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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, 1998

Commission File Number 1-8351

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

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

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 X 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 $1 Par Value | 00,000,000 Shares | July 31, 1998 |

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- ----------------------------------------------------------------



CHEMED CORPORATION AND
SUBSIDIARY COMPANIES

Index

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, 1998 | December 31, 1997 |
|---|---|---|
| ASSETS | | |
| Current assets | | |
| Cash and cash equivalents | $ 54,027 | $ 70,958 |
| Accounts receivable, less allowances of $2,815 (1997 - $2,626) | 44,308 | 42,142 |
| Inventories | 9,153 | 8,743 |
| Statutory deposits | 16,419 | 16,137 |
| Current portion of redeemable preferred stock | 27,207 | 27,136 |
| Other current assets | 13,542 | 12,352 |
| Total current assets | 164,656 | 177,468 |
| Other investments | 34,655 | 40,124 |
| Properties and equipment, at cost less accumulated depreciation of $40,903 (1997 - $36,179) | 56,520 | 53,089 |
| Identifiable intangible assets less accumulated amortization of $4,772 (1997 - $4,194) | 13,402 | 13,645 |
| Goodwill less accumulated amortization of $19,721 (1997 - $17,677) | 149,551 | 143,003 |
| Other assets | 16,898 | 21,509 |
| Total Assets | $ 435,682 | $ 448,838 |
| LIABILITIES | | |
| Current liabilities | | |
| Accounts payable | $ 8,843 | $ 8,774 |
| Current portion of long-term debt | 5,154 | 5,313 |
| Income taxes | 13,272 | 12,460 |
| Deferred contract revenue | 27,346 | 25,489 |
| Other current liabilities | 35,953 | 42,329 |
| Total current liabilities | 90,568 | 94,365 |
| Long-term debt | 82,093 | 83,720 |
| Other liabilities and deferred income | 41,491 | 42,633 |
| Total Liabilities | 214,152 | 220,718 |
| STOCKHOLDERS' EQUITY | | |
| Capital stock-authorized 15,000,000 shares $1 par; issued 13,138,360 (1997 - 13,019,722) shares | 13,138 | 13,020 |
| Paid-in capital | 161,439 | 158,485 |
| Retained earnings | 149,863 | 148,680 |
| Treasury stock - 3,179,996 (1997 - 2,942,205) shares, at cost | (96,989) | (88,063) |
| Unearned compensation - ESOPs | (22,532) | (23,959) |
| Accumulated other comprehensive income | 16,611 | 19,957 |
| Total Stockholders' Equity | 221,530 | 228,120 |
| Total Liabilities and Stockholders' Equity | $ 435,682 | $ 448,838 |

See accompanying notes to unaudited financial statements.

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

| | Three Months Ended June 30, 1998 | Three Months Ended June 30, 1997 | Six Months Ended June 30, 1998 | Six Months Ended June 30, 1997 |
|---|---|---|---|---|
| Continuing Operations | | | | |
| Service revenues and sales | $ 94,943 | $ 86,019 | $183,355 | $163,676 |
| Cost of services provided and cost of goods sold | 58,361 | 54,284 | 114,237 | 102,307 |
| Selling and marketing expenses | 8,316 | 6,095 | 15,443 | 12,130 |
| General and administrative expenses | 20,340 | 19,593 | 39,400 | 36,289 |
| Depreciation | 2,680 | 1,430 | 5,284 | 4,116 |
| Total costs and expenses | 89,697 | 81,402 | 174,364 | 154,842 |
| Income from operations | 5,246 | 4,617 | 8,991 | 8,834 |
| Interest expense | (1,841) | (2,915) | (3,599) | (5,552) |
| Other income, net | 5,612 | 4,482 | 13,945 | 14,874 |
| Income before income taxes | 9,017 | 6,184 | 19,337 | 18,156 |
| Income taxes | (3,451) | (2,240) | (7,520) | (6,835) |
| Income from continuing operations | 5,566 | 3,944 | 11,817 | 11,321 |
| Discontinued Operations | - | 2,348 | - | 3,458 |
| Net Income | $ 5,566 | $ 6,292 | $ 11,817 | $ 14,779 |
| Earnings Per Common Share | | | | |
| Income from continuing operations | $ .56 | $ .40 | $ 1.18 | $ 1.14 |
| Net income | $ .56 | $ .63 | $ 1.18 | $ 1.49 |
| Average number of shares outstanding | 10,005 | 9,930 | 9,997 | 9,928 |
| Diluted Earnings per Common Shares | | | | |
| Income from continuing operations | $ .55 | $ .39 | $ 1.17 | $ 1.13 |
| Net income | $. .55 | $ .63 | $ 1.17 | $ 1.48 |
| Average number of shares outstanding | 10,057 | 9,988 | 10,065 | 9,989 |
| Cash Dividends Paid Per Share | $ .53 | $ .52 | $ 1.06 | $ 1.04 |

See accompanying notes to unaudited financial statements.

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

| | Six Months Ended June 30, 1998 | Six Months Ended June 30, 1997* |
|---|---|---|
| **Cash Flows From Operating Activities** | | |
| Net income | $ 11,817 | $ 14,779 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Gains on sale of investments | (10,014) | (12,235) |
| Depreciation and amortization | 8,581 | 7,048 |
| Provision for deferred income taxes | 1,403 | (134) |
| Discontinued operations | - | (3,458) |
| Changes in operating assets and liabilities, excluding amounts acquired in business combinations | | |
| Increase in accounts receivable | (1,265) | (2,712) |
| Increase in inventories and other current assets | (1,751) | (17) |
| (Increase)/decrease in statutory deposits | (282) | 2,982 |
| Decrease in accounts payable, deferred contract revenue and other current liabilities | (2,995) | (2,828) |
| Increase in income taxes | 1,312 | 1,486 |
| Other - net | (1,566) | (631) |
| Net cash provided by continuing operations | 5,240 | 4,280 |
| Net cash provided by discontinued operations | - | 5,431 |
| Net cash provided by operating activities | 5,240 | 9,711 |
| **Cash Flows From Investing Activities** | | |
| Proceeds from sale of investments | 11,259 | 14,060 |
| Capital expenditures | (9,789) | (9,819) |
| Business combinations, net of cash acquired | (8,418) | (10,273) |
| Net cash outflow from the dispositions of discontinued operations | (4,465) | (1,317) |
| Purchase of investments | (642) | - |
| Investing activities of discontinued operations | - | (4,332) |
| Other-net | 1,348 | (21) |
| Net cash used by investing activities | (10,707) | (11,702) |
| **Cash Flows From Financing Activities** | | |
| Dividends paid | (10,712) | (10,436) |
| Retirement of long-term debt | (870) | (23,103) |
| Proceeds from issuance of long-term debt | - | 35,000 |
| Other - net | 118 | 830 |
| Net cash provided/(used) by financing activities | (11,464) | 2,291 |
| Increase/(Decrease) In Cash And Cash Equivalents | (16,931) | 300 |
| Cash and cash equivalents at beginning of period | 70,958 | 14,028 |
| Cash and cash equivalents at end of period | $ 54,027 | $ 14,328 |

* Reclassified for operations discontinued in September 1997.
See accompanying notes to unaudited financial statements.

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, 1997.

2. Earnings per common share are computed using the weighted average number of shares of capital stock outstanding. Diluted earnings per common share reflect the dilutive impact of outstanding stock options and nonvested stock awards.

3. The Company had total comprehensive income of $2,122,000, $8,940,000, $8,471,000 and $7,045,000 for the three months ended June 30, 1998 and 1997 and for the six months ended June 30, 1998 and 1997, respectively. The difference between the Company's net income and comprehensive income relates to the cumulative unrealized appreciation/depreciation on its available-for-sale securities.

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

Financial Condition

The decline in cash and cash equivalents from $71.0 million at December 31, 1997 to $54.0 million at June 30, 1998 is primarily due to the use of cash for business combinations and for the payments of costs relative to discontinued operations (largely a post-closing balance sheet valuation adjustment related to operations discontinued in September 1997). The decline in other assets from $21.5 million at December 31, 1997 to $16.9 million at June 30, 1998 is primarily due to the reclassification of certain assets of rabbi trusts used to fund non-qualified benefit plans. In accordance with a recent consensus by the Emerging Issues Task Force of the Financial Accounting Standards Board, shares of Chemed stock held by the trusts are included in treasury stock at June 30, 1998.

The decline in other current liabilities from $42.3 million at December 31, 1997 to $36.0 million at June 30, 1998 is primarily due to the payment of liabilities relative to operations discontinued in prior years.

Vitas Healthcare Corporation ("Vitas"), the privately held provider of hospice services to the terminally ill in which the Company carries an investment of $27 million of redeemable preferred stock, made preferred dividend payments of $499,500 and $2,116,800, on June 19 and July 15, 1998, respectively. As a result, the preferred dividends in arrears have been reduced from $2.4 million at March 31, 1998 to $1.0 million at July 31, 1998. Vitas is continuing to explore long-term financing alternatives to increase its liquidity. In connection therewith, the Company extended the maturity date on its holdings of preferred stock from the fourth quarter of 1998 to April 1, 1999. On the basis of current information, management believes the company's investment in Vitas is fully recoverable and that no impairment exists.

At June 30, 1998 Chemed had approximately $106.2 million of unused lines of credit with various banks. Management believes its liquidity and sources of capital are satisfactory for the Company's needs in the foreseeable future.

## Results of Operations

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

| | Three Months Ended June 30, 1998 | Three Months Ended June 30, 1997 | Six Months Ended June 30, 1998 | Six Months Ended June 30, 1997 |
|---|---|---|---|---|
| **Sales and Service Revenues** | | | | |
| Roto-Rooter | $ 47,060 | $ 36,301 | $ 88,739 | $ 72,180 |
| Patient Care | 29,980 | 32,714 | 59,780 | 58,647 |
| Service America | 17,903 | 17,004 | 34,836 | 32,849 |
| Total | $ 94,943 | $ 86,019 | $ 183,355 | $ 163,676 |
| **Operating Profit** | | | | |
| Roto-Rooter | $ 4,608 | $ 3,750 | $ 8,501 | $ 7,235 |
| Patient Care | 1,582 | 1,463 | 2,727 | 2,438 |
| Service America | 917 | 836 | 1,717 | 1,579 |
| Total | $ 7,107 | $ 6,049 | $ 12,945 | $ 11,252 |

Data relating to (a) the increase in service revenues and sales and (b) operating profit as a percent of sales and service revenues are set forth below:

| | Service Revenues and Sales % Increase/(Decrease) 1998 vs. 1997 | Operating Profit as a % of Sales (Operating Margin) 1998 | Operating Profit as a % of Sales (Operating Margin) 1997 |
|---|---|---|---|
| **Three Months Ended June 30,** | | | |
| Roto-Rooter | 30 % | 9.8% | 10.3% |
| Patient Care | (8) | 5.3 | 4.5 |
| Service America | 5 | 5.1 | 4.9 |
| Total | 10 | 7.5 | 7.0 |
| **Six Months Ended June 30,** | | | |
| Roto-Rooter | 23 % | 9.6% | 10.0% |
| Patient Care | 2 | 4.6 | 4.2 |
| Service America | 6 | 4.9 | 4.8 |
| Total | 12 | 7.1 | 6.9 |

Second Quarter 1998 versus Second Quarter 1997
- -----------------------------------------------

Service revenues and sales of the Roto-Rooter segment for the second quarter of 1998 totalled $47,060,000, an increase of 30% over the $36,301,000 recorded in the second quarter of 1997. Revenues of the plumbing services business and the drain cleaning business increased 40% and 12%, respectively, for the second quarter of 1998, as compared with the revenues recorded in the second quarter of 1997. These revenues accounted for 42% and 38%, respectively of Roto-Rooter's total revenues and sales during the 1998 period. Excluding businesses acquired in 1997 and 1998, revenues for the second quarter of 1998 increased 13% over such revenues recorded in the 1997 period. The operating margin of the Roto-Rooter segment during the second quarter of 1998 was 9.8% as compared with 10.3% during the second quarter of 1997. This decline was attributable to a lower gross profit margin in the 1998 second quarter. The lower margin was attributable to a change in sales mix in the 1998 period as revenues of the plumbing repair business and heating, ventilating and air conditioning ("HVAC") business increased at greater rates than the sewer and drain cleaning business which carries a higher margin than plumbing and HVAC.

Service revenues of the Patient Care segment declined 8% from $32,714,000 in the second quarter of 1997 to $29,980,000 in the second quarter of 1998. This decline was primarily due to a decline in Medicare revenues resulting from the passage of the Balanced Budget Act of 1997. The operating margin of this segment increased from 4.5% during the second quarter of 1997 to 5.3% during the second quarter of 1998 due primarily to lower branch operating expenses as a percent of revenues.

Service revenues and sales of the Service America segment increased 5% from $17,004,000 to $17,903,000 in the second quarter of 1998. This revenue increase was largely attributable to a 12% increase in revenues of Service America's retail business which accounts for approximately 22% of its overall sales. The operating margin of the Service America segment was 4.9% in the 1997 quarter and 5.1% in the 1998 period.

Income from operations increased from $4,617,000 in the second quarter of 1997 to $5,246,000 in the second quarter of 1998, primarily as a result of higher operating profit of the Company's three segments.

Interest expense declined from $2,915,000 in the second quarter of 1997 to $1,841,000 in the second quarter of 1998, primarily due to the reduction in the Company's long-term debt which occurred in September of 1997.

Other income-net increased from $4,482,000 in the second quarter of 1997 to $5,612,000 in the second quarter of 1998 primarily due to larger gains on the sales of investments and increased interest income in the 1998 period. The increase in interest income was primarily due to larger cash balances during 1998.

The Company's effective income tax rate during the second quarter of 1998 was 38.3% as compared with 36.2% during the second quarter of 1997. This increase was largely attributable to the decline (as a percent of income before taxes) in the tax benefit on dividends paid to the Company's ESOP during 1998.

Income from continuing operations during the second quarter of 1998 totalled $5,566,000 ($.56 per share) as compared with $3,944,000 ($.40 per share) in the second quarter of 1997. This increase was attributable to larger gains on the sales of investments, lower interest expense and higher interest income during the 1998 period. Excluding gains from the sales of investments in both periods, income from continuing operations for the second quarter of 1998 totalled $.31 per share as compared with $.19 per share during the second quarter of 1997.

Net income declined from $6,292,000 ($.63 per share) in the 1997 second quarter to $5,566,000 ($.56 per share) in the 1998 second quarter, as a result of income from discontinued operations of $2,348,000 in 1998, primarily relating to operations disposed of in September 1997.

## Six Months Ended June 30, 1998 Versus June 30, 1997

Service revenues and sales of the Roto-Rooter segment for the first six months of 1998 totalled $88,739,000, an increase of 23% over the $72,180,000 recorded in the first six months of 1997. Revenues of the plumbing services business and drain cleaning business increased 31% and 11%, respectively, for the first six months of 1998. Excluding revenues of businesses acquired in 1998 and 1997, revenues of the segment increased 11% during the first six months of 1998. The operating margin of the Roto-Rooter segment in the first six months of 1998 was 9.6% as compared with 10.0% during the first six months of 1997. This decline was attributable to a lower gross profit margin in the 1998 period primarily resulting from a change in sales mix.

Revenues of the Patient Care segment increased 2% from $58,647,000 in the first six months of 1997 to $59,780,00 in the first six months of 1998. Excluding the revenues of businesses acquired in 1997 and 1998, revenues for the 1998 period declined 4% in 1998 primarily from a decline in Medicare revenues resulting from the passage of the Balanced Budget Act of 1997. The operating margin of this segment was 4.2% in the first six months of 1997, increasing to 4.6% during the first six months of 1998. This increase was primarily attributable to lower branch operating expenses as a percent of revenues in the 1998 period.

Service revenues and sales of the Service America segment increased 6% from $32,849,000 in the first six months of 1997 to $34,839,000 in the first six months of 1998. This revenues increase was driven by a 18% increase in the sales of Service America's retail business, during the 1998 period. The operating margin of the Service America segment was 4.9% during the first six months of 1998 as compared with 4.8% during the first six months of 1997.

Income from operations increased from $8,834,000 during the first six months of 1997 to $8,991,000 during the comparable period of 1998. This increase was primarily a result of higher operating profit recorded by all three of the Company's segments during 1998, partially offset by operating costs of the Company's developing software consulting operations and favorable accrual adjustments to overhead expenses during the first quarter of 1997.

Interest expense declined from $5,552,000 during the first six months of 1997 to $3,599,000 during the first six months of 1998, largely as a result of the reduction of the Company's long-term debt which occurred during September of 1997.

Other income-net declined from $14,874,000 during the first six months of 1998 to $13,945,000 during the first six month of 1997, as a result of lower investment gains recorded in 1998, partially offset by increased interest income during the 1998 period.

The Company's effective tax rate during the first six months of 1998 was 38.9% as compared with 37.6% during the first six months of 1997. This increase was largely due to a reduction (as a percent of income before taxes) in the tax benefit on dividends paid to the Company's ESOP during the 1998 period.

Income from continuing operations during the first six months of 1998 totalled $11,817,000 ($1.18 per share) as compared with $11,321,000 ($1.14 per share) for the first six months of 1997.

This increase was primarily attributed to lower interest expense and higher interest income during the 1998 period partially offset by larger realized capital gains on the sales of investments during the 1997 period.  Excluding gains on the sales of investments in both periods, income from continuing operations for the first six months of 1998 totalled $.55 per share as compared with $.37 per share during the first six months of 1997.

Net income declined from $14,779,000 ($1.49 per share) in the first six months of 1997 to $11,817,000 ($1.18 per share) in the 1998 first six moths, largely as a result of income from discontinued operations recorded in the first six months of 1997, primarily relating to operations which were disposed of in September 1997.

## 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 18, 1998.

(b) The names of each director elected at this Annual Meeting are as follows:

| | |
|---|---|
| Edward L. Hutton | Sandra E. Laney |
| James H. Devlin | Kevin J. McNamara |
| Charles H. Erhart, Jr. | John M. Mount |
| Joel F. Gemunder | Timothy S. O'Toole |
| Lawrence J. Gillis | D. Walter Robbins, Jr. |
| Patrick P. Grace | Donald E. Saunders |
| Thomas C. Hutton | Paul C. Voet |
| Walter L. Krebs | George J. Walsh, III |

(c) The stockholders then ratified the Board of Directors' selection of PricewaterhouseCoopers LLP as independent accountants for the Company and its consolidated subsidiaries for the year 1998: 8,796,864 votes were cast in favor of the proposal, 54,462 votes were cast against it, 65,969 votes abstained, and three were broker non-votes.

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 | 8,732,754 | 29,217 | 155,324 |
| J.H. Devlin | 8,759,233 | 2,738 | 155,324 |
| C.H. Erhart, Jr. | 8,729,584 | 32,387 | 155,324 |
| J.F. Gemunder | 8,759,683 | 2,288 | 155,324 |
| L.J. Gillis | 8,761,305 | 666 | 155,324 |
| P.P. Grace | 8,720,336 | 41,635 | 155,324 |
| T.C. Hutton | 8,754,153 | 7,818 | 155,324 |
| W.C. Krebs | 8,753,783 | 8,818 | 155,324 |
| S.E. Laney | 8,757,745 | 4,226 | 155,324 |
| K.J. McNamara | 8,759,890 | 2,081 | 155,324 |
| J.M. Mount | 8,760,149 | 1,822 | 155,324 |
| T.S. O'Toole | 8,761,971 | 0 | 155,324 |
| D.W. Robbins, Jr. | 8,733,148 | 28,823 | 155,324 |
| D.E. Saunders | 8,751,491 | 10,480 | 155,324 |
| P.C. Voet | 8,757,029 | 4,942 | 155,324 |
| G.J. Walsh III | 8,759,934 | 2,037 | 155,324 |

## Item 5. Other Information

The Securities and Exchange commission has recently amended Rule 14a-4. For shareholder proposals to be presented at annual shareholders' meetings other than pursuant to Rule 14a-8 (i.e., which are not to be included in the registrant's proxy statement), management may exercise discretionary voting authority under proxies solicited by it for the meetings if it receives notice of such proposals less than 45 days prior to the calendar date proxy materials were mailed for the prior year's annual meeting.

As this new provision applies to the Company, if notice of a non-Rule 14a-8 shareholder proposal to be presented at the Company's 1999 Annual Meeting of Shareholders is received by the Company after February 14, 1999, the Company may exercise discretionary voting authority under proxies solicited by it.

## Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits

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

## 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 12, 1998

By Naomi C. Dallob
Naomi C. Dallob
Vice President and Secretary

Dated: August 12, 1998 By Arthur V. Tucker, Jr.

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

EXHIBIT 11

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

| | Income from Continuing Operations | | | |
|---|---|---|---|---|
| | Three Months Ended June 30, | | Six Months Ended June 30, | |
| | 1998 | 1997 | 1998 | 1997 |
| **Computation of Earnings Per Common Share** | | | | |
| Reported Income | $ 5,566 | $ 3,944 | $ 11,817 | $ 11,321 |
| Average number of shares outstanding | 10,005 | 9,930 | 9,997 | 9,928 |
| Earnings per common share | $ 0.56 | $ 0.40 | $ 1.18 | $ 1.14 |
| **Computation of Diluted Earnings Per Common Share** | | | | |
| Reported Income | $ 5,566 | $ 3,944 | $ 11,817 | $ 11,321 |
| Average number of shares outstanding | 10,005 | 9,930 | 9,997 | 9,928 |
| Effect of nonvested stock awards | 36 | 26 | 40 | 25 |
| Effect of unexercised stock options | 16 | 32 | 28 | 36 |
| Average number of shares used to compute diluted earnings per share | 10,057 | 9,988 | 10,065 | 9,989 |
| Diluted earnings per common share | $ 0.55 | $ 0.39 | $ 1.17 | $ 1.13 |



EXHIBIT 11
(continued)

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

| | Net Income | | | |
|---|---|---|---|---|
| | Three Months Ended June 30, | | Six Months Ended June 30, | |
| | 1998 | 1997 | 1998 | 1997 |

Computation of Earnings Per Common Share

| | | | | |
|---|---|---|---|---|
| Reported Income | $ 5,566 | $ 6,292 | $ 11,817 | $ 14,779 |
| Average number of shares outstanding | 10,005 | 9,930 | 9,997 | 9,928 |
| Earnings per common share | $ 0.56 | $ 0.63 | $ 1.18 | $ 1.49 |

Computation of Diluted Earnings Per Common Share

| | | | | |
|---|---|---|---|---|
| Reported Income | $ 5,566 | $ 6,292 | $ 11,817 | $ 14,779 |
| Impact of subsidiary options | - | (5) | - | (5) |
| Adjusted Income | $ 5,566 | $ 6,287 | $ 11,817 | $ 14,774 |
| Average number of shares outstanding | 10,005 | 9,930 | 9,997 | 9,928 |
| Effect of nonvested stock awards | 36 | 26 | 40 | 25 |
| Effect of unexercised stock options | 16 | 32 | 28 | 36 |
| Average number of shares used to compute diluted earnings per share | 10,057 | 9,988 | 10,065 | 9,989 |
| Diluted earnings per common share | $ 0.55 | $ 0.63 | $ 1.17 | $ 1.48 |

5

THIS SCHEDULE CONTAINS FINANCIAL INFROMATION EXTRACTED FROM FORM 10-Q OF CHEMED CORPORATION FOR THE QUARTER ENDED JUNE 30, 1998 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

0000019584
CHEMED CORPORATION
1,000

3-MOS
DEC-31-1998
JUN-30-1998
54,027
0
47,123
(2,815)
9,153
164,656
97,423
(40,903)
435,682
90,568
82,093
0
0
13,138
208,392
435,682
0
183,355
0
114,237
0
572
3,599
19,337
7,520
11,817
0
0
0
11,817
1.18
1.17