550)	(8,122)
DISCONTINUED OPERATIONS .....	867	1,124	3,929	389	6,309
NET INCOME/(LOSS)(a,b) .....	\$ 4,672	\$ 4,569	\$ 7,107	\$(18,161)	\$ (1,813)
<b>EARNINGS/(LOSS) PER SHARE(a,b)</b>					
INCOME/(LOSS) FROM CONTINUING OPERATIONS .....	\$ .39	\$ .35	\$ .32	\$ (1.88)	\$ (.82)
NET INCOME/(LOSS) .....	\$ .47	\$ .46	\$ .72	\$ (1.84)	\$ (.18)
<b>DILUTED EARNINGS/(LOSS) PER SHARE(a,b)</b>					
INCOME/(LOSS) FROM CONTINUING OPERATIONS .....	\$ .39	\$ .35	\$ .32	\$ (1.88)	\$ (.82)
NET INCOME/(LOSS) .....	\$ .47	\$ .46	\$ .72	\$ (1.84)	\$ (.18)
<b>AVERAGE NUMBER OF SHARES OUTSTANDING</b>					
EARNINGS/(LOSS) PER SHARE .....	9,843	9,857	9,861	9,872	9,858
DILUTED EARNINGS/(LOSS) PER SHARE .....	9,883	9,898	9,867	9,872	9,858

(a) Amounts for the fourth quarter and for the year include a pretax and aftertax noncash goodwill impairment charge of \$20,342,000 (\$2.06 per share).

(b) Amounts for the first quarter and for the year include pretax gains from the sales of investments of \$1,141,000 (\$775,000 aftertax or \$.08 per share). Amounts for the fourth quarter and year include pretax investment impairment charges of \$1,200,000 (\$780,000 aftertax or \$.08 per share).

2001

<b>Continuing Operations</b>					
Total service revenues and sales .....	\$ 86,259	\$ 84,950	\$ 82,604	\$ 84,095	\$337,908
Gross profit.....	\$ 35,164	\$ 34,231	\$ 33,149	\$ 29,748	\$132,292
Income/(loss) from operations(a) .....	\$ 6,500	\$ 4,995	\$ 488	\$(20,759)	\$ (8,776)
Interest expense .....	(1,485)	(1,466)	(1,373)	(1,099)	(5,423)
Distributions on preferred securities .....	(277)	(278)	(275)	(283)	(1,113)
Other income--net(b) .....	2,133	1,178	455	1,221	4,987
Income/(loss) before income taxes(a,b) ....	6,871	4,429	(705)	(20,920)	(10,325)
Income taxes.....	(2,837)	(1,814)	193	7,556	3,098
Income/(loss) from continuing operations(a,c) ..	4,034	2,615	(512)	(13,364)	(7,227)
Discontinued Operations .....	476	(1,154)	604	(1,373)	(1,447)
Income/(loss) before extraordinary loss(a,c) .....	4,510	1,461	92	(14,737)	(8,674)
Extraordinary loss on extinguishment of debt .....	--	--	--	(1,701)	(1,701)
Net Income/(Loss)(a,c) .....	\$ 4,510	\$ 1,461	\$ 92	\$(16,438)	\$(10,375)
<b>Earnings/(Loss) Per Share(a,c)</b>					
Income/(loss) from continuing operations .....	\$ .41	\$ .27	\$ (.05)	\$ (1.38)	\$ (.74)
Income/(loss) before extraordinary loss .....	\$ .46	\$ .15	\$ .01	\$ (1.52)	\$ (.89)
Net income/(loss) .....	\$ .46	\$ .15	\$ .01	\$ (1.70)	\$ (1.07)
<b>Diluted Earnings/(Loss) Per Share(a,c)</b>					
Income/(loss) from continuing operations .....	\$ .41	\$ .27	\$ (.05)	\$ (1.38)	\$ (.74)
Income/(loss) before extraordinary loss .....	\$ .46	\$ .15	\$ .01	\$ (1.52)	\$ (.89)

Net income/(loss) .....	\$ .46	\$ .15	\$ .01	\$ (1.70)	\$ (1.07)
	=====	=====	=====	=====	=====
Income/(Loss) Before Extraordinary Loss Excluding Goodwill Amortization(a,c)					
Income/(loss) from continuing operations .....	\$ 5,669	\$ 2,616	\$ 1,247	\$(13,585)	\$ (4,053)
	=====	=====	=====	=====	=====
Earnings/(loss) per share .....	\$ .58	\$ .27	\$ .13	\$ (1.40)	\$ (.42)
	=====	=====	=====	=====	=====
Diluted earnings/(loss) per share .....	\$ .57	\$ .27	\$ .13	\$ (1.40)	\$ (.42)
	=====	=====	=====	=====	=====
Net Income/(Loss) Excluding Goodwill Amortization(a,c)					
Income/(loss) from continuing operations .....	\$ 5,669	\$ 2,616	\$ 1,247	\$(15,286)	\$ (5,754)
	=====	=====	=====	=====	=====
Earnings/(loss) per share .....	\$ .58	\$ .27	\$ .13	\$ (1.58)	\$ (.59)
	=====	=====	=====	=====	=====
Diluted earnings/(loss) per share .....	\$ .57	\$ .27	\$ .13	\$ (1.58)	\$ (.59)
	=====	=====	=====	=====	=====
Average Number of Shares Outstanding					
Earnings/(loss) per share .....	9,746	9,728	9,690	9,690	9,714
	=====	=====	=====	=====	=====
Diluted earnings/(loss) per share .....	9,907	9,863	9,690	9,690	9,714
	=====	=====	=====	=====	=====

(a) Amounts for the third and fourth quarters and for the year include pretax restructuring and similar expenses and other charges totaling \$4,031,000 (\$2,420,000 aftertax or \$.25 per share), \$23,180,000 (\$14,523,000 aftertax or \$1.50 per share) and \$27,211,000 (\$16,943,000 aftertax or \$1.74 per share), respectively.

(b) Amounts for the first and second quarters and for the year include pretax gains/(losses) from the sales of investments totaling \$1,112,000, \$(119,000) and \$993,000, respectively.

(c) Amounts for the first quarter and for the year include aftertax gains from the sales of investments totaling \$703,000 (\$.07 per share).

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

Chemed Corporation and Subsidiary Companies

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Financial Condition

LIQUIDITY AND CAPITAL RESOURCES

Significant factors affecting the Company's consolidated cash flows during 2002 and financial position at December 31, 2002, include the following:

- Continuing operations generated cash of \$26.9 million;
- Net cash proceeds from the sale of discontinued operations, primarily the sale of Patient Care Inc. ("Patient Care"), totaled \$50.7 million;
- The Company repaid \$35.4 million of long-term debt; and
- Capital expenditures totaled \$11.9 million.

As a result of the net decline in debt, the ratio of total debt (excluding the Trust Securities) to total capital declined from 22% at December 31, 2001, to 11% at December 31, 2002. The Company's current ratio at December 31, 2002, was 1.4 as compared with 1.2 at December 31, 2001.

The Company had \$53.4 million of unused lines of credit with various banks at December 31, 2002.

CASH FLOW

The Company's cash flows for 2002 and 2001 are summarized as follows (in millions):

	For the Years Ended December 31,	
	2002	2001
	-----	-----
Net cash provided		
by operating activities	\$ 29.5	\$ 34.4
Capital expenditures	(11.9)	(14.5)
	-----	-----
Operating cash excess		
after capital expenditures	17.6	19.9
Net proceeds/(uses) from sale		
of discontinued operations	50.7	(6.3)
Net decrease in long-term debt	(35.4)	(11.4)
Cash dividends	(4.4)	(4.4)
Other--net	.5	.9
	-----	-----
Increase/(decrease) in cash		
and cash equivalents	\$ 29.0	\$ (1.3)
	=====	=====

For 2002, the operating cash excess after capital expenditures was \$17.6 million as compared with \$19.9 million in 2001. This excess, along with the proceeds from the sale of Patient Care, was used to retire funded debt and to increase the Company's available cash and cash equivalents.

COMMITMENTS AND CONTINGENCIES

In connection with the sale of DuBois Chemicals Inc. ("DuBois") in 1991, the Company provided allowances and accruals relating to several long-term costs, including income tax matters, lease commitments and environmental costs. Also, in conjunction with the sales of The OmniaGroup and National Sanitary Supply Company in 1997 and the sale of Cadre Computer Resources Inc. in 2001, the Company provided long-term allowances and accruals relating to costs of severance arrangements, lease commitments and income tax matters. In the aggregate, the Company believes these allowances and accruals are adequate as of December 31, 2002.

Based on reviews of Chemed's environmental-related liabilities under the DuBois sale agreement, the Company has estimated its remaining liability to be \$2.1 million. As of December 31, 2002, the Company is contingently liable for additional cleanup and related costs up to a maximum of \$18.0 million, for which no provision has been recorded.

In connection with the sale of Patient Care in 2002, \$5.0 million of the cash purchase price was placed in escrow pending collection of third-party payer receivables on Patient Care's balance sheet at the sale date. Based on Patient Care's collection history, the Company believes that the specified receivables will be collected and that the full balance of the escrow funds will be paid to Chemed. Of this amount, \$2.5 million will be evaluated and distributed as of October 2003 and the remainder as of October 2004.

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, the Company projects that it can incur additional debt of approximately \$83.4 million as of December 31, 2002.

The Company carries an investment in the mandatorily redeemable preferred stock (\$27.0 million par value; \$27.2 million carrying and redemption values) and common stock warrants (book value of \$4.1 million) of Vitas Healthcare Corporation ("Vitas"), a privately held provider of palliative and medical care and related services to terminally ill patients. Vitas has increased its net income during the past several fiscal years and has made timely payment of its preferred dividends in 2001 and 2002. On the basis of information currently available, management believes its investment in Vitas is fully recoverable and

that no impairment exists.

Summarized below are the combined required long-term debt payments and minimum lease obligations for each of the five years subsequent to December 31, 2002 (in thousands):

	Long-Term Debt Payments	Minimum Lease Payments	Total
	-----	-----	-----
2003	\$ 409	\$ 6,364	\$ 6,773
2004	334	5,747	6,081
2005	5,070	5,189	10,259
2006	5,074	2,206	7,280
2007	5,077	580	5,657

Based on recent projections and historical cash flows, management anticipates that the Company will satisfy these obligations from internally generated resources and minimal additional outside borrowings.

Additionally, it is management's opinion that the Company has no long-range commitments that 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 the cash payments for these potential liabilities. Based on the Company's available credit lines, sources of borrowing and cash and cash equivalents, 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 the decrease in service revenues and sales and the aftertax earnings/(loss) margin:

	Percent Decrease in Service Revenues and Sales		
	Roto- Rooter	Service America	Segment Total
2002 vs. 2001	(6)%	(12)%	(7)%
2001 vs. 2000	(4)	(8)	(5)

	Aftertax Earnings/(Loss) as a Percent of Service Revenues and Sales (Aftertax Margin)		
	Roto- Rooter	Service America	Segment Total
As Reported:			
2002	6.1%	(33.0)%	(1.5)%
2001	1.3	(1.0)	.8
2000	7.1	1.4	5.9
Pro Forma:			
2002(a)	6.1%	.6%	5.0%
2001(b,c)	6.3	2.6	5.5
2000(d)	8.2	2.5	7.0

- (a) Amounts for 2002 for Service America and Segment Total exclude an aftertax goodwill impairment charge of \$20,342,000.
- (b) Amounts for 2001 exclude aftertax restructuring and similar expenses and other charges totaling \$10,415,000 for Roto-Rooter and \$1,672,000 for Service America.
- (c) Amounts for 2001 exclude aftertax amortization of goodwill of \$3,081,000 for Roto-Rooter and \$807,000 for Service America.
- (d) Amounts for 2000 exclude aftertax amortization of goodwill of \$3,063,000 for Roto-Rooter and \$812,000 for Service America.

2002 VERSUS 2001

Roto-Rooter recorded service revenues and sales of \$253,687,000 during 2002, a decline of \$15,666,000 (6%) versus total revenues of \$269,353,000 in 2001. This decline was attributable primarily to Roto-Rooter's plumbing and HVAC (heating, ventilating and air conditioning) businesses, which recorded revenue declines of \$6,991,000 (7%) and \$6,113,000 (62%), respectively, for 2002 versus revenues for 2001. Additionally, drain cleaning revenues declined \$3,125,000 (3%) in 2002. The plumbing and drain cleaning declines are attributable to lower job counts, partially offset by higher prices per job. The decline in HVAC revenues is due to the sale or closing of several underperforming locations servicing this market.

Roto-Rooter's aftertax margin increased from 1.3% in 2001 to 6.1% in 2002, primarily as a result of \$10,415,000 of aftertax restructuring and similar expenses and other charges incurred in 2001 (in thousands):

Cost of exiting HVAC and non-Roto-Rooter-branded plumbing businesses	\$ 6,765
Resolution of overtime pay issues with the U.S. Department of Labor	1,656
Unfavorable adjustments to casualty insurance accruals related to adverse claims experience	839
Charges for accelerating the vesting of restricted stock awards	546
Charges for impairment of fixed assets	182
Severance charges	72
All other charges	355
	-----
Total	\$10,415
	=====

In addition, as required by Statement of Financial Accounting Standards ("SFAS") No. 142, Goodwill and Other Intangible Assets, the Company ceased amortizing goodwill (\$3,081,000 aftertax for 2001) effective December 31, 2001. Excluding amortization of goodwill and restructuring and similar expenses and other charges, the pro forma aftertax margin for 2001 was 6.3% versus 6.1% for 2002. The decline in aftertax margin is primarily attributable to higher selling

expenses as a percentage of revenues in 2002.

Service America recorded total revenues of \$60,489,000 during 2002, a decline of \$8,066,000 (12%) versus 2001 revenues of \$68,555,000. Demand repair revenues for 2002 declined \$1,949,000 (11%) versus revenues for 2001, and revenues from service contracts for 2002 declined \$6,117,000 (12%) versus revenues for 2001. This latter decline is attributable to insufficient sales of new service contracts to replace service contracts that were not renewed. The year-to-year decline in service contract revenues is anticipated to continue during 2003, as Service America in the fourth quarter of 2002 canceled approximately 5% of its outstanding service contracts that were unprofitable. The aftertax margin of this segment declined from negative 1.0% in 2001 to negative 33.0% in 2002, primarily due to an aftertax goodwill impairment charge of \$20,342,000 in 2002. The impairment charge is based on an appraisal firm's valuation of Service America's business as of December 31, 2002. The lower valuation is attributable to updated income projections for Service America over the next several years. During 2001, Service America incurred aftertax restructuring and similar expenses and other charges of \$1,672,000 (in thousands):

Cost of closing the Tucson branch	\$ 707
Severance charges	489
Charges for impairment of fixed assets	100
Charges for accelerating the vesting of restricted stock awards	87
All other charges	289
	-----
Total	\$1,672
	=====

Excluding the goodwill impairment charge in 2002, the restructuring and similar expenses and other charges and the amortization of goodwill in 2001, the pro forma aftertax margin for 2002 was .6% as compared with 2.6% in 2001. The decline in 2002 is primarily attributable to a lower gross profit margin in 2002 as the result of higher labor and related costs as a percentage of revenues. As a result of eliminating its unprofitable contracts (i.e., those contracts with disproportionately high usage relative to revenues) in 2002, Service America has reduced its service technician headcount and anticipates increasing its gross profit margin during 2003.

Chemed's loss from operations declined from \$8,776,000 in 2001 to \$1,550,000 in 2002. Operating expenses for 2002 included a goodwill impairment charge of \$20,342,000. Operating expenses for 2001 included pretax restructuring and similar expenses and other charges aggregating \$27,211,000 (in thousands):

Cost of exiting HVAC and non-Roto-Rooter- branded plumbing businesses	\$11,205
Charges for accelerating the vesting of restricted stock awards	5,440
Severance charges	3,666
Resolution of overtime pay issues with the U.S. Department of Labor	2,749
Unfavorable adjustments to casualty insurance accruals related to adverse claims experience	1,411
Cost of closing Service America's Tucson branch	1,171
All other charges	1,569
	-----
Total	\$27,211
	=====

On a pro forma basis, excluding the aforementioned expenses in both years and excluding amortization of goodwill in 2001 (\$4,102,000), income from operations was \$18,792,000 in 2002 versus \$22,537,000 in 2001. The decline in pro forma income from operations in 2002 versus 2001 is attributable to lower operating profit of both segments (excluding impairment, restructuring and similar expenses and other charges), partially offset by lower corporate overhead expenses in 2002.

EBITDA (earnings before interest, taxes, depreciation and amortization, noncash charges and capital gains) were \$37,341,000 in 2002 versus \$26,637,000 for 2001. On a pro forma basis, excluding all restructuring and similar expenses and other charges, EBITDA for 2001 were \$41,812,000.

Interest expense for 2002 totaled \$2,928,000 versus expense of \$5,423,000 recorded in 2001. This decline is attributable to lower debt levels and lower interest rates in 2002.

Other income declined from \$4,987,000 in 2001 to \$4,282,000 in 2002, primarily as a result of an investment impairment charge of \$1,200,000 in 2002, partially offset by higher interest income in 2002.

The Company's effective income tax rate for continuing operations was negative 537.0% in 2002 as compared with positive 30.0% in 2001. The negative effective rate in 2002 is caused by the nondeductibility of the goodwill impairment charge in 2002.

The loss from continuing operations was \$8,122,000 (\$.82 per share) in 2002 as compared with \$7,227,000 (\$.74 per share) for 2001. The results for 2002 include Service America's goodwill impairment charge of \$20,342,000 and an investment impairment charge of \$780,000. Similarly, the results for 2001 include aftertax restructuring and similar expenses and other charges totaling \$16,943,000 (in thousands):

Cost of exiting HVAC and non-Roto-Rooter-branded plumbing businesses	\$ 6,765
Charges for accelerating the vesting of restricted stock awards	3,504
Severance charges	2,522
Resolution of overtime pay issues with the U.S. Department of Labor	1,656
Unfavorable adjustments to casualty insurance accruals related to adverse claims experience	839
Cost of closing Service America's Tucson branch	707
All other charges	950
	-----
Total	\$16,943
	=====

As summarized below, pro forma income from continuing operations excluding the above charges and capital gains for both years and goodwill amortization for 2001 was \$12,225,000 (\$1.24 per share) in 2002 as compared with \$12,901,000 in 2001 (\$1.33 per share) (in thousands):

	For the Years Ended December 31,	
	2002	2001
Loss from continuing operations	\$(8,122)	\$(7,227)
Plus: goodwill impairment charge	20,342	--
Plus: investment impairment charge	780	--
Less: capital gains on the sales of investments	(775)	(703)
Plus: aftertax amortization of goodwill	--	3,888
Plus: restructuring and similar expenses and other charges	--	16,943
	-----	-----
Pro forma income from continuing operations	\$12,225	\$12,901
	=====	=====

The net loss declined from \$10,375,000 (\$1.07 per share) in 2001 to a loss of \$1,813,000 (\$.18 per share) in 2002. The net loss for 2002 included a goodwill impairment charge of \$20,342,000 (\$2.06 per share), an investment impairment charge of \$780,000 (\$.08 per share), capital gains on the sales of investments of \$775,000 (\$.08 per share) and income from discontinued operations of \$6,309,000 (\$.64 per share). For 2001, the net loss included restructuring and similar expenses and other charges of \$16,943,000 (\$1.74 per share), goodwill amortization of \$3,888,000 (\$.40 per share), capital gains on the sales of investments of \$703,000 (\$.07 per share), a loss from discontinued operations of \$1,447,000 (\$.15 per share) and an extraordinary loss on extinguishment of debt of \$1,701,000 (\$.18 per share).

#### 2001 VERSUS 2000

Roto-Rooter recorded service revenues and sales of \$269,353,000 during 2001, a decline of \$11,724,000 (4%) versus revenues of \$281,077,000 in 2000. This decline was attributable primarily to revenue declines of \$7,530,000 (7%) and \$3,553,000 (26%), respectively, in Roto-Rooter's plumbing and HVAC repair-and-maintenance businesses. The decline in plumbing service revenue is due primarily to lower job counts, partially offset by higher prices per job, while the decline in HVAC repair-and-maintenance revenue is related to Roto-Rooter's decision in 2001 to exit this business. Roto-Rooter's aftertax margin declined from 7.1% in 2000 to 1.3% in 2001, primarily as a result of \$10,415,000 of aftertax restructuring and similar expenses and other charges incurred in 2001. On a pro forma basis, excluding the aforementioned charges in 2001 and the amortization of goodwill in both years (\$3,081,000 in 2001 and \$3,063,000 in 2000), the aftertax margin in 2001 was 6.3% as compared with 8.2% in 2000. The remaining decline in the aftertax margin is attributable primarily to a lower gross profit margin resulting from higher labor costs and higher insurance costs.

The Service America segment recorded total revenues of \$68,555,000 during 2001, a decline of \$5,675,000 (8%) versus 2000 revenues of \$74,230,000. Demand service revenues for 2001 declined \$1,926,000 (10%) versus revenues for 2000. Also, revenues from repair service contracts for 2001 declined \$3,749,000 (7%) versus revenues for 2000. This decline was largely the result of selling insufficient new service contracts to offset the number of service contracts not renewed. The aftertax margin of this segment declined from 1.4% in 2000 to negative 1.0% in 2001, primarily due to aftertax restructuring and similar expenses and other charges of \$1,672,000 recorded in 2001. On a pro forma basis, excluding the aforementioned charges in 2001 and excluding the amortization of goodwill in both years (\$807,000 in 2001 and \$812,000 in 2000), the aftertax margin in 2001 was 2.6% as compared with 2.5% in 2000.

Income from operations declined from income of \$29,491,000 in 2000 to a loss of \$8,776,000 in 2001. This primarily resulted from restructuring and similar expenses and other charges totaling \$27,211,000 in 2001 and a decline in the operating profit of the Roto-Rooter segment (excluding restructuring and similar expenses and other charges) in 2001.

EBITDA (earnings before interest, taxes, depreciation and amortization, noncash charges and capital gains) were \$26,637,000 in 2001 versus \$54,304,000 for 2000. On a pro forma basis, excluding all restructuring and similar expenses and other charges, EBITDA for 2001 were \$41,812,000, a decline of 23% versus 2000.

Interest expense for 2001 totaled \$5,423,000 versus expense of \$7,211,000 recorded in 2000. This decline is attributable primarily to lower debt levels in 2001.

Other income declined from \$9,846,000 in 2000 to \$4,987,000 in 2001, primarily as a result of lower gains on the sales of investments in 2001. Unrealized losses on investments held in deferred compensation trusts in 2001 versus gains in 2000 also contributed to this decline.

The Company's effective income tax rate for continuing operations was 30.0% in 2001 as compared with 39.7% in 2000. The lower effective rate in 2001 is due largely to the impact of nondeductible goodwill amortization on the taxable income/(loss).

Income/(loss) from continuing operations declined from income of \$18,643,000 (\$1.90 per share or \$1.88 per diluted share) in 2000 to a loss of \$7,227,000 (\$0.74 per share) in 2001, largely as a result of aftertax restructuring and similar expenses and other charges of \$16,943,000 and of lower operating profit from the Roto-Rooter segment. As summarized below, pro forma income from continuing operations was \$12,901,000 (\$1.33 per share) in 2001 as compared with \$20,257,000 in 2000 (\$2.06 per share or \$2.04 per diluted share) (in thousands):

	For the Years Ended December 31,	
	2001	2000
Income/(loss)		
from continuing operations	\$(7,227)	\$18,643
Plus: restructuring and similar expenses and other charges	16,943	--
Less: capital gains on the sales of investments	(703)	(2,261)
Plus: aftertax amortization of goodwill	3,888	3,875
Pro forma income from continuing operations	\$12,901	\$20,257

Net income/(loss) declined from income of \$20,584,000 (\$2.09 per share or \$2.07 per diluted share) in 2000 to a loss of \$10,375,000 (\$1.07 per share) in 2001. The net loss for 2001 included restructuring and similar expenses of \$16,943,000 (\$1.74 per share), amortization of goodwill of \$3,888,000 (\$.40 per share), capital gains on the sales of investments of \$703,000 (\$.07 per share), a loss from discontinued operations of \$1,447,000 (\$.15 per share) and an extraordinary loss on extinguishment of debt of \$1,701,000 (\$.18 per share). Net income for 2000 included capital gains on the sales of investments of \$2,261,000 (\$.23 per share or \$.22 per diluted share), amortization of goodwill of \$3,875,000 (\$.39 per share or \$.38 per diluted share) and income from discontinued operations of \$1,941,000 (\$.19 per share).

#### Critical Accounting Policies

##### INSURANCE ACCRUALS

As it self-insures for casualty insurance claims, the Company closely monitors and continually evaluates its historical claims experience to estimate the appropriate level of accrual for incurred claims. Management consults with insurance professionals regularly to ensure appropriate development factors are applied to claims experience to calculate period-to-period accrual adjustments. Although significant fluctuations may occur in the short term, the Company's experience indicates that its methodology provides reasonable insurance-expense estimates in the long run.

##### INVESTMENTS

Equity investments with readily determinable fair values are recorded at their fair values. Other equity investments are recorded at cost, subject to write-down for impairment. The Company regularly reviews its investments for impairment. As a result of this review, in the fourth quarter of 2002, the Company reduced the carrying value of its investment in the redeemable preferred stock of Medic One Inc. ("Medic One") from its original cost of \$1,200,000 to nil. Medic One, a privately held company in the ambulance services and wheelchair transportation business, is in violation of certain covenants under a line of credit that expired in November 2002. The lender has not waived such violations and has the right to call the debt. If the debt were called, Medic One could be forced into bankruptcy.

## GOODWILL

The Company annually tests the goodwill balances of its reporting units for impairment using appraisals performed by a valuation firm. The valuation of each reporting unit is dependent upon many factors, some of which are market-driven and beyond the Company's control. The valuations of goodwill for the Company's Roto-Rooter Services and Roto-Rooter Franchising and Products reporting units indicate that the fair value of goodwill for each of these units exceeds its respective book value by a significant amount. The valuation of Service America indicated that its book value exceeded its fair value by \$20.3 million. Accordingly, goodwill for this reporting unit was reduced from its book value of \$30.4 million to \$10.1 million at December 31, 2002.

## Recent Accounting Statements

### SFAS NO. 143

In June 2001, the Financial Accounting Standards Board ("FASB") approved the issuance of SFAS No. 143, Accounting for Asset Retirement Obligations. It becomes effective for fiscal years beginning after June 15, 2002, and requires recognizing legal obligations associated with the retirement of tangible long-lived assets that result from the acquisition, construction or development or normal operation of a long-lived asset. Since the Company has no material asset retirement obligations, the adoption of SFAS No.143 in 2003 will not have a material impact on the Company's financial statements.

### SFAS NO. 145

In April 2002, the FASB approved the issuance of SFAS No. 145, Rescission of FASB Statements No. 4, 44 and 64, Amendment of FASB Statement No. 13 and Technical Corrections. It is generally effective for transactions occurring after May 15, 2002. The Company's adoption of SFAS No.145 in 2002 did not have a material impact on its financial statements.

### SFAS NO. 146

In July 2002, the FASB approved the issuance of SFAS No. 146, Accounting for Costs Associated with Exit or Disposal Activities. Generally, SFAS No. 146 stipulates that defined exit costs (including restructuring and employee termination costs) are to be recorded on an incurred basis rather than on a commitment basis, as was previously required. This statement is effective for exit or disposal activities initiated after December 31, 2002. The Company anticipates the adoption of SFAS No. 146 in 2003 will not have a material impact on its financial statements.

### FIN NO. 45

In November 2002, the FASB approved the issuance of FASB Interpretation ("FIN") No. 45, Guarantor's Accounting and Disclosure for Guarantees, Including Indirect Guarantees of Indebtedness of Others. The initial recognition and initial measurement provisions of this Interpretation are applicable to guarantees issued or modified after December 31, 2002. The Company anticipates the adoption of FIN No. 45 in 2003 will not have a material impact on its financial statements.

### SFAS NO. 148

In December 2002, the FASB issued SFAS No. 148, Accounting for Stock-Based Compensation--Transition and Disclosure. It is effective for annual periods ending, and for interim periods beginning, after December 15, 2002. Because the Company uses Accounting Principles Board Opinion No. 25, Accounting for Stock Issued to Employees, to account for stock-based compensation, this statement will not have a material impact on the Company's financial statements.

### FIN NO. 46

In January 2003, the FASB approved the issuance of FIN No. 46, Consolidation of Variable Interest Entities. It is effective immediately for variable interest entities created after January 31, 2003, and for variable interest entities in which an enterprise obtains an interest after that date. Because the Company has no such investments, this statement will not have a material impact on the Company's financial statements.

## Safe Harbor Statement Under the Private Securities Litigation Reform Act of 1995 Regarding Forward-Looking Information

In addition to historical information, this report contains forward-looking statements and performance trends that are based upon assumptions subject to certain known and unknown risks, uncertainties, contingencies and other factors. Such forward-looking statements and trends include, but are not limited to, those relating to the ability of Service America to increase its gross profit margin, the impact of laws and regulations on Company operations and the recoverability of deferred tax assets. Variances in any or all of the risks, uncertainties, contingencies, and other factors from the Company's assumptions could cause actual results to differ materially from these forward-looking statements and trends. The Company's ability to deal with the unknown outcomes of these events, many of which are beyond the control of the Company, may affect the reliability of its projections and other financial matters.

CORPORATE OFFICERS AND DIRECTORS

Corporate Officers

EDWARD L. HUTTON Chairman	THOMAS C. HUTTON Vice President
KEVIN J. MCNAMARA President & Chief Executive Officer	DAVID J. LOHBECK Vice President
TIMOTHY S. O'TOOLE Executive Vice President & Treasurer	JOHN M. MOUNT Vice President
SPENCER S. LEE Executive Vice President	THOMAS J. REILLY Vice President
ARTHUR V. TUCKER, JR. Vice President & Controller	DAVID G. SPARKS Vice President
NAOMI C. DALLOB Vice President & Secretary	

Directors

EDWARD L. HUTTON  
Chairman, Chemed Corporation

KEVIN J. MCNAMARA  
President & Chief Executive Officer, Chemed Corporation

RICK L. ARQUILLA  
President & Chief Operating Officer,  
Roto-Rooter Services Company

CHARLES H. ERHART, JR.  
Former President, W.R. Grace & Co. (retired)

JOEL F. GEMUNDER  
President & Chief Executive Officer, Omnicare Inc.

PATRICK P. GRACE  
President, MLP Capital Inc. (real estate and mining)

THOMAS C. HUTTON  
Vice President, Chemed Corporation

WALTER L. KREBS  
Former Senior Vice President & Chief Financial Officer,  
Service America Systems Inc. (retired)

SANDRA E. LANEY  
Former Executive Vice President & Chief Administrative  
Officer, Chemed Corporation (retired)

SPENCER S. LEE  
Executive Vice President, Chemed Corporation;  
Chairman & Chief Executive Officer, Roto-Rooter Inc.

JOHN M. MOUNT  
Vice President, Chemed Corporation; President &  
Chief Executive Officer, Service America Systems Inc.

TIMOTHY S. O'TOOLE  
Executive Vice President & Treasurer,  
Chemed Corporation

DONALD E. SAUNDERS  
Markley Visiting Professor,  
Farmer School of Business Administration,  
Miami University (Ohio)

GEORGE J. WALSH III  
Partner, Thompson Hine LLP  
(law firm, New York, New York)

FRANK E. WOOD  
President and Chief Executive Officer,  
Secret Communications LLC (radio stations);  
Principal, The Darwin Group (venture capital);  
and Chairman, 8e6 Technologies Corporation  
(software development)

CORPORATE INFORMATION

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Corporate Headquarters  
Chemed Corporation  
2600 Chemed Center  
255 East Fifth Street  
Cincinnati, Ohio 45202-4726  
513-762-6900  
www.chemed.com

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Transfer Agents & Registrars

Individuals of record needing address changes, account balances, account consolidations, replacement of lost certificates or lost checks, dividend reinvestment plan statements or cost-basis data, 1099s, or assistance with other administrative matters relating to Chemed Capital Stock and Convertible Trust Preferred Securities should direct their inquiries to the transfer agent designated below.

CHEMED CAPITAL STOCK TRANSFER AGENT & REGISTRAR:

Wells Fargo Bank Minnesota, N.A., Shareowner Services  
P.O. Box 64854  
St. Paul, Minnesota 55164-0854  
Telephone: 800-468-9716 (toll-free)  
Email: stocktransfer@wellsfargo.com  
Web site: www.wellsfargo.com/shareownerservices

All questions relating to administration of CHEMED CAPITAL STOCK MUST be handled by WELLS FARGO.

CONVERTIBLE TRUST PREFERRED SECURITIES TRANSFER AGENT & REGISTRAR:

Mellon Investor Services LLC  
Overpeck Centre  
85 Challenger Road  
Ridgefield Park, New Jersey 07660  
Telephone: 800-756-3353 (toll-free)  
Email: shrrelations@melloninvestor.com  
Web site: www.melloninvestor.com

All questions relating to administration of CONVERTIBLE TRUST PREFERRED SECURITIES MUST be handled by MELLON INVESTOR SERVICES.

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Corporate Inquiries

Questions concerning company operations and financial results should be directed to Timothy S. O'Toole, Executive Vice President & Treasurer, at Chemed corporate headquarters by writing or by calling 800-2CHEMED (800-224-3633) or 513-762-6702.

Annual and quarterly reports, press releases, and other printed materials may be obtained from Chemed Investor Relations by writing or by calling 800-2CHEMED (800-224-3633) or 513-762-6463. Printed materials may also be viewed and downloaded from Chemed's Web site at www.chemed.com.

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Independent Accountants  
PricewaterhouseCoopers LLP  
Cincinnati, Ohio 45202

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Form 10-K

Additional information about Chemed is available in the Annual Report on Form 10-K. Chemed Investor Relations will furnish copies without charge.

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Dividend Reinvestment Plan for Holders of 25 or More Shares

The Chemed Automatic Dividend Reinvestment Plan is available to shareholders of record owning a minimum of 25 shares of Chemed Capital Stock. A plan brochure, including fee schedule, and enrollment information are available from the Dividend Reinvestment Agent, Wells Fargo Bank Minnesota, N.A., at the address listed above. Convertible Trust Preferred Securities are not eligible to participate in this Plan.

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Annual Meeting

The Annual Meeting of Shareholders of Chemed Capital Stock will be held on Monday, May 19, 2003, at 2 p.m. in the Grand Ballroom of The Phoenix Club, 812 Race Street, Cincinnati, Ohio.

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Number of Shareholders

The approximate number of shareholders of record of Chemed Capital Stock was 3,548 on December 31, 2002. (This number does not include shareholders with shares held under beneficial ownership or within clearinghouse positions of brokerage firms and banks nor holders of preferred securities.)

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Stock Exchange Listings

Chemed Capital Stock is listed on the New York Stock Exchange under the ticker symbol CHE. Chemed Convertible Trust Preferred Securities are listed on the

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 Capital Stock & Dividend Data

The high and low closing prices for Chemed Capital Stock, as obtained from the New York Stock Exchange Web site, and dividends per share paid by quarter follow:

	Closing		Dividends Paid
	High	Low	
-----			
2002			
FIRST QUARTER	\$38.30	\$33.52	\$.11
SECOND QUARTER	39.35	33.60	.11
THIRD QUARTER	37.04	29.85	.11
FOURTH QUARTER	37.84	29.65	.12
2001			
First Quarter	\$39.00	\$33.00	\$.11
Second Quarter	38.50	30.90	.11
Third Quarter	36.10	26.70	.11
Fourth Quarter	34.00	27.75	.11

CHEMED CORPORATION  
2600 CHEMED CENTER  
255 EAST FIFTH STREET  
CINCINNATI, OHIO 45202-4726

VISIT OUR WEB SITES AT  
[www.chemed.com](http://www.chemed.com),  
[www.rotorooter.com](http://www.rotorooter.com), and  
[www.serviceamerica.com](http://www.serviceamerica.com).

PRINTED ON RECYCLED PAPER

EXHIBIT 21  
SUBSIDIARIES OF CHEMED CORPORATION

The following is a list of subsidiaries of the Company as of December 31, 2002: 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 of December 31, 2002.

All of the majority owned companies listed below are included in the consolidated financial statements as of December 31, 2002.

CCR of Ohio, Inc. (Delaware, 100%)  
Complete Plumbing Services, Inc. (New York, 49% by Roto-Rooter Services Company; included within the consolidated financial statements as a consolidated subsidiary)  
Consolidated HVAC, Inc. (Ohio, 100% by Roto-Rooter Services Company)  
Jet Resource, Inc. (Delaware, 100%)  
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%)  
Roto-Rooter Canada, Ltd. (British Columbia, 100% by Roto-Rooter Services Company)  
Roto-Rooter Corporation (Iowa, 100% by Roto-Rooter, Inc.)  
Roto-Rooter Development Company (Delaware, 100% by Roto-Rooter Corporation)  
Roto-Rooter, Inc. (Delaware, 100%)  
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)  
R.R. UK, Inc. (Delaware, 100% by Roto-Rooter, Inc.)  
Service America Network, Inc. (Florida, 100% by Service America Systems, Inc.)  
Service America Systems, Inc. (Florida, 100% by Chemed Corporation)  
Starburst, Inc. (Texas, 100% by Roto-Rooter Services Company)

CONSENT OF INDEPENDENT ACCOUNTANTS

We hereby consent to the incorporation by reference in the Registration Statements on Form S-8 (Nos. 33-9549, 2-87202, 2-80712, 33-65244, 33-61063, 333-34525, 333-87071 and 333-87073) of Chemed Corporation of our report dated February 7, 2003 relating to the financial statements, which appears on page 9 of the 2002 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 dated February 7, 2003 on the Financial Statement Schedule, which appears on page S-2 in this Form 10-K.

/s/ PricewaterhouseCoopers LLP  
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PricewaterhouseCoopers LLP  
Cincinnati, Ohio  
March 28, 2003

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, 2002, 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, 2003

/s/ Rick L. Arquilla

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Rick L. Arquilla

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, 2002, 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, 2003

/s/ Charles H. Erhart, Jr.  
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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, 2002, 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 12, 2003

/s/ Joel F. Gemunder

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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, 2002, 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, 2003

/s/ Patrick P. Grace

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Patrick P. 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, 2002, 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, 2003

/s/ Edward L. Hutton

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Edward L. Hutton

POWER OF ATTORNEY

The undersigned director of CHEMED CORPORATION ("Company") hereby appoints EDWARD L. HUTTON, 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, 2002, 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, 2003

/s/ Thomas C. Hutton

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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 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, 2002, 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 12, 2003

/s/ Walter L. Krebs

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Walter L. Krebs

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, 2002, 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 24, 2003

/s/ Sandra E. Laney

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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 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, 2002, 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 11, 2003

/s/ Spencer S. Lee

Spencer S. Lee

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, 2002, 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, 2003

/s/ John M. Mount

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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, 2002, 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, 2003

/s/ Donald E. Saunders

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Donald E. Saunders

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, 2002, 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, 2003

/s/ George J. Walsh III  
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George J. Walsh III

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, 2002, 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, 2003

/s/ Frank E. Wood

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Frank E. Wood

CERTIFICATION BY KEVIN J. MCNAMARA  
PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Chemed Corporation (the "Company") on Form 10-K for the period ended December 31, 2002 as filed with the Securities and Exchange Commission on the date hereof (the Report) and pursuant to 18 U.S.C. ss.1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned, as President and Chief Executive Officer of the Company does hereby certify that:

- 1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- 2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: March 28, 2003

By: /s/ Kevin J. McNamara  
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Kevin J. McNamara  
(President & Chief Executive  
Officer)

EXHIBIT 99.2

CERTIFICATION BY TIMOTHY S. O'TOOLE  
PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Chemed Corporation (the "Company") on Form 10-K for the period ended December 31, 2002 as filed with the Securities and Exchange Commission on the date hereof (the Report) and pursuant to 18 U.S.C. ss.1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned, as Executive Vice President and Treasurer of the Company does hereby certify that:

- 1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- 2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: March 28, 2003

By: /s/ Timothy S. O'Toole

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Timothy S. O'Toole  
(Executive Vice President and  
Treasurer)

CERTIFICATION BY ARTHUR V. TUCKER, JR.  
PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Chemed Corporation (the "Company") on Form 10-K for the period ended December 31, 2002 as filed with the Securities and Exchange Commission on the date hereof (the Report) and pursuant to 18 U.S.C. ss.1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned, as Vice President and Controller of the Company does hereby certify that:

- 1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- 2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: March 28, 2003

By: /s/ Arthur V. Tucker, Jr.

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Arthur V. Tucker, Jr.  
(Vice President & Controller)