

FORM 10-Q
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Quarterly Report Under Section 13 or 15 (d)
of the Securities Exchange Act of 1934

For Quarter Ended June 30, 1994

Commission File Number 1-8351

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

Delaware 31-0791746
(State or other jurisdiction of (IRS Employer Identification No.)
incorporation or organization)

2600 Chemed Center, 255 E. Fifth Street, Cincinnati, Ohio 45202

(Address of principal executive offices) (Zip code)

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

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 the number of shares outstanding of each of the issuer's
classes of common stock, as of the latest practicable date.

Class	Amount	Date
Capital Stock	9,857,973 Shares	July 29, 1994
\$1 Par Value		

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CHEMED CORPORATION AND
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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

CHEMED CORPORATION AND SUBSIDIARY COMPANIES

CONSOLIDATED BALANCE SHEET

(in thousands except share and per share data)

UNAUDITED

	June 30, 1994	December 31, 1993
	-----	-----
ASSETS		
Current assets		
Cash and cash equivalents	\$ 10,397	\$ 14,615
Marketable securities	2,087	1,200
Accounts receivable, less allowances of \$2,688 (1993 - \$2,391)	77,746	58,350
Current portion of note receivable	5,218	5,627

Inventories		
Raw materials	5,798	6,977
Finished goods and general merchandise	49,147	47,768
Other current assets	13,012	10,677
	-----	-----
Total current assets	163,405	145,214
Investment in affiliate	28,394	30,656
Other investments	46,385	37,657
Note receivable	5,455	10,413
Properties and equipment, at cost less accumulated depreciation of \$36,737 (1993 - \$33,952)	76,222	70,758
Identifiable intangible assets less accumulated amortization of \$1,405 (1993 - \$884)	21,715	22,166
Goodwill less accumulated amortization of \$15,682 (1993 - \$14,073)	113,403	94,867
Other assets	17,815	18,522
	-----	-----
Total Assets	\$ 472,794	\$ 430,253
	=====	=====
LIABILITIES		
Current liabilities		
Accounts payable	\$ 26,630	\$ 24,124
Bank notes and loans payable	25,000	25,000
Current portion of long-term debt	6,058	5,688
Income taxes	18,321	20,448
Deferred contract revenue	23,259	23,783
Other current liabilities	36,481	28,606
	-----	-----
Total current liabilities	135,749	127,649
Deferred income taxes	1,511	374
Long-term debt	109,414	98,059
Other liabilities and deferred income	40,846	35,009
Minority interest	34,068	32,011
	-----	-----
Total Liabilities	321,588	293,102
	-----	-----
STOCKHOLDERS' EQUITY		
Capital stock-authorized 15,000,000 shares \$1 par; issued 12,249,942 (1993 - 12,087,894) shares	12,250	12,088
Paid-in capital	136,302	132,095
Retained earnings	103,505	99,851
Unrealized appreciation on investments	7,397	-
Treasury stock - 2,395,478 (1993 - 2,289,120) shares, at cost	(67,494)	(63,914)
Unearned compensation - ESOPs	(40,754)	(42,969)
	-----	-----
Total Stockholders' Equity	151,206	137,151
	-----	-----
Total Liabilities and Stockholders' Equity	\$ 472,794	\$ 430,253
	=====	=====

See accompanying notes to unaudited financial statements.

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CHEMED CORPORATION AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENT OF INCOME
UNAUDITED
(in thousands except per share data)

	Three Months Ended June 30,		Six Months Ended June 30,	
	1994	1993	1994	1993
	-----	-----	-----	-----
Continuing Operations				
Sales	\$104,056	\$100,311	\$201,641	\$195,243
Service revenues	57,328	26,930	111,812	52,517
	-----	-----	-----	-----
Total sales and service revenues	161,384	127,241	313,453	247,760
	-----	-----	-----	-----
Cost of goods sold	71,405	69,233	138,525	134,264
Cost of services provided	35,809	14,865	69,847	29,344
Selling and marketing expenses	24,307	22,584	47,614	44,200
General and administrative expenses	20,668	13,142	39,948	26,593
Depreciation	2,729	2,117	5,383	4,167
	-----	-----	-----	-----

Total costs and expenses	154,918	121,941	301,317	238,568
Income from operations	6,466	5,300	12,136	9,192
Interest expense	(2,167)	(2,258)	(4,214)	(4,531)
Other income, net	5,977	4,979	12,290	9,649
Income before income taxes, equity earnings and minority interest	10,276	8,021	20,212	14,310
Income taxes	(4,342)	(2,762)	(8,389)	(4,726)
Equity in earnings of affiliate	686	478	1,307	957
Minority interest in earnings of subsidiaries	(939)	(873)	(1,772)	(1,599)
Income from continuing operations	5,681	4,864	11,358	8,942
Discontinued Operations	2,336	687	2,336	687
Income before cumulative effect of a change in accounting principle	8,017	5,551	13,694	9,629
Cumulative effect of a change in accounting principle	-	-	-	1,651
Net Income	\$ 8,017	\$ 5,551	\$ 13,694	\$ 11,280
Earnings Per Common Share				
Income from continuing operations	\$.58	\$.50	\$ 1.15	\$.92
Income before cumulative effect of a change in accounting principle	\$.81	\$.57	\$ 1.39	\$.99
Net income	\$.81	\$.57	\$ 1.39	\$ 1.15
Average Number of Shares Outstanding	9,847	9,770	9,836	9,768
Cash Dividends Paid Per Share	\$.51	\$.50	\$ 1.02	\$ 1.00

See accompanying notes to unaudited financial statements.

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CHEMED CORPORATION AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENT OF CASH FLOWS
UNAUDITED
(in thousands)

	Six Months Ended June 30,	
<F1>	1994	1993*
Cash Flows From Operating Activities		
Net income	\$ 13,694	\$ 11,280
Adjustments to reconcile net income to net cash provided by operating activities:		
Gains on sale of investments	(9,116)	(5,776)
Depreciation and amortization	8,088	6,352
Discontinued operations	(2,336)	(687)
Purchase of trading securities	(2,000)	-
Minority interest in earnings of subsidiaries	1,772	1,599
Proceeds from sale of trading securities	1,041	-
Provision for uncollectible accounts receivable	804	990
Provision for deferred income taxes	(266)	1,228
Cumulative effect of a change in accounting principle	-	(1,651)
Changes in operating assets and liabilities,		

excluding amounts acquired in business combinations		
Increase in accounts receivable	(8,289)	(1,079)
(Increase)/decrease in inventories and other current assets	(1,652)	810
Increase in accounts payable, deferred contract revenue and other current liabilities	2,785	804
Increase/(decrease) in income taxes	1,245	(2,295)
Other - net	(1,091)	(1,445)
	-----	-----
Net cash provided by operating activities	4,679	10,130
	-----	-----
Cash Flows From Investing Activities		
Proceeds from sale of investments	15,025	6,616
Business combinations, net of cash acquired	(14,941)	(2,617)
Capital expenditures	(11,137)	(6,329)
Net proceeds from sale of discontinued operations	3,214	3,264
Purchase of investments	(216)	(3,032)
Proceeds from sale of marketable securities	-	60,754
Purchase of marketable securities	-	(46,614)
Other - net	1,717	283
	-----	-----
Net cash provided/(used) by investing activities	(6,338)	12,325
	-----	-----
Cash Flows From Financing Activities		
Dividends paid	(10,040)	(9,772)
Proceeds from issuance of long-term debt	10,000	-
Issuance of capital stock	4,149	1,477
Purchase of treasury stock	(3,580)	(1,327)
Repayment of long-term debt	(3,553)	(253)
Other - net	465	(247)
	-----	-----
Net cash used by financing activities	(2,559)	(10,122)
	-----	-----
Increase/(Decrease) In Cash And Cash Equivalents	(4,218)	12,333
Cash and cash equivalents at beginning of period	14,615	14,527
	-----	-----
Cash and cash equivalents at end of period	\$ 10,397	\$ 26,860
	=====	=====

See accompanying notes to unaudited financial statements.

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* Reclassified to conform to 1994 presentation.

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CHEMED CORPORATION AND SUBSIDIARY COMPANIES

Notes to Unaudited Financial Statements

1. The accompanying unaudited consolidated financial statements have been prepared in accordance with Rule 10-01 of SEC Regulation S-X. Consequently, they do not include all the disclosures required under generally accepted accounting principles for complete financial statements. However, in the opinion of the management of Chemed Corporation (the "Company"), the financial statements presented herein contain all adjustments (consisting only of normal recurring adjustments) necessary to present fairly the financial position, results of operations and cash flows of the Company and its consolidated subsidiaries ("Chemed"). For further information regarding Chemed's accounting policies, refer to the consolidated financial statements and notes included in Chemed's Annual Report on Form 10-K for the year ended December 31, 1993.
2. Earnings per common share are computed using the weighted average number of shares of capital stock outstanding and exclude the dilutive effect of outstanding stock options as it is not material.
3. Equity in earnings of affiliate represents Chemed's aftertax share of the net income of Omnicare, Inc. ("Omnicare"), a

public company operating in the health care industry whose stock is traded on the New York Stock Exchange. At June 30, 1994, the Company's investment in Omnicare of \$28,394,000 was \$3,109,000 in excess of its 24% equity interest (\$3,451,000 at December 31, 1993). The market value of the Company's investment at June 30, 1994, based on that day's closing market price of \$33, was \$75,803,000. Chemed received cash dividends totaling \$222,000 during the first six months of 1994 (1993 - \$204,000).

During the first quarter of 1994, Chemed sold 149,900 shares of its investment in Omnicare, realizing a pretax gain of \$3,184,000 (\$1,817,000 aftertax). Similarly, Chemed sold 90,000 shares of its investment in Omnicare during the second quarter of 1994, realizing a pretax gain of \$1,750,000 (\$603,000 aftertax).

Thus, during the second quarter of 1994, Chemed increased the estimated rate used to record deferred income taxes on its share of Omnicare's earnings to recognize the fact that a portion of the unremitted earnings ultimately will be realized in the form of capital gains rather than as dividends. The cumulative effect of that adjustment relative

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to the book/tax basis difference in its investment in Omnicare resulted in a charge of \$380,000 to the income tax provision in the second quarter of 1994.

4. Effective January 1, 1994, Chemed acquired all of the capital stock of Patient Care Inc. ("Patient Care") for cash payments aggregating \$20,582,000, including deferred payments with a present value of \$6,271,000, plus 17,500 shares of Chemed Capital Stock. Additional cash payments of up to \$10,400,000 may be made, the amount being contingent upon the earnings of Patient Care during the three-year period ended December 31, 1995. Patient Care emphasizes personal care in the home, with services including skilled nursing; medical and social work; nutrition; and other specialized services.

During the second quarter of 1994 the Company recorded an adjustment to the purchase price of Encore Services Systems, Inc. ("Encore") to recognize the accrual of a \$3,800,000 contingent payment due in June 1996. The present value of this payment, \$3,338,000, was recorded as increases to goodwill and other noncurrent liabilities.

The aggregate purchase price of Patient Care and other purchase business combinations has been allocated as follows (in thousands):

Working capital	\$ 9,528
Goodwill	20,405
Long-term debt	(7,493)
Other assets and liabilities - net	2,792

Total net assets	25,232
Less: cash and cash equivalents acquired	(182)
Less: deferred payments	(9,609)
Less: capital stock issued	(500)

Net cash used	\$ 14,941
	=====

Unaudited pro forma sales and service revenues, which assume that the acquisitions of Patient Care and Encore (acquired in July 1993) were completed on January 1, 1993 are as follows (in thousands):

	For the three months ended June 30,		For the six months ended June 30,	
	1994	1993	1994	1993
Total sales and service revenues	\$161,384	\$150,157	\$313,453	\$292,612
	=====	=====	=====	=====

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These acquisitions did not materially impact income before cumulative effect of a change in accounting principle for 1993 or 1994. In conjunction with the purchase of Patient Care, an application for the transfer of ownership of one region of Patient Care has been made with a state regulatory agency and is expected to be approved during 1994.

5. Effective January 1, 1994, Chemed adopted Statement of Financial Accounting Standards No. 115 ("SFAS 115"), "Accounting for Certain Investments in Debt and Equity Securities." Accordingly, the Company has classified its cash equivalents and marketable securities as "trading securities" under SFAS 115 and its investments included in other investments as "available for sale." The resultant cumulative effect of adopting SFAS 115 on the Company's statement of income in 1994 was immaterial. The cumulative effect of adopting SFAS 115 on the Company's balance sheet as of January 1, 1994 was to increase stockholders' equity by \$12,975,000.

As a result of adopting SFAS 115, investments in debt and marketable equity instruments are recorded at their fair value at June 30, 1994 and nonmarketable equity investments are recorded at cost. Such investments at December 31, 1993 were recorded at amortized cost.

In computing realized gains or losses on the sale of investments, the Company uses the "specific identification" method to determine the cost of investments sold.

6. On March 4, 1994, the Company entered into a \$10,000,000 term loan agreement ("Agreement") with Fifth Third Bank. The interest rate is variable and is based on current market conditions, or at the option of the Company, the rate may be fixed based on a stipulated formula. The loan matures on March 4, 1999 and may be prepaid without penalty. The current variable interest rate is 5.8%
7. During the second quarter of 1994, the Company recorded an aftertax gain of \$2,336,000 (\$.23 per share) from the resolution of various tax issues related to operations discontinued and sold in the second quarter of 1991.

Item 2. Management's Discussion and Analysis
of Financial Condition and Results of Operations

Financial Condition

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Increases in accounts receivable, goodwill and accounts payable from recorded amounts at December 31, 1993 to balances as of June 30, 1994 are primarily attributable to the Company's acquisition of Patient Care Inc. ("Patient Care") effective January 1, 1994. In addition, goodwill was increased in 1994 by the accrual of a \$3,338,000 contingent payment due in June 1996 relative to the July 1993 acquisition of Encore Service Systems Inc. ("Encore"). The increase in other investments from \$37,657,000 at December 31, 1993 to \$46,385,000 at June 30, 1994 is primarily attributable to the Company's adoption of Statement of Financial Standards No. 115 ("SFAS 115") effective January 1, 1994. Such investments are classified as "available for sale" and include \$11,208,000 of unrealized appreciation on debt and marketable equity investments at June 30, 1994. The aftertax impact of this unrealized gain is included in stockholders' equity and amounts to \$7,397,000 at June 30, 1994.

Increases in other current liabilities and other liabilities and deferred income as of June 30, 1994 versus balances at December 31, 1993 are primarily attributable to the recording of deferred payments for the purchase of Patient Care in January 1994. The current portion of these payments included in other current liabilities amounts to \$2,885,000 at June 30, 1994 and the non-current portion amounts to \$3,386,000. Also impacting deferred income and other liabilities was the previously mentioned accrual of a contingent payment relative to the acquisition of Encore.

At June 30, 1994 Chemed had approximately \$36,750,000 of unused lines of credit with various banks. To assist with financing the purchase of Patient Care, the Company entered into a credit agreement with the Fifth Third Bank of Cincinnati, Ohio in March 1994 to borrow \$10,000,000 for a period of five years.

Results of Operations

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Sales and service revenues and operating profit from continuing operations by business segment follow (in thousands):

Three Months Ended Six Months Ended

	June 30,		June 30,	
	1994	1993	1994	1993
Sales and Service Revenues				
National Sanitary Supply	\$ 76,975	\$ 75,281	\$148,435	\$144,628
Roto-Rooter	41,900	28,833	83,436	56,401
Veratex	24,931	23,127	48,897	46,731
Patient Care	17,578	-	32,685	-
Total	\$161,384	\$127,241	\$313,453	\$247,760
Operating Profit				
National Sanitary Supply	\$ 2,437	\$ 2,181	\$ 3,924	\$ 3,583
Roto-Rooter	3,477	3,188	7,003	5,943
Veratex	1,764	1,350	3,385	2,762
Patient Care	541	-	1,037	-
Total	\$ 8,219	\$ 6,719	\$ 15,349	\$ 12,288

Data relating to (a) growth in sales and service revenues and (b) operating profit as a percent of sales and service revenues for each segment are set forth below:

	Sales and Service Revenues % Increase	Operating Profit as a % of Sales (Operating Profit)	
	1994 vs. 1993	1994	1993
Three Months Ended June 30,			
National Sanitary Supply	2%	3.2%	2.9%
Roto-Rooter	45	8.3	11.1
Veratex	8	7.1	5.8
Patient Care	n.a.	3.1	-
Total	27	5.1	5.3
Six Months Ended June 30,			
National Sanitary Supply	3%	2.6%	2.5%
Roto-Rooter	48	8.4	10.5
Veratex	5	6.9	5.9
Patient Care	n.a.	3.2	-
Total	27	4.9	5.0

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Second Quarter 1994 Versus Second Quarter 1993

Net sales of the National Sanitary Supply segment for the second quarter of 1994 totaled \$76,975,000, an increase of 2% over sales recorded during the second quarter of 1993. This sales growth included sales gains in many locations throughout the United States, including the large Southern California market. The operating margin of this segment increased from 2.9% during the second quarter of 1993 to 3.2% during the second quarter 1994, largely as a result of tight control over operating

expenses.

Sales and service revenues of the Roto-Rooter segment for the second quarter of 1994 totaled \$41,900,000, an increase of 45% over the \$28,833,000 recorded for the second quarter of 1993. Excluding the sales of Encore Service Systems, Inc. which was acquired jointly by Chemed and Roto-Rooter in July 1993, Roto-Rooter's sales increased 12% over sales recorded during the second quarter of 1993. Plumbing revenues for the second quarter of 1994, which account for approximately one-fifth of total revenues, increased 19% over amounts recorded during the comparable quarter of 1993. Most of the remainder of this revenue increase was accounted for by Roto-Rooter's sewer and drain cleaning business. The operating profit margin of the Roto-Rooter segment declined from 11.1% during the second quarter of 1993 to 8.3% during the second quarter of 1994. This decline was primarily a result of lower operating margins in Roto-Rooter's service contract business. The acquisition of Encore in July of 1993 contributed to this decline as did higher material and parts costs per service call in the service contract business. Another contributing factor to this decline was the increase in direct sales of air conditioning units which generates lower profit margins than does the sale of service contracts. It is expected that in the future the consolidation of the purchasing function between the existing business and the recently acquired Encore business will help lower material costs.

Sales of the Veratex segment increased from \$23,127,000 during the second quarter of 1993 to \$24,931,000 during the second quarter of 1994, an increase of 8%. The operating margin of Veratex improved from 5.8% during the second quarter of 1993 to 7.1% during the second quarter of 1994. The improvement in operating margin was largely attributable to expense control of overhead expenses combined with the profitability of the recently acquired recycled paper products business.

Sales of the Patient Care segment acquired in January 1994, for the second quarter of 1994 totaled \$17,578,000, an increase of 35% over the sales Patient Care recorded during the

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second quarter of 1993. Patient Care contributed \$541,000 to Chemed's operating profit in the second quarter of 1994.

Total sales and service revenues increased 27% from \$127,241,000 during the second quarter of 1993 to \$161,384,000 during the second quarter of 1994. Excluding the sales of Encore, acquired in July of 1993, and of Patient Care, acquired in January of 1994, sales and service revenues for the second quarter of 1994 increased 5% over amounts recorded in 1993's second quarter. The total operating margin declined slightly from 5.3% during the second quarter of 1994 to 5.1% during the second quarter of 1994 primarily as a result of the decline in the Roto-Rooter segment operating margin.

Income from operations increased from \$5,300,000 during the second quarter of 1993 to \$6,466,000 during the second quarter of 1994, as a result of the acquisition of Patient Care and the improved profitability of Roto-Rooter's drain cleaning business.

Other income for the second quarter of 1994 totaled \$5,977,000 as compared with \$4,979,000 for the second quarter of 1993. This increase was attributable to a larger gain on the sale of investments in the 1994 quarter. During the second quarter of 1994 the Company realized pretax gains aggregating

\$4,289,000 (primarily from the sale of a portion of its investments in Omnicare and EXEL, Ltd.) as compared with realized gains of \$3,139,000 from the sale of a portion of its investment in EXEL, Ltd. during the 1993 quarter.

During the second quarter of 1994 the Company's effective income tax rate was 42.3% as compared with 34.4% during the comparable period of 1993. The higher rate in 1994 was attributable to: (a) a lower ESOP dividend tax deduction (as a percent of pretax income) in the 1994 quarter; (b) lower favorable tax adjustments in the 1994 period versus those recorded in the second quarter of 1993; (c) a lower tax basis (versus book basis) on investments sold in 1994; and, (d) an adjustment to deferred income taxes recorded on the Company's share of Omnicare's unremitted earnings.

Chemed's share of the earnings of Omnicare, a 24%-owned affiliate, increased from \$478,000 in the second quarter of 1993 to \$686,000 in the second quarter of 1994. This increase was attributable to Omnicare's progress in its growth strategy, as Omnicare completed two acquisitions during the second quarter of 1994.

Chemed's income from continuing operations increased from \$4,864,000 (\$.50 per share) during the second quarter of 1993 to \$5,681,000 (\$.58 per share) during the second quarter of

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1994. Earnings for 1994 include aftertax gains aggregating \$2,261,000 (\$.23 per share) from the sale of several of the Company's investments during the second quarter of 1994. During the second quarter of 1993 the Company recorded an aftertax gain of \$1,972,000 (\$.20 per share) from the sale of a portion of its investment in EXEL, Ltd.

Net income for 1994's second quarter totaled \$8,017,000 (\$.81 per share) as compared with \$5,551,000 (\$.57 per share) for the second quarter of 1993, an increase of 44%. Net income for the second quarter of 1994 and 1993 included favorable accrual adjustments relative to operations discontinued in 1991 amounting to \$2,336,000 (\$.23 per share) and \$687,000 (\$.07 per share), respectively.

Six Months Ended June 30, 1994 Versus June 30, 1993

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The National Sanitary Supply segment recorded sales of \$148,435,000 during the first six months of 1994, an increase of 3% over amounts recorded over the comparable period of 1993. National Sanitary's operating margin improved slightly from 2.5% during the first six months of 1993 to 2.6% during the comparable period of 1994.

Sales and service revenues of the Roto-Rooter segment for the first six months of 1994 increased by 48% as compared with amounts recorded during the first six months of 1993. Excluding the sales of Encore, this sales growth would have been 14%. This segment's operating margin declined from 10.5% during the first six months of 1993 to 8.4% during the first six months of 1994. This decline was attributable to lower margins in Roto-Rooter's service contract business, as discussed previously. In addition, partially offsetting this decline was an improvement in insurance claims experience which had a favorable impact of 1.5% point on Roto-Rooter's operating margin.

The Veratex segment recorded sales of \$48,897,000 during the first six months of 1994, an increase of 5% over sales

during the first six months of 1993. The operating profit margin of Veratex improved from 5.9% during the first six months of 1993 to 6.9% during the first six months of 1994, primarily as a result of operating margins and the acquisition of a recycled paper manufacturer late in 1993.

The Patient Care segment contributed \$32,685,000 and \$1,037,000 to sales and operating profit, respectively, during the first six months of 1994. Compared with its 1993 first six months results, Patient Care sales increased 31% during the first six months of 1994.

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On a consolidated basis, Chemed sales and service revenues for the first six months of 1994 increased 27% over amounts recorded during the first six months of 1993. Excluding the sales of Encore and Patient Care, sales for the first six months of 1994 increased by 6% over amounts recorded during the first six months of 1993. The total operating margin of Chemed declined slightly from 5.0% during the first six months of 1993 to 4.9% during first six months of 1994.

Income from operations increased from \$9,192,000 during the first six months of 1993 to \$12,136,000 during the first six months of 1994, as a result of the acquisition of Patient Care, improved operating profit margins at Veratex and National Sanitary as well as improved profitability of the drain cleaning business of Roto-Rooter.

Other income for the first six months of 1994 totaled \$12,290,000 as compared with \$9,649,000 during the first six months of 1993. This increase was attributable to larger realized gains on the sale of a portion of the Company's investments in the first six months of 1994 versus similar gains recorded during the first six months of 1993 (\$9,116,000 in 1994 versus \$5,776,000 in 1993), partially offset by lower interest income (due primarily to lower interest rates on cash and cash equivalents and marketable securities in 1994).

For the first six months of 1994 the Company's effective income tax rate was 41.5% as compared with 33.0% during the comparable period of 1993. The higher rate in 1994 was attributable primarily to: (a) a lower ESOP tax credit (as a percent of pretax income) in the 1994 period; (b) a lower tax basis (versus book basis) on investments sold in 1994; (c) lower favorable tax adjustments in 1994 versus those recorded in the first six months of 1993; and, (d) an increase in the deferred income tax provision relative to the Company's share of Omnicare's unremitted earnings, as a result of a change of the estimated rate, as previously discussed.

Chemed's share of the earnings of Omnicare increased from \$957,000 during the first six months of 1993 to \$1,307,000 during the first six months of 1994.

Chemed's income from continuing operations increased from \$8,942,000 (\$.92 per share) during the first six months of 1993 to \$11,358,000 (\$1.15 per share) during the first six months of 1994. Earnings for the six month periods included aftertax gains of \$4,949,000, or \$.50 per share, and \$3,713,000 or \$.38 per share, in 1994 and 1993, respectively, from the sale of a portion of the Company's investments during the periods.

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Net income for 1994's first six months totaled \$13,694,000 (\$1.39 per share) as compared with \$11,280,000 (\$1.15 per share) for the first six months of 1993. As previously mentioned, net income for the first six months of 1994 and 1993 included favorable adjustments relative to discontinued operations amounting to \$2,336,000 (\$.24 per share) and \$687,000 (\$.07 per share), respectively. In addition, effective January 1, 1993 the Company recorded an aftertax gain of \$1,651,000 (\$.16 per share) from the adoption of Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes."

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PART II -- OTHER INFORMATION

Item 4. Submission of Matters to a Vote of Security Holders

- (a) Chemed held its Annual Meeting of Shareholders on May 16, 1994.
- (b) The names of each director elected at this Annual Meeting are as follows:

Edward L. Hutton
James H. Devlin

James A. Cunningham
Charles H. Erhart, Jr.

Joel F. Gemunder	J. Peter Grace
William R. Griffin	Anthony C. Hutton
Thomas C. Hutton	Jon D. Krahulik
Sandra E. Laney	Kevin J. McNamara
John M. Mount	Timothy S. O'Toole
D. Walter Robbins, Jr.	Paul C. Voet
Hugh A. Westbrook	

- (c) The Stockholders then ratified the selection by the Board of Directors of Price Waterhouse as independent accountants for the Company and its consolidated subsidiaries for the year 1994. 8,782,186 votes were cast in favor of the proposal, 19,947 votes were cast against it, 86,712 votes abstained.

With respect to the election of directors, the number of votes cast for each nominee was as follows:

	Votes For -----	Votes Against -----	Votes Withheld -----
E.L. Hutton	8,852,565	36,280	13,600
J.A. Cunningham	8,863,120	25,725	3,045
J.H. Devlin	8,860,465	28,380	5,700
C.H. Erhart, Jr.	8,849,191	39,654	16,974
J.F. Gemunder	8,860,230	28,615	5,935
J.P. Grace	8,832,660	56,185	33,505
W.R. Griffin	8,860,659	28,186	5,506
A.C. Hutton	8,855,986	32,859	10,179
T.C. Hutton	8,854,770	34,075	11,395
J.D. Krahulik	8,856,016	32,829	10,149
S.E. Laney	8,856,808	32,037	9,357
K.J. McNamara	8,860,744	28,101	5,421
J.M. Mount	8,861,240	27,605	4,925
T.S. O'Toole	8,861,761	27,084	4,404
D.W. Robbins, Jr.	8,845,893	42,952	20,272
P.C. Voet	8,861,700	27,145	4,465
H.A. Westbrook	8,863,496	25,349	2,669

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Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits

Exhibit No. -----	SK 601 Ref. No. -----	Description -----	Page No. -----
1	(11)	Statement re: Computation of Per Share Earnings	E-1 - E-3
2	(27)	Financial Data Schedule	E-4

(b) Reports on Form 8-K - None.

SIGNATURES

Pursuant to the requirements 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

(Registrant)

Dated: August 11, 1994

By Kevin J. McNamara

Kevin J. McNamara
President

Dated: August 11, 1994

By Arthur V. Tucker

Arthur V. Tucker
Vice President and
Controller (Principal
Accounting Officer)

CHEMED CORPORATION AND SUBSIDIARY COMPANIES
COMPUTATION OF PER SHARE EARNINGS
(in thousands except per share data)

	Income from Continuing Operations			
	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	1994	1993	1994	1993
Computation of Earnings Per Common and Common <F1> Equivalent Share (a):				
Reported Income	\$ 5,681	\$ 4,864	\$11,358	\$ 8,942
Average number of shares used to compute earnings per common share	9,847	9,770	9,836	9,768
Effect of unexercised stock options	64	36	62	37
Average number of shares used to compute earnings per common and common equivalent share	9,911	9,806	9,898	9,805
Earnings per common and common equivalent share	\$ 0.57	\$ 0.50	\$ 1.15	\$ 0.91
Computation of Earnings Per Common Share Assuming <F1> Full Dilution (a):				
Reported Income	\$ 5,681	\$ 4,864	\$11,358	\$ 8,942
Average number of shares used to compute earnings per common share	9,847	9,770	9,836	9,768
Effect of unexercised stock options	78	56	78	56
Average number of shares used to compute earnings per common share assuming full dilution	9,925	9,826	9,914	9,824
Earnings per common share assuming full dilution	\$ 0.57	\$ 0.50	\$ 1.15	\$ 0.91

<F1>

(a) This calculation is submitted in accordance with Regulation S-K Item 601
(11) although it is not required by APB Opinion

No. 15 because it results
in dilution of less than 3%.

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EXHIBIT 11
(continued)

CHEMED CORPORATION AND SUBSIDIARY COMPANIES
COMPUTATION OF PER SHARE EARNINGS
(in thousands except per share data)

	Income Before Cumulative Effect of a Change in Accounting Principle			
	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	1994	1993	1994	1993
Computation of Earnings Per Common and Common <F2> Equivalent Share (a):				
Reported Income	\$ 8,017	\$ 5,551	\$13,694	\$ 9,629
	=====	=====	=====	=====
Average number of shares used to compute earnings per common share	9,847	9,770	9,836	9,768
Effect of unexercised stock options	64	36	62	37
	-----	-----	-----	-----
Average number of shares used to compute earnings per common and common equivalent share	9,911	9,806	9,898	9,805
	=====	=====	=====	=====
Earnings per common and common equivalent share	\$ 0.81	\$ 0.57	\$ 1.38	\$ 0.98
	=====	=====	=====	=====
Computation of Earnings Per Common Share Assuming <F2> Full Dilution (a):				
Reported Income	\$ 8,017	\$ 5,551	\$13,694	\$ 9,629
	=====	=====	=====	=====
Average number of shares used to compute earnings per common share	9,847	9,770	9,836	9,768
Effect of unexercised stock options	78	56	78	56
	-----	-----	-----	-----
Average number of shares used to compute earnings per common share assuming full dilution	9,925	9,826	9,914	9,824
	=====	=====	=====	=====
Earnings per common share assuming full dilution	\$ 0.81	\$ 0.56	\$ 1.38	\$ 0.98

<F2>

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

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EXHIBIT 11
(continued)

CHEMED CORPORATION AND SUBSIDIARY COMPANIES
COMPUTATION OF PER SHARE EARNINGS
(in thousands except per share data)

	Net Income			
	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	1994	1993	1994	1993
Computation of Earnings Per Common and Common				
<F3>				
Equivalent Share (a):				
Reported Income	\$ 8,017	\$ 5,551	\$13,694	\$11,280
Average number of shares used to compute earnings per common share	9,847	9,770	9,836	9,768
Effect of unexercised stock options	64	36	62	37
Average number of shares used to compute earnings per common and common equivalent share	9,911	9,806	9,898	9,805
Earnings per common and common equivalent share	\$ 0.81	\$ 0.57	\$ 1.38	\$ 1.15
Computation of Earnings Per Common Share Assuming				
<F3>				
Full Dilution (a):				
Reported Income	\$ 8,017	\$ 5,551	\$13,694	\$11,280
Average number of shares used to compute earnings per common share	9,847	9,770	9,836	9,768
Effect of unexercised stock options	78	56	78	56
Average number of shares used to compute earnings per common share assuming full dilution	9,925	9,826	9,914	9,824

Earnings per common share
assuming full dilution

\$ 0.81	\$ 0.56	\$ 1.38	\$ 1.15
=====	=====	=====	=====

- - -----

<F3>

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

<ARTICLE> 5

<LEGEND>

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM FORM 10-Q FOR THE QUARTER ENDED JUNE 30, 1994 FOR CHEMED CORPORATION AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

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