

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 8-K  
CURRENT REPORT

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

Date of Report (date of earliest event reported):  
September 11, 1996

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

Delaware (State or other jurisdiction of incorporation)	1-8351 (Commission File Number)	31-0791746 (I.R.S. Employer Identification Number)
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2600 Chemed Center, 255 East 5th Street, Cincinnati, OH 45202  
(Address of principal executive offices) (Zip Code)

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

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ITEM 2. ACQUISITION OR DISPOSITION OF ASSETS

On August 14, 1996, Chemed Corporation (the "Company") commenced a Tender Offer (the "Offer") to purchase any and all outstanding shares of common stock of Roto-Rooter, Inc. for \$41.00 per share in cash. The Offer expired 12:00 Midnight, on Wednesday, September 11, 1996. In accordance with the terms of the Offer, stockholders tendered approximately 2,100,000 shares of Roto-Rooter, Inc. common stock. Consequently, the Company's ownership interest increased from 58%, immediately preceding the Offer, to 97%.

On September 17, 1996, the Company's Board of Directors authorized a second step merger between a newly formed subsidiary, Chemed Acquisition Corp., and Roto-Rooter, Inc. to acquire the 3% of Roto-Rooter, Inc. shares (approximately 161,000 shares) not tendered and purchased pursuant to the original Offer. As a result, the Company now owns 100% of Roto-Rooter, Inc.

The Company has acquired all of the outstanding shares of Roto-Rooter common stock at an aggregate price of approximately \$100,000,000, including transaction related expenses, representing a premium of \$66,661,000 over the book value of the stock acquired.

The funds required to effect the purchase of these shares were obtained from a combination of cash on hand, from borrowings under the Company's \$85,000,000 revolving credit facility with Bank of America National Trust and Savings Association ("Credit Facility"), as agent, and from borrowings under uncommitted lines of credit with various banks. The interest rate on the Credit Facility is subject to readjustment every 30 days and the interest rate on the lines of credit is adjusted daily. The interest rates on the Credit Facility and the uncommitted lines of credit range from 5.55% to 5.79%. It is possible that the Company, in the future, may secure an alternative source of financing with a longer term maturity that would increase the interest rate on these funds by as much as 2.0% points under

current market conditions.

The Company presently has no plans or proposals which would materially alter the ongoing operations of Roto-Rooter, Inc.

ITEM 7. FINANCIAL STATEMENTS, PRO FORMA FINANCIAL INFORMATION  
AND EXHIBITS

(a) FINANCIAL STATEMENTS OF BUSINESSES ACQUIRED

The audited financial statements of Roto-Rooter, Inc. (CIK # 0000755548) as of and for the year ended December 31, 1995, together with the report thereon of Price Waterhouse LLP, independent accountants, have been previously filed in Roto-Rooter, Inc.'s report on Form 10-K for the year ended December 31, 1995. The unaudited Statements of Income and Cash Flows for Roto-Rooter, Inc. for the six months ended June 30, 1996 and 1995 and the unaudited Balance Sheet as of June 30, 1996 have been previously filed in Roto-Rooter, Inc.'s report on Form 10-Q for the six month period ended June 30, 1996. These filings are incorporated herein by reference.

(b) PRO FORMA FINANCIAL INFORMATION

The goal of pro forma financial information is to provide information about the continuing impact of the Company's purchase of 2,261,000 shares of Roto-Rooter, Inc. by showing how it might have affected historical financial statements had the transaction been consummated at an earlier date. To this end, the following assumptions have been made in preparing the unaudited Pro Forma Consolidated Statements of Income of Chemed Corporation and Subsidiary Companies for the six months ended June 30, 1996 and 1995 and for the year ended December 31, 1995 and the unaudited Pro Forma Consolidated Balance Sheet of the Company as of June 30, 1996:

- (i) For purposes of preparing the unaudited Pro Forma Consolidated Statements of Income, the Company's acquisition of all outstanding shares of Roto-Rooter, Inc. common stock at the price of \$41.00 per share, plus additional transaction related expenses of approximately \$7,000,000 was assumed to have occurred at the beginning of each fiscal period presented.
- (ii) For purposes of preparing the unaudited Pro Forma Balance Sheet, the Company's aforementioned acquisition of 2,261,000 shares of Roto-Rooter, Inc. common stock was assumed to be consummated on the balance sheet date.
- (iii) The Company's earnings have been adjusted for the increase in the Company's ownership interest in Roto-Rooter, Inc.
- (iv) The excess of the purchase price of \$41.00 per share over the identifiable tangible and

intangible assets of Roto-Rooter, Inc. has been recorded as additional goodwill. At December 31, 1995, Roto-Rooter, Inc. had net worth of \$74,986,000, identifiable intangible assets of \$12,336,000 and goodwill of \$53,179,000 recorded on its balance sheet. The intangible assets primarily related to trade names and customer lists, acquired in conjunction with Roto-Rooter's 1991 and 1993 purchases of the predecessor companies that now operate as the Service America residential appliance and air-conditioning repair business, which are being amortized predominately over a forty year period. Since the valuation and lives assigned to these intangibles were based on appraisals made at relatively recent dates, further allocation of excess purchase price to these items was not deemed necessary.

Roto-Rooter is the preeminent national supplier of sewer and drain cleaning and plumbing repair service. Its well recognized name and base of business that has been developed over the years have an indefinite life span. Forty years has been chosen as the appropriate life for goodwill since it is the maximum permitted by generally accepted accounting principles.

- (v) The Company financed the acquisition of the 2,261,000 outstanding shares of Roto-Rooter, Inc. using a combination of additional debt and cash on hand. \$19,000,000 was borrowed under uncommitted lines of credit with various banks, \$50,000,000 was drawn down against the Credit Facility and the \$31,000,000 balance of the purchase price was funded from excess cash on hand. During the six months ended June 30, 1996 and 1995, the Company was assumed to incur interest expense on this debt at rates of 5.63% and 6.60% per annum, respectively (6.46% per annum during the year ended December 31, 1995). In addition, the Company is assumed to have foregone interest income earned on its excess cash at rates of 5.23 % and 6.76% per annum during the six months ended June 30, 1996 and 1995, respectively (6.56% per annum during the year ended December 31, 1995).

The unaudited pro forma financial statements of the Company follow:

CHEMED CORPORATION AND SUBSIDIARY COMPANIES  
 UNAUDITED PRO FORMA CONSOLIDATED BALANCE SHEET  
 JUNE 30, 1996  
 (in thousands)

	Historical	Pro Forma Adjustments Add/ (Deduct)	Pro Forma
	-----	-----	-----
<b>ASSETS</b>			
Current Assets			
Cash and cash equivalents	\$ 32,255	\$ (31,000)	\$ 1,255
Accounts receivable, less allowances	87,358	-	87,358
Inventories	55,226	-	55,226
Statutory deposits	19,505	-	19,505
Other current assets	20,583	-	20,583
	-----	-----	-----
Total current assets	214,927	(31,000)	183,927
Other investments	78,673	-	78,673
Properties and equipment, net	79,899	-	79,899
Identifiable intangible assets, net	17,686	-	17,686
Goodwill, net	119,121	66,661	185,782
Other assets	9,602	-	9,602
	-----	-----	-----
Total Assets	\$ 519,908	\$ 35,661	\$ 555,569
	=====	=====	=====
<b>LIABILITIES</b>			
Current liabilities			
Accounts payable	\$ 27,825	\$ -	\$ 27,825
Bank notes and loans payable	25,000	69,000	94,000
Current portion of long-term debt	7,500	-	7,500
Income taxes	8,840	-	8,840
Deferred contract revenue	25,043	-	25,043
Other current liabilities	45,142	-	45,142
	-----	-----	-----
Total current liabilities	139,350	69,000	208,350
Deferred income taxes	11,354	-	11,354
Long-term debt	81,969	-	81,969
Other liabilities and deferred income	32,314	-	32,314
Minority interest	43,668	(33,339)	10,329
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Total Liabilities	308,655	35,661	344,316
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<b>STOCKHOLDERS' EQUITY</b>			
Capital stock	12,681	-	12,681
Paid-in capital	147,982	-	147,982
Retained earnings	134,896	-	134,896
Treasury stock	(84,551)	-	(84,551)
Unearned compensation - ESOPs	(30,473)	-	(30,473)
Unrealized appreciation on investments	30,718	-	30,718
	-----	-----	-----
Total Stockholders' Equity	211,253	-	211,253
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Total Liabilities and Stockholders' Equity	\$ 519,908	\$ 35,661	\$ 555,569
	=====	=====	=====

See accompanying notes to unaudited financial statements.

CHEMED CORPORATION AND SUBSIDIARY COMPANIES  
 UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF INCOME  
 FOR THE SIX MONTHS ENDED JUNE 30, 1996  
 (in thousands except per share data)

	Pro Forma Adjustments Add/ (Deduct)					Pro Forma
Historical	Note B	Note C	Note D	Note E		Pro Forma
<b>Continuing Operations</b>						
Sales	\$ 199,642	\$ -	\$ -	\$ -	\$ -	\$ 199,642
Service revenues	138,290	-	-	-	-	138,290
Total sales and service revenues	337,932	-	-	-	-	337,932
Cost of goods sold	136,703	-	-	834	-	137,537
Cost of services provided	83,376	-	-	-	-	83,376
Selling and marketing expenses	48,897	-	-	-	-	48,897
General and administrative expenses	47,913	-	-	-	(181)	47,732
Depreciation	6,002	-	-	-	-	6,002
Total costs and expenses	322,891	-	-	834	(181)	323,544
Income from operations	15,041	-	-	(834)	181	14,388
Interest expense	(3,831)	-	(1,942)	-	-	(5,773)
Other income, net	21,479	-	(811)	-	-	20,668
Income before income taxes and minority interest	32,689	-	(2,753)	(834)	181	29,283
Income taxes	(12,211)	-	964	-	(63)	(11,310)
Minority interest in earnings of subsidiaries	(2,593)	2,243	-	-	-	(350)
<b>Net Income</b>	<b>\$ 17,885</b>	<b>\$ 2,243</b>	<b>\$ (1,789)</b>	<b>\$ (834)</b>	<b>\$ 118</b>	<b>\$ 17,623</b>
<b>Earnings per common share</b>						
Net income	\$ 1.82					\$ 1.79
Average Number of Shares	9,852					9,852

See accompanying notes to unaudited financial statements.

CHEMED CORPORATION AND SUBSIDIARY COMPANIES  
 UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF INCOME  
 FOR THE YEAR ENDED DECEMBER 31, 1995  
 (in thousands except per share data)

	Pro Forma Adjustments Add/ (Deduct)					Pro Forma
Historical	Note B	Note C	Note D	Note E		
<b>Continuing Operations</b>						
Sales	\$ 444,301	\$ -	\$ -	\$ -	\$ -	\$ 444,301
Service revenues	254,864	-	-	-	-	254,864
Total sales and service revenues	699,165	-	-	-	-	699,165
Cost of goods sold	306,345	-	-	1,667	-	308,012
Cost of services provided	157,461	-	-	-	-	157,461
Selling and marketing expenses	99,162	-	-	-	-	99,162
General and administrative expenses	91,416	-	-	-	(301)	91,115
Depreciation	11,819	-	-	-	-	11,819
Nonrecurring expenses	538	-	-	-	-	538
Total costs and expenses	666,741	-	-	1,667	(301)	668,107
Income from operations	32,424	-	-	(1,667)	301	31,058
Interest expense	(8,466)	-	(4,457)	-	-	(12,923)
Other income, net	17,001	-	(2,034)	-	-	14,967
Income before income taxes and minority interest	40,959	-	(6,491)	(1,667)	301	33,102
Income taxes	(15,614)	-	2,272	-	(105)	(13,447)
Minority interest in earnings of subsidiaries	(4,906)	4,008	-	-	-	(898)
Income from continuing operations	20,439	4,008	(4,219)	(1,667)	196	18,757
Discontinued operations	2,743	-	-	-	-	2,743
<b>Net Income</b>	<b>\$ 23,182</b>	<b>\$ 4,008</b>	<b>\$ (4,219)</b>	<b>\$ (1,667)</b>	<b>\$ 196</b>	<b>\$ 21,500</b>
<hr style="border-top: 1px dashed black;"/>						
<b>Earnings per common share</b>						
Income from continuing operations	\$ 2.07					\$ 1.90
Net income	\$ 2.35					\$ 2.18
Average Number of Shares	9,861					9,861

See accompanying notes to unaudited financial statements.

CHEMED CORPORATION AND SUBSIDIARY COMPANIES  
 UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF INCOME  
 FOR THE SIX MONTHS ENDED JUNE 30, 1995  
 (in thousands except per share data)

	Historical	Pro Forma Adjustments Add/ (Deduct)				Pro Forma
		Note B	Note C	Note D	Note E	
Continuing Operations						
Sales	\$ 225,458	\$ -	\$ -	\$ -	\$ -	\$ 225,458
Service revenues	121,744	-	-	-	-	121,744
Total sales and service revenues	347,202	-	-	-	-	347,202
Cost of goods sold	155,443	-	-	834	-	156,277
Cost of services provided	75,365	-	-	-	-	75,365
Selling and marketing expenses	51,544	-	-	-	-	51,544
General and administrative expenses	44,479	-	-	-	(160)	44,319
Depreciation	5,824	-	-	-	-	5,824
Total costs and expenses	332,655	-	-	834	(160)	333,329
Income from operations	14,547	-	-	(834)	160	13,873
Interest expense	(4,222)	-	(2,277)	-	-	(6,499)
Other income, net	10,376	-	(1,047)	-	-	9,329
Income before income taxes and minority interest	20,701	-	(3,324)	(834)	160	16,703
Income taxes	(7,841)	-	1,163	-	(56)	(6,734)
Minority interest in earnings of subsidiaries	(2,170)	1,844	-	-	-	(326)
Income from continuing operations	10,690	1,844	(2,161)	(834)	104	9,643
Discontinued operations	901	-	-	-	-	901
Net Income	\$ 11,591	\$ 1,844	\$ (2,161)	\$ (834)	\$ 104	\$ 10,544
Earnings per common share						
Income from continuing operations	\$ 1.08					\$ 0.98
Net income	\$ 1.17					\$ 1.07
Average Number of Shares	9,866					9,866

See accompanying notes to unaudited financial statements.

CHEMED CORPORATION  
EXPLANATORY NOTES TO UNAUDITED FINANCIAL STATEMENTS  
JUNE 30, 1996, DECEMBER 31, 1995 AND JUNE 30, 1995

Note A - This adjustment reflects the impact of the Company's acquisition of all 2,261,000 outstanding shares of Roto-Rooter, Inc. at a price of \$41.00 per share. The aggregate purchase price of \$100,000,000, including transaction related expenses of approximately \$7,000,000, represented a premium of \$66,661,000 over the book value of the stock acquired. This excess is recorded as goodwill and the \$33,339,000 book value of the minority shareholders' interest in Roto-Rooter is eliminated.

Note B - This adjustment reflects the elimination of the minority shareholders' interest in the earnings of Roto-Rooter resulting from the Company's purchase of Roto-Rooter's outstanding minority interest.

Note C - This adjustment reflects the increased amount of aftertax interest expense that the Company would have incurred as a result of borrowing an additional \$69,000,000. It also reflects the reduction in aftertax interest income that would have resulted from the application of the Company's excess cash on hand to fund the balance of the purchase price.

Note D - This adjustment reflects the impact of increased goodwill amortization.

Note E - This adjustment reflects the impact of the elimination of public company expenses, such as directors' fees, annual report production costs and higher audit fees, that will no longer be incurred by Roto-Rooter, Inc. now that it is a 100%-owned subsidiary.

(c) EXHIBITS

- (2) Certificate of Ownership and Merger  
of Chemed Acquisition Corp. into  
Roto-Rooter, Inc.

E-1 - E-5

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

CHEMED CORPORATION

BY: Arthur V. Tucker, Jr.  
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Its: Vice President & Controller  
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Dated: September 24, 1996  
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I, EDWARD J. FREEL, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY THE ATTACHED IS A TRUE AND CORRECT COPY OF THE CERTIFICATE OF OWNERSHIP, WHICH MERGES: "CHEMED ACQUISITION CORP.", A DELAWARE CORPORATION, WITH AND INTO "ROTO-ROOTER, INC." UNDER THE NAME OF "ROTO-ROOTER, INC.", A CORPORATION ORGANIZED AND EXISTING UNDER THE LAWS OF THE STATE OF DELAWARE, AS RECEIVED AND FILED IN THIS OFFICE THE SEVENTEENTH DAY OF SEPTEMBER, A.D. 1996 AT 4:30 O'CLOCK P.M.

A CERTIFIED COPY OF THIS CERTIFICATE HAS BEEN FORWARDED TO THE NEW CASTLE COUNTY RECORDER OF DEEDS FOR RECORDING

Edward J. Freel, Secretary of State  
-----  
Edward J. Freel, Secretary of State

2017949 8100M AUTHENTICATION: 8107583  
960269316 DATE: 09-17-96

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STATE OF DELAWARE  
SECRETARY OF STATE  
DIVISION OF CORPORATIONS  
FILED 04:30 PM 09/17/1996  
960269316-2663418

EXHIBIT 2

CERTIFICATE OF OWNERSHIP AND MERGER  
OF  
CHEMED ACQUISITION CORP.  
INTO  
ROTO-ROOTER, INC.

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Pursuant to Section 253  
of the Delaware General  
Corporation Law  
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Pursuant to Section 253 of the Delaware General Corporation Law (the "DGCL"), Chemed Acquisition Corp., a Delaware corporation (the "Corporation"), hereby certifies the following information relating to the merger (the "Merger") of the Corporation with and into Roto-Rooter, Inc., a Delaware corporation ("Roto-Rooter"):

FIRST: The names and states of incorporation of each of the constituent corporations to the Merger are as follows: Roto-Rooter, Inc., a Delaware corporation, and Chemed Acquisition Corp., a Delaware corporation.

SECOND: The Corporation owns at least 90% of the outstanding shares of the Common Stock, par value \$1.00 per share, of Roto-Rooter, and Roto-Rooter has no other class of

capital stock outstanding.

THIRD: The Board of Directors of the Corporation has determined to merge the Corporation into Roto-Rooter under Section 253 of the DGCL pursuant to the following resolutions duly adopted by the Board of Directors of the Corporation on September 17, 1996, on the terms set forth in such resolutions:

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WHEREAS the Corporation owns at least 90% of the outstanding shares of the common stock, par value \$1.00 per share, of Roto-Rooter, Inc., a Delaware corporation ("Roto-Rooter"), and desires to merge itself into such subsidiary (the "Merger");

NOW, THEREFORE, BE IT RESOLVED, that the Corporation be merged into Roto-Rooter, pursuant to and in accordance with Section 253 of the Delaware General Corporation Law (the "Merger") and the proper officers of the Corporation be, and each of them hereby is, authorized in the name and on behalf of the Corporation to take any and all actions they deem necessary or advisable in connection therewith;

RESOLVED that Roto-Rooter shall be the surviving corporation in the Merger (the "Surviving Corporation");

RESOLVED that upon the Merger becoming effective:

(a) the issued and outstanding shares of common stock of the Corporation shall be converted into and become one million fully paid and nonassessable shares of common stock, par value \$1.00 per share, of the Surviving Corporation, and certificates representing such shares shall be issued to the sole stockholder of the Corporation upon surrender by such sole stockholder of the certificate or certificates that immediately prior to the Merger represented the issued and outstanding shares of common stock of the Corporation, and the Surviving Corporation shall issue shares of stock pro rata to the former holders of common stock of the Corporation upon surrender of any certificates therefore;

(b) each share of common stock, par value \$1.00 per share, of Roto-Rooter ("Roto-Rooter Common Stock") that is owned by Roto-Rooter or by any wholly-owned subsidiary of Roto-Rooter and each share that is owned by Chemed Corporation ("Chemed") (other than shares of stock of Surviving Corporation held by Chemed pursuant to clause (a) above), the Corporation or any other wholly-owned subsidiary of Chemed shall automatically be cancelled and retired and shall cease to exist, and no consideration shall be delivered in exchange therefor; and

(c) each share of Roto-Rooter Common Stock (other than shares of Roto-Rooter Common Stock held by a person who complies with all the provisions of Delaware law concerning the right of holders of Roto-Rooter Common Stock to demand appraisal of their shares of Roto-Rooter Common Stock (a "Dissenting Stockholder") and other than shares to be cancelled in accordance with clause (b) above) issued and outstanding shall be converted into the right to receive from the Surviving Corporation in cash, without interest, \$41.00 per share (the "Merger Consideration") and all such shares shall no longer be outstanding and shall automatically be canceled and retired and shall cease to exist, and each holder of a certificate that immediately prior to the Merger represented any such shares shall cease to have any rights with respect thereto, except the right to receive the Merger Consideration, without interest, upon the surrender of such certificate. If, after the Merger becomes effective, any Dissenting Stockholder withdraws his demand for appraisal or fails to perfect or otherwise loses his right of appraisal, in any case pursuant to Delaware law, his shares of Roto-Rooter Common Stock shall be deemed to have been converted as of the time the Merger became effective into the right to receive the Merger Consideration and such shares shall no longer be outstanding and shall automatically be canceled and retired and shall cease to exist, and such Dissenting Stockholder shall cease to have any rights with respect thereto, except the right to receive the Merger Consideration, without interest, upon the surrender of such certificate.

RESOLVED that the proper officers of the Corporation be, and each of them hereby is, authorized, in the name and on behalf of the Corporation, to execute and file a certificate of ownership and merger with the Secretary of the State of Delaware in such form as the officer or officers executing the same shall approve, the signature of such officer or officers thereon to be conclusive evidence of the approval of such form; and

RESOLVED that any and all actions heretofore or hereafter taken by the proper officers of the Corporation relating to and within the terms of this resolution are hereby ratified and confirmed as the acts and deeds of the Corporation.

FOURTH: The Merger has been approved by the sole stockholder of the Corporation by written consent in accordance with Section 228 of the DGCL.

IN WITNESS WHEREOF, the Corporation has caused this Certificate of Ownership and Merger to be executed by its duly authorized officer on the 17th day of September 1996, and affirms the statements contained therein as true and under penalties of perjury.

CHEMED ACQUISITION CORP.,

by Kevin J. McNamara

\_\_\_\_\_  
Name: Kevin J. McNamara  
Title: President

