SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-K

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

For the fiscal year ended December 31, 2000

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	31-0791746
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)
2600 Chemed Center, 255 East Fifth Street, Cincinnati, Ohio	45202-4726
(Address of principal executive offices)	(Zip Code)

(513) 762-6900

(Registrant's telephone number, including area code)

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

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

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

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

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

The aggregate market value of the voting stock held by non-affiliates of the registrant, based upon the closing price of said stock on the New York Stock Exchange - Composite Transaction Listing on March 23, 2001 ($35.00 per share), was $328,481,300.

DOCUMENTS INCORPORATED BY REFERENCE

Document	Where Incorporated
2000 Annual Report to Stockholders (Specified Portions)	Parts I, II and IV
Proxy Statement for Annual Meeting to be held May 21, 2001.	Part III

CHEMED CORPORATION

2000 FORM 10-K ANNUAL REPORT

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PART I

ITEM 1. BUSINESS

GENERAL

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

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

On December 31, 1986, the Company completed the sale of substantially all of the business and assets of Vestal Laboratories, Inc., a wholly owned subsidiary. 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., a publicly traded company in which Chemed currently maintains a .5 percent ownership interest. The purchase price was $62,120,000 in cash paid at closing, plus a post-closing payment of $1,514,000 (paid in April 1993) based on the net assets of Veratex.

Effective January 1, 1994, the Company acquired all the capital stock of Patient Care, Inc. ("Patient Care"), for cash payments aggregating $20,582,000, 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.

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

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, 1998, 1999 and 2000, are shown in the "Segment Data" on pages 26 and 27 of the 2000 Annual Report to Stockholders and are incorporated herein by reference.

DESCRIPTION OF BUSINESS BY SEGMENT

The information called for by this item is included within Note 1 of the Notes to Financial Statements appearing on page 17 of the 2000 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 2000, although such shortages may occur in the future. Products manufactured and sold by Chemed's active business segments generally may be reformulated to avoid the adverse impact of a specific raw material shortage.

PATENTS, SERVICE MARKS AND LICENSES

The Roto-Rooter(R) trademark and service mark have been used and advertised since 1935 by Roto-Rooter Corporation, a wholly owned subsidiary of Roto-Rooter, Inc., a 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.

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, 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.

PATIENT CARE

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

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

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.

Patient Care's activities are subject to various federal and state laws and regulations. Changes in the law, new interpretations of existing laws, or changes in payment methodology, may have a dramatic effect on the definition of permissible or impermissible activities, the relative costs associated with doing business and the amount of reimbursement by both government and other third-party payors. In addition to specific legislative and regulatory influences, efforts to reduce the growth of the federal budget and the Medicare and the Medicaid programs resulted in enactment of the Balanced Budget Act of 1997. This law contains several provisions affecting Medicare payment for the coverage of home healthcare services which directly or indirectly, together with Medicaid payments, accounted for 70 percent of Patient Care's net revenue in 2000. Certain of these provisions could have an adverse effect on Patient Care. In addition, state legislatures periodically consider various healthcare reform proposals. Congress and state legislatures can be expected to continue to review and assess alternative healthcare delivery systems and payment methodologies, and public debate of these issues can be expected to continue in the future. The ultimate timing or effect of such additional legislative efforts cannot be predicted and may impact Patient Care in different ways. No assurance can be given that any such efforts will not have a material adverse effect on Patient Care.

Certain of Patient Care's employees are subject to state laws and regulations governing professional practice. Patient Care's operations are subject to periodic survey by governmental and private accrediting entities to assure compliance with applicable state licensing, and Medicare and Medicaid certification and accreditation

standards, as the case may be. From time to time in the ordinary course of business, Patient Care, like other healthcare companies, receives survey reports containing deficiencies for alleged failure to comply with applicable requirements. Patient Care reviews such reports and takes appropriate corrective action. The failure to effect such action or to obtain, renew or maintain any of the required regulatory approvals, certifications or licences could materially adversely affect Patient Care's business, and could prevent the programs involved from offering products and services to patients. There can be no assurance that either the states or the federal government will not impose additional regulations upon the activities of Patient Care which might materially adversely affect Patient Care.

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 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.

In connection with the sale of DuBois to the Diversey Corporation, the Company contractually assumed for a period of ten years the estimated liability for potential environmental cleanup and related costs arising from the sale of DuBois up to a maximum of $25,500,000. Based upon an updated assessment of the Company's environmental-related liability by the Company's environmental adviser, the Company has accrued $2,972,000 at December 31, 2000 to cover these costs. Prior to the sale of DuBois, DuBois had been designated as a Potentially Responsible Party ("PRP") at fourteen Superfund sites by the U.S. Environmental Protection Agency ("USEPA"). With respect to all of these sites, the Company has been unable to locate any records indicating it disposed of waste of any kind at such sites. Nevertheless, it settled claims at five such sites at minimal cost. In addition, because there was a number of other financially responsible companies designated as PRPs relative to these sites, management believes that it is unlikely that such actions will have a material effect on the Company's financial condition or results of operations. With respect to one of these sites, the Company's involvement is based on the location of one of its manufacturing plants. Currently, the USEPA and the state governmental agency are attempting to resolve jurisdictional issues, and action against PRPs is not proceeding.

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 2001 and 2002 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, 2000, Chemed had a total of 7,591 employees.

ITEM 2. PROPERTIES

Chemed has plants and offices in various locations in the United States and Canada. 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 eight 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 (1)	Office and service facilities	19,000 sq. ft.	38,000 sq. ft.
West Des Moines, IA	Office, manufacturing and distribution center facilities	29,000 sq. ft.	--
Northeastern U.S. Area (2)	Office and service facilities	31,000 sq. ft.	55,000 sq. ft.
Central U.S. Area (3)	Office and service facilities	28,000 sq. ft.	60,000 sq. ft.
Mid-Atlantic U.S. Area (4)	Office and service facilities	19,000 sq. ft.	32,000 sq. ft.
Southeastern U.S. Area (5)	Office and service facilities	18,000 sq. ft.	48,000 sq. ft.
Western Central U.S. Area (6)	Office and service facilities	19,000 sq. ft.	41,000 sq. ft.
Western U.S. Area (7)	Office and service facilities	--	69,000 sq. ft.
Canada (8)	Office and service facilities	--	13,000 sq. ft.
	PATIENT CARE		
New Jersey (9)	Office	--	53,000 sq. ft.
Connecticut (10)	Office	--	46,000 sq. ft.
New York (11)	Office	--	45,000 sq. ft.
Illinois (12)	Office	--	2,000 sq. ft.
Ohio (13)	Office	--	3,000 sq. ft.
Kentucky (14)	Office	--	4,000 sq. ft.

Location	Type	Owned	Leased
Georgia (15)	Office	--	2,000 sq. ft.
Washington, DC (16)	Office	--	2,000 sq. ft.
Virginia (17)	Office	--	3,000 sq. ft.
Maryland (18)	Office	--	2,000 sq. ft.
	SERVICE AMERICA		
Florida (19)	Office and service facilities	67,000 sq. ft.	46,000 sq. ft.
Arizona (20)	Office and service facilities	6,000 sq. ft.	10,000 sq. ft.
	CORPORATE		
Cincinnati, OH (21)	Corporate offices and related facilities	8,000 sq. ft.	78,000 sq. ft.

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(1) Includes 6,000 square feet that formerly housed a service facility.

(2) 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.

(3) Comprising locations in Adamsville and Birmingham, Alabama; Columbus, Ohio; Indianapolis, Indiana; Memphis and Nashville, Tennessee; Wilmerding and Pittsburgh, Pennsylvania; Buffalo, Rochester and West Seneca, New York; Plainfield, Connecticut; and St. Paul, Minnesota.

(4) Comprising locations in Baltimore and Jessup, Maryland; Independence, Ohio; Virginia Beach and Fairfax, Virginia; Charlotte, Raleigh and Durham, North Carolina; and Newnan, Georgia.

(5) Comprising locations in Atlanta, Decatur and Kennesaw, Georgia; Ft. Lauderdale, Jacksonville, Miami, Orlando, Longwood, Tampa and Daytona Beach, Florida.

(6) Comprising locations in Minneapolis and Oakdale, Minnesota; Addison, Thornton, Schaumburg and Glenview, Illinois; St. Louis, Missouri; and Little Rock, Arkansas.

(7) Comprising locations in Houston, San Antonio and Austin, Texas; Commerce City, Colorado; Honolulu, Hawaii; Menlo Park, California; Seattle, Tacoma and Bremerton, Washington; and Las Vegas, Nevada

(8) Comprising locations in Port Coquitlam, British Columbia; Montreal, Quebec; and Winnipeg, Manitoba.

(9) Comprising locations in Jersey City; Ridgewood, Montclair, Westfield, and West Orange, New Jersey.

(10) Comprising locations in Greenwich, Madison, Naugatuch, Newington, Norwalk, New Haven, Stratford, Norwich, Gulliford, Bridgeport and Danbury, Connecticut.

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

(12) Comprising locations in Chicago and Glenview, Illinois.

(13) Comprising location in Columbus, Ohio.

(14) Comprising location in Louisville, Kentucky.

(15) Comprising location in Conyers, Georgia.

(16) Comprising location in Washington, D.C.

(17) Comprising location in Alexandria, Virginia.

(18) Comprising locations in Towson and Rockville, Maryland.

(19) Comprising locations in Pompano Beach, Miami, Fort Myers, St. Petersburg, Orlando, West Palm Beach, Deerfield Beach and Delray Beach, Florida.

(20) Comprising locations in Phoenix and Tucson, Arizona.

(21) Excludes 49,000 square feet in current Cincinnati, Ohio office facilities that are sublet to outside parties.

ITEM 3. LEGAL PROCEEDINGS

On November 9, 1998, Paul Voet, who is an Executive Vice President and a director of the Company, filed a lawsuit against the Company in the Court of Common Pleas, Hamilton County, Ohio, in connection with the Company's sale of its majority owned subsidiary, National Sanitary Supply Company, alleging that the Company breached his employment agreement due to a material reduction in his title, authority or responsibility. Mr. Voet is seeking a money judgment in the principal amount of $6 million. The Company disputes these claims and believes that the disposition of this matter will not have a material effect on the financial position of the Company.

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	81	Chairman and Chief Executive Officer	November 3, 1993 (1)
Kevin J. McNamara	47	President	August 2, 1994 (2)
Paul C. Voet	54	Executive Vice President	May 20, 1991 (3)
Timothy S. O'Toole	45	Executive Vice President and Treasurer	May 18, 1992 (4)
Spencer S. Lee	45	Executive Vice President	May 15, 2000 (5)
Sandra E. Laney	57	Senior Vice President and Chief Administrative Officer	November 3, 1993 (6)
Arthur V. Tucker, Jr.	51	Vice President and Controller	May 20, 1991 (7)

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

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

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

(4) Mr. T. S. O'Toole is an Executive Vice President and the Treasurer of the Company and has held these positions since May 1992 and February 1989, respectively. Mr. O'Toole is Chairman and Chief Executive Officer of Patient Care, Inc. and has held these positions since April 1995.

(5) 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. From February 1985 to May 1997, he served as Vice President of Roto-Rooter Services Company.

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

(7) 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 21, 2001.

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 1999 and 2000 are set forth below.

	Closing		
	High	Low	Dividends Paid Per Share
2000			
First Quarter	$31.44	$27.00	$.10
Second Quarter	31.19	27.50	.10
Third Quarter	32.31	27.75	.10
Fourth Quarter	36.56	30.94	.10
1999			
First Quarter	$33 13/16	$25 3/4	$.53
Second Quarter	33 7/8	26 5/16	.53
Third Quarter	33 7/16	29 1/4	.53
Fourth Quarter	30 1/8	24 15/16	.53

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

As of March 23, 2001, there were approximately 3,783 stockholders of record of the Company's Capital Stock. This number only includes stockholders of record and does not include stockholders with shares beneficially held for them in nominee name or within clearinghouse positions of brokers, banks or other institutions.

ITEM 6. SELECTED FINANCIAL DATA.

The information called for by this Item for the five years ended December 31, 2000 is set forth on pages 28 and 29 of the 2000 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 32 through 35 of the 2000 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 5, 2001, appearing on pages 11 through 27 of the 2000 Annual Report to Stockholders, along with the Supplementary Data (Unaudited Summary of Quarterly Results) appearing on page 31, are incorporated herein by reference.

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

None.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT.

The directors of the Company are:

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

The additional information required under this Item with respect to the directors and executive officers is set forth in the Company's 2001 Proxy Statement and in Part I hereof under the caption "Executive Officers of the Registrant" and is incorporated herein by reference.

ITEM 11. EXECUTIVE COMPENSATION.

Information required under this Item is set forth in the Company's 2001 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 2001 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 2001 Proxy Statement, which is incorporated herein by reference.

PART IV

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

EXHIBITS

3.1 Certificate of Incorporation of Chemed Corporation.*

3.2 By-Laws of Chemed Corporation.*

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 1981 Stock Incentive Plan, as amended through May 20, 1991.*,**

10.5 1983 Incentive Stock Option Plan, as amended through May 20, 1991.*,**

10.6 1986 Stock Incentive Plan, as amended through May 20, 1991.*,**

10.7 1988 Stock Incentive Plan, as amended through May 20, 1991.*,**

10.8 1993 Stock Incentive Plan.*,**

10.9 1995 Stock Incentive Plan.*,**

10.10 1997 Stock Incentive Plan.*,**

10.11 1999 Stock Incentive Plan.*,**

10.12 1999 Long-Term Employee Incentive Plan.*

10.13 Employment Contracts with Executives.*,**

10.14 Amendment to Employment Contracts with Executives.**

10.15 Amendment No. 3 to Employment Contract with James H. Devlin.*,**

10.16 Employment Contracts with John M. Mount and Walter L. Krebs.*,**

10.18 Amendment No. 7 to Employment Agreement with Edward L. Hutton.*,**

10.19 Excess Benefits Plan, as restated and amended, effective April 1, 1997.*,**

10.20 Non-Employee Directors' Deferred Compensation Plan.*,**

10.21 Chemed/Roto-Rooter Savings & Retirement Plan, effective January 1, 1999.*,**

10.22 Stock Purchase Agreement by and Among Banta Corporation, Chemed Corporation and OCR Holding Company as of September 24, 1997.*

10.25 Directors Emeriti Plan.*,**

10.26 Second Amendment to Split Dollar Agreement with Executives.*,**

10.27 Split Dollar Agreement - II with James H. Devlin.*,**

10.28 Split Dollar Agreement with Sandra E. Laney.*,**

10.29 Split Dollar Agreement with Executives.*,**

10.30 Split Dollar Agreement with Edward L. Hutton.*,**

10.31 Split Dollar Agreement with Paul C. Voet.*,**

10.32 Split Dollar Agreement with John M. Mount.*,**

10.33 Split Dollar Agreement with Spencer S. Lee.*,**

10.34 Split Dollar Agreement with Rick L. Arquilla*,**

10.35 Form of Promissory Note under the Executive Stock Purchase

Plan.*,**

10.36 Promissory Note under the Executive Stock Purchase Plan with Kevin J. McNamara**

10.37 Roto-Rooter Deferred Compensation Plan No. 1, as amended January 1,1998**

10.38 Roto-Rooter Deferred Compensation Plan No. 2**

10.39 2000 Stock Incentive Plan of Cadre Computer Resources, Inc.**

10.40 Promissory Note under Cadre Repurchase Agreement with Edward L. Hutton**

10.41 Promissory Note under Cadre Repurchase Agreement with Kevin J. McNamara**

10.42 Promissory Note under Cadre Repurchase Agreement with Sandra E. Laney**

13. 2000 Annual Report to Stockholders.

21. Subsidiaries of Chemed Corporation.

23. Consent of Independent Accountants.

24. Powers of Attorney.

* 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

No reports on Form 8-K were filed during the quarter ended December 31, 2000.

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, 2001 By /s/ Edward L. Hutton

Edward L. Hutton
Chairman and Chief Executive Officer

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

Signature	Title	Date
/s/ Edward L. Hutton Edward L. Hutton	Chairman and Chief Executive Officer and a Director (Principal Executive Officer)	
/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)	March 28, 2001

Rick L. Arquilla*	Sandra E. Laney*	
James H. Devlin*	Spencer S. Lee*	
Charles H. Erhart, Jr.*	Kevin J. McNamara*	
Joel F. Gemunder	John M. Mount*	--Directors
Patrick P. Grace	Donald E. Saunders*	
Thomas C. Hutton*	Paul C. Voet*	
Walter L. Krebs*	George J. Walsh III*	

* 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, 2001	/s/ Naomi C. Dallob
Date	Naomi C. Dallob (Attorney-in-Fact)

CHEMED CORPORATION AND SUBSIDIARY COMPANIES

INDEX TO FINANCIAL STATEMENTS AND FINANCIAL STATEMENT SCHEDULE

1998, 1999 AND 2000

* Indicates page numbers in Chemed Corporation 2000 Annual Report to Stockholders.

The consolidated financial statements of Chemed Corporation listed above, appearing in the 2000 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 5, 2001 appearing on page 11 of the 2000 Annual Report to Stockholders of Chemed Corporation (which report and consolidated financial statements are incorporated by reference in this Annual Report on Form 10-K) also included an audit of the Financial Statement Schedule listed in Item 14 of this Form 10-K. In our opinion, the Financial Statement Schedule presents fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements.

/s/ PricewaterhouseCoopers LLP

PRICEWATERHOUSECOOPERS LLP

Cincinnati, Ohio
February 5, 2001

SCHEDULE II

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

		Additions				
Description	Balance at Beginning of Period	(Charged) Credited to Costs and Expenses	(Charged) Credited to Other Accounts (a)	Applicable to Companies Acquired in Period	Deductions (b)	Balance at End of Period
Allowances for doubtful accounts (c)						
For the year 2000.........	$ (4,554)	$(2,342)	$ -	$ -	$ 1,759	$ (5,137)
For the year 1999.........	$ (3,601)	$(2,235)	$ -	$ (25)	$ 1,307	$ (4,554)
For the year 1998.........	$ (2,626)	$(2,452)	$ -	$ (15)	$ 1,492	$ (3,601)

Allowances for doubtful accounts - notes receivable (d)						
For the year 2000.........	$ (23)	$ -	$ -	$ -	$ -	$ (23)
For the year 1999.........	$ (23)	$ -	$ -	$ -	$ -	$ (23)
For the year 1998.........	$ (23)	$ -	$ -	$ -	$ -	$ (23)

Description	Balance at Beginning of Period	(Charged) Credited to Costs and Expenses	(Charged) Credited to Other Accounts (a)	Applicable to Companies Acquired in Period	Deductions (b)	Balance at End of Period
Valuation allowance for available-for-sale securities						
For the year 2000.........	$ 5,220	$ -	$ 3,159	$ -	$ (3,399)	$ 4,980
For the year 1999.........	$ 20,406	$ -	$(10,525)	$ -	$ (4,661)	$ 5,220
For the year 1998.........	$ 30,705	$ -	$ 2,290	$ -	$(12,589)	$ 20,406

(a) 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.

(b) 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.

(c) Classified in consolidated balance sheet as a reduction of accounts receivable.

(d) Classified in consolidated balance sheet as a reduction of other assets.

INDEX TO EXHIBITS

Page Number or Incorporation by Reference

Exhibit Number		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 TFBD, Inc.	Form 8-K 10/13/97	1
10.4	1981 Stock Incentive Plan, as amended through May 20, 1991	Form 10- K 3/27/92	7
10.5	1983 Incentive Stock Option Plan, as amended through May 20, 1991	Form 10-K 3/27/92	8
10.6	1986 Stock Incentive Plan, as amended through May 20, 1991	Form 10-K 3/27/92	9

		Page Number or Incorporation by Reference	
Exhibit Number		File No. and Filing Date	Previous Exhibit No.
10.7	1988 Stock Incentive Plan, as amended through May 20, 1991	Form 10-K 3/27/92	10
10.8	1993 Stock Incentive Plan	Form 10-K 3/29/94	10.8
10.9	1995 Stock Incentive Plan	Form 10-K 3/28/96	10.14
10.10	1997 Stock Incentive Plan	Form 10-K	10.10

		3/27/98	
10.11	1999 Stock Incentive Plan	Form 10-K 3/29/00	10.11
10.12	1999 Long-Term Employee Incentive Plan	Form 10-K 3/29/00	10.12
10.13	Employment Contracts with Executives	Form 10-K 3/28/89	10.12
10.14	Amendment to Employment Contracts with Executives	*	
10.15	Amendment No. 3 to Employment Contract with James H. Devlin	Form 10-K 3/27/98	10.22
10.16	Employment Contracts with John M. Mount and Walter L. Krebs	Form 10-K 3/27/98	10.23
10.18	Amendment No. 7 to Employment Agreement with Edward L. Hutton	Form 10-K 3/27/97	10.18
10.19	Excess Benefits Plan, as restated and amended, effective April 1, 1997	Form 10-K 3/27/98	10.9
10.20	Non-Employee Directors' Deferred Compensation Plan	Form 10-K 3/24/88	10.10
10.21	Chemed/Roto-Rooter Savings & Retirement Plan, effective January 1, 1999	Form 10-K 3/25/99	10.25

Exhibit Number		Page Number or Incorporation by Reference: File No. and Filing Date	Previous Exhibit No.
10.22	Stock Purchase Plan by and among Banta Corporation, Chemed Corporation and OCR Holding Company	Form 8-0K 10/13/97	10.21
10.25	Directors Emeriti Plan	Form 10-Q 5/12/88	10.11
10.26	Second Amendment to Split Dollar Agreement with Executives	Form 10-K 3/29/00	10.26
10.27	Split Dollar Agreement - II with James H. Devlin	Form 10-K 3/25/99	10.27
10.28	Split Dollar Agreement with Sandra E. Laney	Form 10-K 3/25/99	10.27
10.29	Split Dollar Agreements with Executives	Form 10-K 3/28/96	10.15
10.30	Split Dollar Agreement with Edward L. Hutton	Form 10-K 3/28/96	10.16
10.31	Split Dollar Agreement with Paul C. Voet	Form 10-K 3/28/96	10.17

10.32	Split Dollar Agreement with John M. Mount	Form 10-K 3/29/00	10.32
10.33	Split Dollar Agreement with Spencer S. Lee	Form 10-K 3/29/00	10.33
10.34	Split Dollar Agreement with Rick L. Arquilla	Form 10-K 3/29/00	10.34
10.35	Form of Promissory Note under the Executive Stock Purchase Plan	Form 10-K 3/29/00	10.35
10.36	Form of Promissory Note under the Executive Stock Purchase Plan with Kevin J. McNamara	*	
10.37	Roto-Rooter Deferred Compensation Plan No. 1, as amended January 1, 1998	*	

Exhibit Number		Page Number or Incorporation by Reference: File No. and Filing Date	Page Number or Incorporation by Reference: Previous Exhibit No.
10.38	Roto-Rooter Deferred Compensation Plan No. 2	*	
10.39	2000 Stock Incentive Plan of Cadre Computer Resources, Inc.	*	
10.40	Form of Promissory Note under Cadre Repurchase Agreement with Edward L. Hutton	*	
10.41	Form of Promissory Note under Cadre Repurchase Agreement with Kevin J. McNamara	*	
10.42	Form of Promissory Note under Cadre Repurchase Agreement with Sandra E. Laney	*	
13	2000 Annual Report to Stockholders	*	
21	Subsidiaries of Chemed Corporation	*	
23	Consent of Independent Accountants	*	
24	Powers of Attorney	*	

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* Filed herewith.

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EXHIBIT 10.14

AMENDMENT
TO EMPLOYMENT AGREEMENT

AGREEMENT dated as of May 15, 2000 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, and May 17, 1999 ("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 17, 1999, set forth in section 1.2 of the Employment Agreement, is hereby deleted and the date of ___________ is hereby substituted therefor.

B. The base salary amount set forth in the first sentence of Section 2.1 of the Employment

2

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 1999 is $______.

Except as specifically amended in this Amendment to Employment Agreement, the Employment Agreement, as amended, shall continue in full force and effect in accordance with its terms, conditions and provisions.

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

EMPLOYEE

CHEMED CORPORATION

ATTEST

3

SCHEDULE TO EXHIBIT 10.14

Minimum Current

Name and Position	Annual Base Salary and Bonus	Current(a) Stock Award Compensation	Expiration Date of Agreement
Edward L. Hutton Chairman and Chief Executive Officer	$629,820 582,165	$252,128	5/3/2002
Kevin J. McNamara President	347,145 204,439	77,341	5/3/2005
Timothy S. O'Toole Executive Vice President and Treasurer	216,165 78,797	56,581	5/3/2005
Spencer S. Lee Executive Vice President	223,040 117,000	37,827	5/19/2003
John M. Mount Vice President	250,260 72,000	27,127	5/3/2003
Sandra E. Laney Senior Vice President and Chief Administrative Officer	213,495 196,223	55,771	5/3/2005
Thomas C. Hutton Vice President	198,175 46,669	26,760	5/3/2005
Arthur V. Tucker Vice President and Controller	129,270 56,349	23,810	5/3/2005
Rick L. Arquilla President & COO of Roto-Rooter Services Company/Director	203,600 97,000	36,270	5/19/2003

(A) Amount of unrestricted stock award recognized in lieu of incentive compensation in 1999.

EXHIBIT 10.36

PROMISSORY NOTE

$500,000.00	Cincinnati	Ohio	March 31, 2000
Amount	City	State	Date

In consideration of value received, the undersigned promises to pay, in lawful money of the United States of America, on demand to the order of Chemed Corporation, a Delaware corporation, at its offices located at 2600 Chemed Center, 255 East Fifth Street, Cincinnati, Ohio 45202, the principal sum of Five Hundred Thousand Dollars ($500,000.00) plus interest.

Interest shall accrue and be payable annually on the last day of each year at the short term semi-annual Applicable Federal Rate as published by the Internal Revenue Service, currently 6.35%, until this Note, together with all accrued interest, be paid in full.

Any payment hereon shall be applied first to the payment of any interest which may then be due and unpaid and the balance thereof to the repayment of the said principal amount.

This Note shall be and become immediately due and payable at the option of the holder without any demand or notice upon the first to occur of the following: (1) the holder deems itself insecure, (2) the death, insolvency, assignment for the benefit of creditors, or the commencement of any bankruptcy or insolvency proceedings of or against the undersigned, (3) any attempted transfer by the undersigned of those shares of Chemed capital stock purchased on the undersigned's behalf through the Executive Stock Ownership Program, or (4) upon termination of employment of the undersigned with Chemed Corporation or its affiliates for any reason.

The undersigned agrees to pay all costs of collection which may be incurred should suit be instituted.

The waiver of any provision, term or condition of this Note shall not be taken to be a waiver of any subsequent breach of the same or any other provision, term or condition.

The undersigned hereby waives presentment, demand, notice of dishonor, protest and notice of nonpayment and protest.

Kevin J. McNamara

Witness:

EXHIBIT 10.37

ROTO-ROOTER
DEFERRED COMPENSATION PLAN NO. 1

The purpose of this Plan is to provide certain deferred compensation benefits to a select group of management and highly compensated employees of designated affiliates of Roto-Rooter, Inc. This Plan amends and restates in its entirety the August 1, 1991 Roto-Rooter Management Company Deferred Compensation Plan.

The Plan's benefits are not insured by the Pension Benefit Guaranty Corporation. The Plan is intended to provide deferred compensation within the scope of Sections 201(2), 301(a)(3) and 401(a)(1) of the Employee Retirement Income Security Act of 1974 ("ERISA"), as amended. The Plan is intended to be an unfunded arrangement for purposes of ERISA.

SECTION 1. DEFINITIONS

1.1 "Account" or "Deferred Compensation Account" means the bookkeeping account maintained for each Participant.

1.2 "Beneficiary" means the person or entity designated by a Participant in a "Designation of Beneficiary" form prescribed by and filed with the Committee for this Plan. A "Beneficiary" may include the Participant's estate or a trust. A Participant may at any time change a designation of a Beneficiary by filing a new Designation of Beneficiary form with the Employer. If a Participant has not made an effective designation, or if a Beneficiary does not survive the Participant, then "Beneficiary" means the Participant's estate. In the event the Committee has any doubt as to the proper person or entity entitled to receive payments under the Plan, then the Committee may cause payments to be withheld until the matter is decided by a court of competent jurisdiction.

1.3 "Board of Directors" means the Board of Directors of the Company.

1.4 "Code" means the Internal Revenue Code of 1986, as amended.

1.5 "Committee" means the committee designated to administer the Plan as described in Section 2.

1.6 "Company" means Roto-Rooter Management Company or Roto-Rooter, Inc.

1.7 "Compensation" means, for purposes of this Plan, the amount of compensation paid to an Employee during each calendar month computed in accordance with the definition of "Compensation" as set forth in the Retirement and Savings Plan.

1.8 "Deferred Compensation Benefit(s)" means the benefits described in this Plan.

1.9 "Deferred Compensation Plan" or "Plan" means this Roto-Rooter Deferred Compensation Plan No. 1, as amended from time to time.

1.10 "Eligible Employee" means a management or highly compensated Employee designated by the Board of Directors from time to time as eligible to participate in the Plan. The Board of Directors may revoke this designation at any time.

1.11 "Employee" means any person who is employed by the Employer.

1.12 "Employer" means the Company and any other entity which has adopted this Plan with the authorization of the Company.

1.13 "Entry Date" means the first day of each calendar month.

1.14 "Participant" means each Eligible Employee who joins the Plan and participates in the Plan.

1.15 "Permanent Disability" means an Employee's termination of service with the Employer due to a physical or mental disability which permanently disables the Employee from performing the customary duties of the Employee's regular job with the Employer.

1.16 "Plan Year" means the twelve-month period beginning on January 1.

1.17 "Retirement" means (a) normal retirement from employment with the Employer at age 65; (b) early retirement from employment with the Employer from age 55 to 65 with no fewer than 10 years of Service; or (c) postponed retirement from employment with the Employer after age 65.

1.18 "Retirement and Savings Plan" means the Roto-Rooter Retirement and Savings Plan, as amended from time to time.

1.19 "Valuation Date" means the last business day of each month.

SECTION 2. ADMINISTRATION

2.1 PLAN ADMINISTRATOR. The Plan shall be administered by a Committee whose members are designated from time to time by the Company. The Committee shall consist of no fewer than three individuals.

2.2 DUTIES OF PLAN ADMINISTRATOR. The Committee may establish such rules and regulations, not inconsistent with the provisions of the Plan, as it deems necessary for the proper administration of the Plan, and may amend or revoke any rule or regulation so established. The Committee may make such determinations and interpretations under or in connection with the Plan as it deems necessary or advisable. Subject to the provisions of Section 8.5 of this Plan, all such rules, regulations, determinations and interpretations shall be binding and conclusive upon the Company, the Employer, their shareholders, Employees, Participants, and upon their respective legal representatives, beneficiaries, successors and assigns and upon all other persons claiming under or through any of them.

2.3 METHOD OF ACTION. Any action required or permitted to be taken by the Committee under this Plan may be taken in accordance with the applicable provision(s) of the By-Laws of the Company.

SECTION 3. PARTICIPATION

3.1 GENERAL. Each Eligible Employee who becomes a Participant is eligible to receive benefits under the Plan.

3.2 PARTICIPATION DATE. Each Employee who becomes an Eligible Employee becomes a Participant on the Entry Date that coincides with or immediately follows the date the Employee becomes an Eligible Employee.

SECTION 4. CONTRIBUTIONS

The Employer shall establish on its books of account a reserve fund equal to the value of all Plan benefits currently accrued in favor of Participants. The entire cost of this Plan shall be paid from the general assets of the Employer. It is the intent of the Employer to so pay benefits under the Plan as they become due; provided, however, that the Employer may, in its sole discretion, establish or cause to be established a separate trust, pursuant to a trust agreement, and a separate trust account for each Participant and direct that some or all of a Participant's benefits under the Plan be paid from the general assets of the Employer which are transferred to such trust and held in such trust as property of the Employer subject to the claims of the Employer's creditors until such time as benefit payments pursuant to the Plan are made from such assets in accordance with such trust agreement. Until any such payment is so made, neither the Plan nor any Participant or Beneficiary shall have any preferred claim on, or any beneficial ownership interest in, such

assets. No liability for the payment of benefits under the Plan shall be imposed upon any officer, director, employee, or stockholder of the Employer or Company.

SECTION 5. PARTICIPANT ACCOUNTS; INVESTMENTS

5.1 PARTICIPANT ACCOUNTS. The Committee will establish a separate Account for each Participant. Each Participant's Account will be credited with the annual benefit amount described in Sections 6.1, 6.2 and/or 6.3. The Committee may also establish such Sub-Accounts as may be necessary to reflect specific investments which are elected by a Participant pursuant to Section 5.3.

5.2 STATEMENTS OF PARTICIPANTS' ACCOUNTS. The Committee shall cause to be delivered or mailed to each Participant a statement setting forth the status of the Participant's Account as of the end of the calendar quarter, or more frequently as shall be determined by the Committee.

5.3 INVESTMENTS. In the event general assets of the Employer are transferred to a separate trust account for a Participant as permitted under Section 4, such Participant may make an investment election in the manner and form prescribed by the Committee directing the manner in which amounts contained in such separate trust account shall be invested; provided, however, that all such elections shall be subject to the approval of the Employer and the Employer has the right to restrict such investment to certain designated investment funds. The portion of a Participant's trust account, if any, which is not invested pursuant to the Participant's investment election hereunder shall be invested in the trust in a manner to be determined by the Employer.

5.4 INVESTMENT EXPERIENCE. In addition to crediting each Participant' s Account with the annual benefit amount described in Sections 6.1, 6.2 and/or 6.3, each such Account shall be adjusted as of each Valuation Date as follows:

(a) The portion, if any, of a Participant's Account which is not contained in a separate trust account, shall be credited with interest at a rate to be established by the Employer from time to time.

(b) The portion, if any, of a Participant's Account which is contained in a separate trust account shall be credited or debited with the investment earnings or investment losses, as the case may be, specifically experienced by such Account.

SECTION 6. ANNUAL BENEFIT AMOUNTS

6.1 EXCESS BENEFITS.

(a) As of each Valuation Date, the Account of each Participant described in subsection (b) shall be credited with an amount equal to the difference between (i) Employer contributions allocated to the Participant's accounts under the Retirement and Savings Plan as of the corresponding allocation date(s) under the Retirement and Savings

Plan, and (ii) the amount that would have been allocated under the Retirement and Savings Plan without regard to (1) the annual contribution limitations as set forth in Section 415 of the Code and (2) the limitations on compensation as set forth in Section 401(a)(17) of the Code.

(b) A Participant is eligible to receive the allocations described in subsection (a) if (i) the Participant is otherwise eligible to receive an allocation of an Employer contribution under the Retirement and Savings Plan as of the applicable allocation date(s) under the Retirement and Savings Plan and this Plan and (ii) the Participant's designation as an Eligible Employee under Section 1.10 is in effect as of the applicable allocation date(s) hereunder.

6.2 DEFERRED COMPENSATION BENEFITS.

(a) As of the last day of each month, there will be credited to the Account of each Participant described in subsection (b) an amount equal to 6% of the Participant's Compensation, plus 5% of the Participant's Compensation in excess of the maximum wage base under the Social Security Act (determined as of the first day of the Plan Year).

(b) The amount described in subsection (a) will be credited to the Accounts of Participants who are Participants on the last day of the month or who lost their status as a Participant before the last day of the month because of death, Permanent Disability or Retirement.

(c) As of August 7, 1995, and each subsequent July 1, there shall be credited to the Account of each Participant listed in Exhibit A attached hereto the amount of $7,000, such amount to be increased at a rate of five percent (5%) per annum. Such contribution shall cease as of the July 1 next following the Participant's termination of employment with the Employer.

6.3 ELECTIVE AND MATCHING BENEFITS.

(a) Each Participant who is a participant in the Retirement and Savings Plan shall be entitled to make a salary reduction election as described below. As of each Valuation Date, there will be credited to the Account of each such Participant the amount elected by the Participant pursuant to a salary reduction agreement executed by the Participant.

(b) The election under subsection (a) shall be made before the beginning of each Plan Year. Such salary reduction contributions shall commence with the first payment of Compensation made after the date on which such salary reduction election is effective.

(c) As of each Valuation Date, the Account of each Participant who makes the election under subsection (a) shall be credited with an amount equal to the contribution

which would have been allocated as a matching contribution to the account of such Participant under the Retirement and Savings Plan (without regard to the limitations under Code Section 401(m)) had the Participant's salary reduction amount under subsection (a) been contributed to the Retirement and Savings Plan.

(d) As soon as practicable after the end of each Plan Year, but not later than January 31 of the next ensuing year, the Employer shall determine the maximum amount of salary reduction contributions which could have been made by such Participant for such Plan Year under the Retirement and Savings Plan consistent with the limitations under Code Sections 402(g) and 401(k)(3). The lesser of (i) such maximum amount or (ii) the amount of the salary reduction contribution made by such Participant for such Plan Year under subsection (a) shall be distributed to such Participant by no later than March 15 of such next ensuing year, unless such Participant makes the election pursuant to subsection (e).

(e) As part of the election under subsection (a), a Participant may also elect to have the amount described in subsection (d) contributed to the Retirement and Savings Plan in which case the Employer shall cause such amount (exclusive of any earnings thereon) to be contributed directly to the Retirement and Savings Plan. In addition, the Employer's matching contribution made pursuant to subsection (c) (exclusive of any earnings thereon) attributable to the amount of salary reduction contributions contributed directly to the Retirement and Savings Plan under subsection (d) shall be contributed directly to the Retirement and Savings Plan, subject to the limitations under Code Section 401(m).

(f) Notwithstanding any provision herein to the contrary, a Participant shall not be eligible to make a salary reduction contribution hereunder for any Plan Year unless such Participant has first elected to make the maximum salary reduction contribution equal to 5% of Compensation under the Retirement and Savings Plan for such Plan Year.

(g) For the Plan Year ending December 31, 1995, the Account of each Participant shall be credited with the discretionary matching contribution which would have been made on behalf of such Participant under the Retirement and Savings Plan, but which the Participant has elected to be contributed to this Plan.

6.4 VESTING.

(a) A Participant shall at all times have a fully vested interest in amounts credited to his Account which are attributable to salary reduction contributions made by such Participant pursuant to Section 6.3(a). In addition, a Participant will have a fully vested interest in all amounts credited to his Account hereunder upon Retirement, severance while eligible for Retirement, Permanent Disability or upon death prior to Retirement or Permanent Disability.

(b) Except as provided in subsection (a), a Participant shall have a vested interest in amounts credited to the Participant's Account hereunder equal to the Participant's vested percentage of the Participant's Employer Contributions Account under the Retirement and Savings Plan.

(c) All amounts forfeited hereunder shall revert to the credit of the Employer. A Participant shall be credited with a year of service for vesting purposes for each Plan Year during which he completes at least 1,000 hours of service with the Employer.

SECTION 7. DISTRIBUTION OF BENEFITS

7.1 TIME OF PAYMENT.

(a) The Participant shall elect the date on which the payment of the vested portion of the Deferred Compensation Benefits shall commence ("Payment Date"). The vested portion of the Deferred Compensation Benefits shall be valued and paid to the Participant or his Beneficiary commencing as of the Valuation Date coinciding with or next following the Payment Date. The Payment Date shall not be subject to modification unless one of the following events occurs:

(1) The Participant makes an election to change the Payment Date which is then in effect ("Modified Payment Date") provided that any such subsequent election must occur (i) no earlier than 1 year after the date on which the election then in effect was made and (ii) no less than 2 years prior to the Payment Date then in effect.

(2) The Committee, in its sole and absolute discretion, consents to the Participant's election of a Modified Payment Date.

(3) Section 7.3 applies.

(4) The Participant elects a Modified Payment Date and the election does not satisfy (1), (2) or (3) above. In such event, the Participant's Account shall be reduced by an amount equal to 10% of the value of the Account as of the Valuation Date coincident with or next following the Modified Payment Date.

(b) In no event shall the Payment Date or Modified Payment Date be later than the date on which the Participant attains age 70.

(c) All elections available to the Participant hereunder shall also be available to the Participant's Beneficiary upon the Participant's death.

7.2 FORM OF PAYMENTS.

(a) The vested portion of the Deferred Compensation Benefits will be paid to the Participant or his Beneficiary according to one of the following methods, as elected by the Participant on or before the effective date of the Participant's participation in the Plan ("Form of Payment Election"):

(1) A single lump sum payment.

(2) Annual installments over a period not to exceed the life expectancy of the Participant as of the Payment Date or Modified Payment Date, whichever is applicable. The amount of each installment shall be determined by dividing the Participant's Account balance as of the Valuation Date immediately preceding the applicable installment payment date by the remaining number of installment payments. Installment payments will be adjusted for the Account's share of earnings or losses described in Section 5.4. If a Participant dies before receiving all of the installment payments, then his Beneficiary will receive the remaining installments.

(b) The Participant's Form of Payment Election shall not be subject to modification unless one of the following events occurs:

(1) The Participant makes an election to change the Form of Election Payment which is then in effect provided that any such subsequent election must occur (i) no earlier than 1 year after the date on which the election then in effect was made and (ii) no less than 2 years prior to the Payment Date then in effect.

(2) The Committee, in its sole and absolute discretion, consents to the Participant's election to change the Form of Election Payment.

(3) Section 7.3 applies.

(4) The Participant elects to change the Form of Election Payment and the election does not satisfy (1), (2) or (3) above. In such event, the Participant's Account shall be reduced by an amount equal to 10% of the value of the Account as of the Valuation Date coincident with or next following the Payment Date or Modified Payment Date, whichever is applicable.

(c) All elections available to the Participant hereunder shall also be available to the Participant's Beneficiary upon the Participant's death.

7.3 WITHDRAWALS IN THE CASE OF UNFORESEEABLE EMERGENCIES.

Notwithstanding the preceding, a Participant may, during his employment with the Employer, apply in the form and manner determined by the Committee to withdraw any portion of his vested Account by reason of an unforeseeable emergency. An unforeseeable emergency is a severe financial hardship to the Participant resulting from a sudden and unexpected illness or accident of the Participant or of a dependent (as defined in Code Section 152(a)) of the

Participant, loss of the Participant's property due to casualty, or other similar extraordinary and unforeseeable circumstances arising as a result of events beyond the control of the Participant. Withdrawals hereunder shall not be made to the extent that such hardship is or may be relieved through reimbursement or compensation by insurance or otherwise, by liquidation of the Participant's assets, to the extent the liquidation of such assets would not itself cause severe financial hardship, or by cessation of deferrals under the Plan. Withdrawals of amounts because of an unforeseeable emergency must only be permitted to the extent reasonably needed to satisfy the emergency need.

SECTION 8. GENERAL PROVISIONS

8.1 Nothing in the Plan shall confer upon any Employee any right to continue in the employ of the Employer, or shall affect the right of the Employer to terminate the employment of any Employee with or without cause.

8.2 The Employer may make such provisions as it may deem appropriate for the withholding of any taxes which the Employer determines it is required to withhold in connection with any Deferred Compensation Benefit.

8.3 Nothing in the 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 Employer now has or may hereafter lawfully put into effect, including, without limitation, any retirement, pension, thrift, group insurance, stock purchase, stock bonus or stock option plan.

8.4 The Plan may be amended or terminated by the Board of Directors at any time in whole or in part; provided, however, that no such amendment or termination shall adversely affect any Participant Account hereunder. Upon termination of the Plan, each Participant will be entitled to a Deferred Compensation Benefit equal to the Deferred Compensation Benefit to which the Participant would be entitled had he been eligible for and retired on the date the Plan terminated. Participants and Beneficiaries who, as of the date of Plan termination, are otherwise entitled to receive Deferred Compensation Benefits but have not yet received them will be entitled to receive those Deferred Compensation Benefits. The Deferred Compensation Benefits described in this Section will be paid at the time the Participant or Beneficiary would have been entitled to receive them if the Plan had not terminated; provided, however, that the Employer may accelerate the payment of all but not less than all of the Deferred Compensation Benefits under the Plan, the payment of which would otherwise be deferred.

8.5 The Employer shall have all the powers and authorities as may be necessary to carry out the provisions of the Plan, including the power and authority to interpret and construe the provisions of the Plan, to make benefit determinations and to resolve any disputes which arise under the Plan. Whenever there is denied, whether in whole or in part, a claim for benefits under the Plan filed by any person (herein referred to as the "Claimant"), the Committee shall transmit a written notice of such decision to the Claimant, which notice shall be written in a manner calculated to be understood by the Claimant and shall contain a statement of the specific reasons for the denial of the claim and a statement advising the Claimant that, within 60 days of the date on which he receives such notice, he may obtain review of such decision in accordance with the procedures hereinafter set forth. Within such 60-day period, the Claimant or his authorized representative may request that the claim denial be reviewed by the Board of Directors by filing with the Committee a written request therefor, which request shall contain the following information:

(a) the date on which the Claimant's request was filed with the Committee; provided, however, that the date on which the Claimant's request for review was in fact filed with the Committee shall control in the event that the date of the actual filing is later than the date stated by the Claimant pursuant to this paragraph;

(b) the specific portions of the denial of his claim which the Claimant requests the Board of Directors to review;

(c) a statement by the Claimant setting forth the basis upon which he believes the Board of Directors should reverse the previous denial of his claim for benefits and accept his claim as made; and

(d) any written material (offered as exhibits) which the Claimant desires the Board of Directors to examine in its consideration of his position as stated pursuant to (c) above.

Within 60 days of the date determined pursuant to (a) above, the Company shall conduct a full and fair review of the decision denying the Claimant's claim for benefits. Within 60 days of the date of such hearing, the Company shall render its written decision on review, written in a manner calculated to be understood by the Claimant, specifying the reasons and Plan provisions upon which its decision was based.

8.6 No Participant or Beneficiary shall encumber or dispose of his right to receive any Deferred Compensation Benefits.

8.7 The obligation of the Employer to pay Deferred Compensation Benefits merely constitutes the unsecured promise of the Employer to make payments when due. No Participant or Beneficiary has any security interest in, or a lien or prior claim upon, any Account or assets of the Employer. No Plan provisions shall be construed so as to place any Account or other asset in trust with the Employer for the benefit of a Participant, his Beneficiary, or his estate.

8.8 The provisions of the Plan shall not be construed as giving any person, firm or corporation any legal or equitable right as against the Employer, its officers, employees, or directors, except any rights specifically provided for in the Plan or created in accordance with the terms of the Plan.

8.9 Any Participant, regardless of age, whose employment with the Employer is terminated for theft or embezzlement of Employer assets or for accepting bribes from suppliers, or who resigns during the pendency or carrying out of an investigation which establishes such conduct, shall forfeit all of his Plan benefits.

8.10 The invalidity or unenforceability of any particular provision of the Plan shall not affect any other Plan provision. The Plan shall be construed in all respects as if the invalid or unenforceable provision were omitted.

8.11 Masculine pronouns and similar words shall be read as the feminine gender where appropriate. The singular form of words shall be read as plural where appropriate.

8.12 The Plan shall be governed and construed in accordance with the laws of the State of Ohio.

8.13 The Employer, in its sole discretion, may direct that the Account of a Participant be directly transferred to any other non-qualified deferred compensation plan and/or trust maintained by the Company or any Employer. The Employer, in its sole discretion, may also accept the direct transfer from another non-qualified deferred compensation plan and/or trust maintained by the Company or any Employer of any cash or other assets held in such plan and/or trust for the benefit of an Employee. In the event of the acceptance of any such direct transfer, such cash and/or other assets shall be held in an Account for the benefit of such Employee.

EXHIBIT A

ROTO-ROOTER
DEFERRED COMPENSATION PLAN NO. 1
AMENDMENT NO. 1

The Roto-Rooter Deferred Compensation Plan No. 1 (the "Plan") is hereby amended effective January 1, 1998 as follows:

1. Section 1 shall be amended by adding the following definitions:

"Chemed Corporation Excess Benefit Plan" means the Chemed Corporation Excess Benefit Plan, as amended from time to time.

"ESOP I" means the Chemed Employee Stock Ownership Plan I, as amended from time to time.

"ESOP II" means the Chemed Employee Stock Ownership Plan II, as amended from time to time.

2. Section 6.1 shall be rewritten in its entirety as follows:

6.1 EXCESS BENEFITS

(a) As of each Valuation Date, the Account of each Participant described in subsection (b) shall be credited with an amount equal to the difference between (i) Employer contributions allocated to the Participant's accounts under the Retirement and Savings Plan, ESOP I and ESOP II as of the corresponding allocation date(s) under each such plan, and (ii) the amount that would have been allocated under the Retirement and Savings Plan, ESOP I and ESOP II, without regard to the annual limitations as set forth in Section 415 of the Code; provided, however, that all or any portion of such amount may instead be credited to the Participant under the Chemed Corporation Excess Benefit Plan, as determined in the sole discretion of the Company.

(b) A Participant is eligible to receive credit for the amount described in subsection (a) if (i) the Participant is otherwise eligible to receive an allocation of an Employer contribution under the Retirement and Savings Plan, ESOP I and ESOP II as of the applicable allocation date(s) under each such plan and this Plan and (ii) the Participant's designation as an Eligible Employee under Section 1.11 is in effect as of the applicable allocation date(s) hereunder.

3. In all respects, the Plan shall remain in full force and effect.

CERTIFICATE

The undersigned, Secretary of Roto-Rooter, Inc., hereby certifies that the foregoing is a true and correct copy of Amendment No. 1 to the Roto-Rooter Deferred Compensation Plan No. 1.

Signed in Cincinnati, Ohio as of this ______ day of ___________________, 1998.

Naomi Dallob, Secretary

EXHIBIT 10.38

ROTO-ROOTER
DEFERRED COMPENSATION PLAN NO. 2

The purpose of this Plan is to provide certain deferred compensation benefits to a select group of management and highly compensated employees of designated affiliates of Roto-Rooter, Inc. This Plan amends and restates in its entirety the October 1, 1993 Roto-Rooter Management Company Deferred Compensation Plan.

The Plan's benefits are not insured by the Pension Benefit Guaranty Corporation. The Plan is intended to provide deferred compensation within the scope of Sections 201(2), 301(a)(3) and 401(a)(1) of the Employee Retirement Income Security Act of 1974 ("ERISA"), as amended. The Plan is intended to be an unfunded arrangement for purposes of ERISA.

SECTION 1. DEFINITIONS

1.1 "Account" or "Deferred Compensation Account" means the bookkeeping account maintained for each Participant.

1.2 "Beneficiary" means the person or entity designated by a Participant in a "Designation of Beneficiary" form prescribed by and filed with the Committee for this Plan. A "Beneficiary" may include the Participant's estate or a trust. A Participant may at any time change a designation of a Beneficiary by filing a new Designation of Beneficiary form with the Employer. If a Participant has not made an effective designation, or if a Beneficiary does not survive the Participant, then "Beneficiary" means the Participant's estate. In the event the Committee has any doubt as to the proper person or entity entitled to receive payments under the Plan, then the Committee may cause payments to be withheld until the matter is decided by a court of competent jurisdiction.

1.3 "Board of Directors" means the Board of Directors of the Company.

1.4 "Code" means the Internal Revenue Code of 1986, as amended.

1.5 "Committee" means the committee designated to administer the Plan as described in Section 2.

1.6 "Company" means Roto-Rooter Management Company or Roto-Rooter, Inc.

1.7 "Compensation" means, for purposes of this Plan, the amount of compensation paid to an Employee during each calendar month computed in accordance with the definition of "Compensation" as set forth in the Retirement and Savings Plan.

1.8 "Deferred Compensation Benefit(s)" means the benefits described in this Plan.

1.9 "Deferred Compensation Plan" or "Plan" means this Roto-Rooter Deferred Compensation Plan No. 2, as amended from time to time.

1.10 "Eligible Employee" means a management or highly compensated Employee designated by the Board of Directors from time to time as eligible to participate in the Plan. The Board of Directors may revoke this designation at any time.

1.11 "Employee" means any person who is employed by the Employer.

1.12 "Employer" means the Company and any other entity which has adopted this Plan with the authorization of the Company.

1.13 "Entry Date" means the first day of each calendar month.

1.14 "Participant" means each Eligible Employee who joins the Plan and participates in the Plan.

1.15 "Permanent Disability" means an Employee's termination of service with the Employer due to a physical or mental disability which permanently disables the Employee from performing the customary duties of the Employee's regular job with the Employer.

1.16 "Plan Year" means the twelve-month period beginning on January 1.

1.17 "Retirement" means (a) normal retirement from employment with the Employer at age 65; (b) early retirement from employment with the Employer from age 55 to 65 with no fewer than 10 years of Service; or (c) postponed retirement from employment with the Employer after age 65.

1.18 "Retirement and Savings Plan" means the Roto-Rooter Retirement and Savings Plan, as amended from time to time.

1.19 "Valuation Date" means the last business day of each month.

SECTION 2. ADMINISTRATION

2.1 PLAN ADMINISTRATOR. The Plan shall be administered by a Committee whose members are designated from time to time by the Company. The Committee shall consist of no fewer than three individuals.

2.2 DUTIES OF PLAN ADMINISTRATOR. The Committee may establish such rules and regulations, not inconsistent with the provisions of the Plan, as it deems necessary for the proper administration of the Plan, and may amend or revoke any rule or regulation so established. The Committee may make such determinations and interpretations under or in connection with the Plan as it deems necessary or advisable. Subject to the provisions of Section 8.5 of this Plan, all such rules, regulations, determinations and interpretations shall be binding and conclusive upon the Company, the Employer, their shareholders, Employees, Participants, and upon their respective legal representatives, beneficiaries, successors and assigns and upon all other persons claiming under or through any of them.

2.3 METHOD OF ACTION. Any action required or permitted to be taken by the Committee under this Plan may be taken in accordance with the applicable provision(s) of the By-Laws of the Company.

SECTION 3. PARTICIPATION

3.1 GENERAL. Each Eligible Employee who becomes a Participant is eligible to receive benefits under the Plan.

3.2 PARTICIPATION DATE. Each Employee who becomes an Eligible Employee becomes a Participant on the Entry Date that coincides with or immediately follows the date the Employee becomes an Eligible Employee.

SECTION 4. CONTRIBUTIONS

The Employer shall establish on its books of account a reserve fund equal to the value of all Plan benefits currently accrued in favor of Participants. The entire cost of this Plan shall be paid from the general assets of the Employer. It is the intent of the Employer to so pay benefits under the Plan as they become due; provided, however, that the Employer may, in its sole discretion, establish or cause to be established a separate trust, pursuant to a trust agreement, and a separate trust account for each Participant and direct that some or all of a Participant's benefits under the Plan be paid from the general assets of the Employer which are transferred to such trust and held in such trust as property of the Employer subject to the claims of the Employer's creditors until such time as benefit payments pursuant to the Plan are made from such assets in accordance with such trust agreement. Until any such payment is so made, neither the Plan nor any Participant or Beneficiary shall have any preferred claim on, or any beneficial ownership interest in, such assets. No liability for the payment of benefits under the Plan shall be imposed upon any officer, director, employee, or stockholder of the Employer or Company.

SECTION 5. PARTICIPANT ACCOUNTS; INVESTMENTS

5.1 PARTICIPANT ACCOUNTS. The Committee will establish a separate Account for each Participant. Each Participant's Account will be credited with the annual benefit amount described in Section 6.1. The Committee may also establish such Sub-Accounts as may be necessary to reflect specific investments which are elected by a Participant pursuant to Section 5.3.

5.2 STATEMENTS OF PARTICIPANTS' ACCOUNTS. The Committee shall cause to be delivered or mailed to each Participant a statement setting forth the status of the Participant's Account as of the end of the calendar quarter, or more frequently as shall be determined by the Committee.

5.3 INVESTMENTS. In the event general assets of the Employer are transferred to a separate trust account for a Participant as permitted under Section 4, such Participant may make an investment election in the manner and form prescribed by the Committee directing the manner in which amounts contained in such separate trust account shall be invested; provided, however, that all such elections shall be subject to the approval of the Employer and the Employer has the right to restrict such investment to certain designated investment funds. The portion of a Participant's trust account, if any, which is not invested pursuant to the Participant's investment election hereunder shall be invested in the trust in a manner to be determined by the Employer.

5.4 INVESTMENT EXPERIENCE. In addition to crediting each Participant' s Account with the annual benefit amount described in Section 6.1, each such Account shall be adjusted as of each Valuation Date as follows:

(a) The portion, if any, of a Participant's Account which is not contained in a separate trust account, shall be credited with interest at a rate to be established by the Employer from time to time.

(b) The portion, if any, of a Participant's Account which is contained in a separate trust account shall be credited or debited with the investment earnings or investment losses, as the case may be, specifically experienced by such Account.

SECTION 6. ANNUAL BENEFIT AMOUNTS

6.1 ELECTIVE AND MATCHING BENEFITS.

(a) Each Participant who is a participant in the Retirement and Savings Plan shall be entitled to make a salary reduction election as described below. As of each Valuation Date, there will be credited to the

Account of each such Participant the amount elected by the Participant pursuant to a salary reduction agreement executed by the Participant.

(b) The election under subsection (a) shall be made before the beginning of each Plan Year. Such salary reduction contributions shall commence with the first payment of Compensation made after the date on which such salary reduction election is effective.

(c) As of each Valuation Date, the Account of each Participant who makes the election under subsection (a) shall be credited with an amount equal to the contribution which would have been allocated as a matching contribution to the account of such Participant under the Retirement and Savings Plan (without regard to the limitations under Code Section 401(m)) had the Participant's salary reduction amount under subsection (a) been contributed to the Retirement and Savings Plan.

(d) As soon as practicable after the end of each Plan Year, but not later than January 31 of the next ensuing year, the Employer shall determine the maximum amount of salary reduction contributions which could have been made by such Participant for such Plan Year under the Retirement and Savings Plan consistent with the limitations under Code Sections 402(g) and 401(k)(3). The lesser of (i) such maximum amount or (ii) the amount of the salary reduction contribution made by such Participant for such Plan Year under subsection (a) shall be distributed to such Participant by no later than March 15 of such next ensuing year, unless such Participant makes the election pursuant to subsection (e).

(e) As part of the election under subsection (a), a Participant may also elect to have the amount described in subsection (d) contributed to the Retirement and Savings Plan in which case the Employer shall cause such amount (exclusive of any earnings thereon) to be contributed directly to the Retirement and Savings Plan. In addition, the Employer's matching contribution made pursuant to subsection (c) (exclusive of any earnings thereon) attributable to the amount of salary reduction contributions contributed directly to the Retirement and Savings Plan under subsection (d) shall be contributed directly to the Retirement and Savings Plan, subject to the limitations under Code Section 401(m).

(f) Notwithstanding any provision herein to the contrary, a Participant shall not be eligible to make a salary reduction contribution hereunder for any Plan Year unless such Participant has first elected to make the maximum salary reduction contribution equal to 5% of Compensation under the Retirement and Savings Plan for such Plan Year.

(g) For the Plan Year ending December 31, 1995, the Account of each Participant shall be credited with the discretionary matching contribution which would have been made on behalf of such Participant under the Retirement and Savings Plan, but which the Participant has elected to be contributed to this Plan.

6.2 VESTING.

(a) A Participant shall at all times have a fully vested interest in amounts credited to his Account which are attributable to salary reduction contributions made by such Participant pursuant to Section 6.1(a). In addition, a Participant will have a fully vested interest in all amounts credited to his Account hereunder upon Retirement, severance while eligible for Retirement, Permanent Disability or upon death prior to Retirement or Permanent Disability.

(b) Except as provided in subsection (a), a Participant shall have a vested interest in amounts credited to the Participant's Account hereunder equal to the Participant's vested percentage of the Participant's Employer Contributions Account under the Retirement and Savings Plan.

(c) All amounts forfeited hereunder shall revert to the credit of the Employer. A Participant shall be credited with a year of service for vesting purposes for each Plan Year during which he completes at least 1,000 hours of service with the Employer.

SECTION 7. DISTRIBUTION OF BENEFITS

7.1 TIME OF PAYMENT.

(a) The Participant shall elect the date on which the payment of the vested portion of the Deferred Compensation Benefits shall commence ("Payment Date"). The vested portion of the Deferred Compensation Benefits shall be valued and paid to the Participant or his Beneficiary commencing as of the Valuation Date coinciding with or next following the Payment Date. The Payment Date shall not be subject to modification unless one of the following events occurs:

(1) The Participant makes an election to change the Payment Date which is then in effect ("Modified Payment Date") provided that any such subsequent election must occur (i) no earlier than 1 year after the date on which the election then in effect was made and (ii) no less than 2 years prior to the Payment Date then in effect.

(2) The Committee, in its sole and absolute discretion, consents to the Participant's election of a Modified Payment Date.

(3) Section 7.3 applies.

(4) The Participant elects a Modified Payment Date and the election does not satisfy (1), (2) or (3) above. In such event, the Participant's Account shall be reduced by an amount equal to 10% of the value of the Account as of the Valuation Date coincident with or next following the Modified Payment Date.

(b) In no event shall the Payment Date or Modified Payment Date be later than the date on which the Participant attains age 70.

(c) All elections available to the Participant hereunder shall also be available to the Participant's Beneficiary upon the Participant's death.

7.2 FORM OF PAYMENTS.

(a) The vested portion of the Deferred Compensation Benefits will be paid to the Participant or his Beneficiary according to one of the following methods, as elected by the Participant on or before the effective date of the Participant's participation in the Plan ("Form of Payment Election"):

(1) A single lump sum payment.

(2) Annual installments over a period not to exceed the life expectancy of the Participant as of the Payment Date or Modified Payment Date, whichever is applicable. The amount of each installment shall be determined by dividing the Participant's Account balance as of the Valuation Date immediately preceding the applicable installment payment date by the remaining number of installment payments. Installment payments will be adjusted for the Account's share of earnings or losses described in Section 5.4. If a Participant dies before receiving all of the installment payments, then his Beneficiary will receive the remaining installments.

(b) The Participant's Form of Payment Election shall not be subject to modification unless one of the following events occurs:

(1) The Participant makes an election to change the

Form of Election Payment which is then in effect provided that any such subsequent election must occur (i) no earlier than 1 year after the date on which the election then in effect was made and (ii) no less than 2 years prior to the Payment Date then in effect.

(2) The Committee, in its sole and absolute discretion, consents to the Participant's election to change the Form of Election Payment.

(3) Section 7.3 applies.

(4) The Participant elects to change the Form of Election Payment and the election does not satisfy (1), (2) or (3) above. In such event, the Participant's Account shall be reduced by an amount equal to 10% of the value of the Account as of the Valuation Date coincident with or next following the Payment Date or Modified Payment Date, whichever is applicable.

(c) All elections available to the Participant hereunder shall also be available to the Participant's Beneficiary upon the Participant's death.

7.3 WITHDRAWALS IN THE CASE OF UNFORESEEABLE EMERGENCIES. Notwithstanding the preceding, a Participant may, during his employment with the Employer, apply in the form and manner determined by the Committee to withdraw any portion of his vested Account by reason of an unforeseeable emergency. An unforeseeable emergency is a severe financial hardship to the Participant resulting from a sudden and unexpected illness or accident of the Participant or of a dependent (as defined in Code Section 152(a)) of the Participant, loss of the Participant's property due to casualty, or other similar extraordinary and unforeseeable circumstances arising as a result of events beyond the control of the Participant. Withdrawals hereunder shall not be made to the extent that such hardship is or may be relieved through reimbursement or compensation by insurance or otherwise, by liquidation of the Participant's assets, to the extent the liquidation of such assets would not itself cause severe financial hardship, or by cessation of deferrals under the Plan. Withdrawals of amounts because of an unforeseeable emergency must only be permitted to the extent reasonably needed to satisfy the emergency need.

SECTION 8. GENERAL PROVISIONS

8.1 Nothing in the Plan shall confer upon any Employee any right to continue in the employ of the Employer, or shall affect the right of the Employer to terminate the employment of any Employee with or without cause.

8.2 The Employer may make such provisions as it may deem appropriate for the withholding of any taxes which the Employer determines it is required to withhold in connection with any Deferred Compensation Benefit.

8.3 Nothing in the 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 Employer now has or may hereafter lawfully put into effect, including, without limitation, any retirement, pension, thrift, group insurance, stock purchase, stock bonus or stock option plan.

8.4 The Plan may be amended or terminated by the Board of Directors at any time in whole or in part; provided, however, that no such amendment or termination shall adversely affect any Participant Account hereunder. Upon termination of the Plan, each Participant will be entitled to a Deferred Compensation Benefit equal to the Deferred Compensation Benefit to which the Participant would be entitled had he been eligible for and retired on the date the Plan terminated. Participants and Beneficiaries who, as of the date of Plan termination, are otherwise entitled to receive Deferred Compensation Benefits but have not yet received them will be entitled to receive those Deferred Compensation Benefits. The Deferred Compensation Benefits described in this Section will be paid at the time the Participant or Beneficiary would have been entitled to receive them if the Plan had not terminated; provided, however, that the Employer may accelerate the payment of all but not less than all of the

Deferred Compensation Benefits under the Plan, the payment of which would otherwise be deferred.

8.5 The Employer shall have all the powers and authorities as may be necessary to carry out the provisions of the Plan, including the power and authority to interpret and construe the provisions of the Plan, to make benefit determinations and to resolve any disputes which arise under the Plan. Whenever there is denied, whether in whole or in part, a claim for benefits under the Plan filed by any person (herein referred to as the "Claimant"), the Committee shall transmit a written notice of such decision to the Claimant, which notice shall be written in a manner calculated to be understood by the Claimant and shall contain a statement of the specific reasons for the denial of the claim and a statement advising the Claimant that, within 60 days of the date on which he receives such notice, he may obtain review of such decision in accordance with the procedures hereinafter set forth. Within such 60-day period, the Claimant or his authorized representative may request that the claim denial be reviewed by the Board of Directors by filing with the Committee a written request therefor, which request shall contain the following information:

(a) the date on which the Claimant's request was filed with the Committee; provided, however, that the date on which the Claimant's request for review was in fact filed with the Committee shall control in the event that the date of the actual filing is later than the date stated by the Claimant pursuant to this paragraph;

(b) the specific portions of the denial of his claim which the Claimant requests the Board of Directors to review;

(c) a statement by the Claimant setting forth the basis upon which he believes the Board of Directors should reverse the previous denial of his claim for benefits and accept his claim as made; and

(d) any written material (offered as exhibits) which the Claimant desires the Board of Directors to examine in its consideration of his position as stated pursuant to (c) above.

Within 60 days of the date determined pursuant to (a) above, the Company shall conduct a full and fair review of the decision denying the Claimant's claim for benefits. Within 60 days of the date of such hearing, the Company shall render its written decision on review, written in a manner calculated to be understood by the Claimant, specifying the reasons and Plan provisions upon which its decision was based.

8.6 No Participant or Beneficiary shall encumber or dispose of his right to receive any Deferred Compensation Benefits.

8.7 The obligation of the Employer to pay Deferred Compensation Benefits merely constitutes the unsecured promise of the Employer to make payments when due. No Participant or Beneficiary has any security interest in, or a lien or prior claim upon, any Account or assets of the Employer. No Plan provisions shall be construed so as to place any Account or other asset in trust with the Employer for the benefit of a Participant, his Beneficiary, or his estate.

8.8 The provisions of the Plan shall not be construed as giving any person, firm or corporation any legal or equitable right as against the Employer, its officers, employees, or directors, except any rights specifically provided for in the Plan or created in accordance with the terms of the Plan.

8.9 Any Participant, regardless of age, whose employment with the Employer is terminated for theft or embezzlement of Employer assets or for accepting bribes from suppliers, or who resigns during the pendency or carrying out of an investigation which establishes such conduct, shall forfeit all of his Plan benefits.

8.10 The invalidity or unenforceability of any particular provision of the Plan shall not affect any other Plan provision. The Plan shall be construed in all respects as if the invalid or unenforceable provision were omitted.

8.11 Masculine pronouns and similar words shall be read as the feminine gender where appropriate. The singular form of words shall be read as plural where appropriate.

8.12 The Plan shall be governed and construed in accordance with the laws of the State of Ohio.

8.13 The Employer, in its sole discretion, may direct that the Account of a Participant be directly transferred to any other non-qualified deferred compensation plan and/or trust maintained by the Company or any Employer. The Employer, in its sole discretion, may also accept the direct transfer from another non-qualified deferred compensation plan and/or trust maintained by the Company or any Employer of any cash or other assets held in such plan and/or trust for the benefit of an Employee. In the event of the acceptance of any such direct transfer, such cash and/or other assets shall be held in an Account for the benefit of such Employee.

EXHIBIT 10.39

CADRE COMPUTER RESOURCES, INC.
2000 STOCK INCENTIVE PLAN

1. NAME AND PURPOSE. The purpose of this Plan, which shall be known as the "Cadre Stock Incentive Plan" (hereinafter referred to as the "Plan") is to advance the interests of Cadre Computer Resources, Inc. (hereinafter referred to as the "Company") by providing a material incentive for the continued services of those key employees of the Company who make significant contributions toward the Company's success and development by encouraging those key employees to increase their proprietary interest in the Company.

2. DEFINITIONS. For purposes of this Plan, the following terms when capitalized shall have the meaning designated herein unless a different meaning is plainly required by the context. Where applicable, the masculine pronoun shall mean or include the feminine and the singular shall include the plural.

(a) "Affiliate" shall mean a corporation or other form of business association of which shares (or other ownership interests) having 50 percent or more of the voting power are owned or controlled, directly or indirectly, by the Corporation.

(b) "Board" shall mean the Board of Directors of the Company.

(c) "Effective Date" shall mean the date on which this Plan shall become effective, as provided in paragraph 18 below.

(d) "Fair Market Value" as applied to any date, the last trading price of a share of Common Stock on the principal stock exchange on which the Common Stock is listed, or, if it is not so listed, as reported by the National Association of Securities Dealers Automated Quotation System on such date or, if no such sales were made on such date, on the next preceding date on which there were sales of Common Stock on such exchange or market, as the case may be; provided, however, that if the Common Stock is not so listed, the determination as to fair market value of the Company's common stock under this Plan shall be determined by an appraisal firm retained by the Board for this purpose. Such evaluations shall be conducted periodically at the direction of the Board.

(e) "Key Employee" shall mean an employee of the Company or of an affiliate who in the opinion of the Board can contribute significantly to the growth and successful operations of the Company. The grant of a stock incentive to an employee by the Board shall be deemed a determination by the Board that such employee is a Key Employee. For the purposes of this Plan a

director or officer of the Company or of an affiliate shall be deemed an employee regardless of whether or not such director or officer is on the payroll of, or otherwise paid for services by, the Company or an affiliate.

(f) "Option" shall mean an option to purchase shares of Common Stock.

(g) "Participant" shall mean a Key Employee selected by the Board to receive stock incentives granted under this Plan.

(h) "Stock Award" shall mean an issuance or transfer of shares of Common 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.

(i) "Stock Incentive" shall mean a stock incentive granted under this Plan in one of the forms provided for in Section 3.

3. ADMINISTRATION; SELECTION OF PARTICIPANTS.

(a) The Plan shall be administered by the Board.

(b) The Board shall select the Participants from among the Key Employees and shall grant stock incentives to the Participants subject to the provisions of the Plan.

(c) Subject to the express provisions of this Plan, the Board shall have authority to adopt administrative regulations and procedures which are consistent with the terms of this Plan; to adopt and amend such agreements as they deem advisable; to determine the terms and provisions of such agreements (including the number of shares with respect to which stock incentives are granted to a Participant, the price for shares and the date or dates when the incentives may be exercised)--which terms shall comply with the requirements of Paragraphs 6 and 7 below; to construe and interpret such agreements; to impose such limitations and restrictions as are deemed necessary or advisable by counsel for the Company so that compliance with the Federal securities laws and with the securities laws of the various states may be assured; and to make all other determinations necessary or advisable for administering this Plan. A decision by a majority of the Board shall govern all actions of the Board; such decision may be made either at a meeting of the Board at which a majority of the members are present or without a meeting by a writing signed by a majority of the Board. All decisions and interpretations made by the Board shall be binding and conclusive on the Company and all Participants, their legal representatives and beneficiaries.

(d) The Board may designate any officers or employees of the Company to assist the Board in the administration of this Plan and to execute documents on its behalf, and the Board may delegate to them such other ministerial and limited discretionary duties as it sees fit.

4. GRANTS OF STOCK INCENTIVES:

(a) Subject to the provisions of this Plan, the Board 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.

(c) Members of the Board 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.

5. SHARES SUBJECT TO THE PLAN.

(a) The maximum number shares to be issued and delivered by the Company upon exercise of stock incentives granted under this Plan are 415,000 shares of the Company's common stock provided that no more than 215,000 shares may be issued in the form of Stock Awards, all said shares to be either authorized but unissued shares or treasury shares, in the discretion of the Board.

(b) 185,000 shares maximum shall be issued to directors of the Company or of an Affiliate under the Plan, subject; however, to adjustment as provided in Paragraph 13 below. No stock incentive may be granted under this Plan which could cause such maximum limit to be exceeded.

(c) Provided the common stock of the Company is not listed or quoted as provided in Section 1(e), the Company shall have the right commencing six months after grant to purchase from the holder any or all of the shares of the Company's common stock which may be issued under this Plan for a price equal to the fair market value of such shares on the date of purchase by the Company.

(d) If any shares of Common 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 an Affiliate 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 an Affiliate shall no longer be charged against any of the limitations provided for in paragraphs (a) or (b) of this Section 5 and may again be made subject to Stock Incentives.

6. 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 Common 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 or not such shares are subject to restrictions which affect their value.

(c) Shares of Common 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, as the Board 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 Board may provide for payment to such Key Employee, in cash 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 13) if they had been issued or transferred to such Key Employee at the time such Stock Award was granted.

(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 Board 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 Board shall determine, provided the Stock Award is consistent with this Plan and incorporates it by reference.

7. TERMS OF OPTIONS. Options granted under this Plan shall be non-qualified stock options and shall contain such terms as the Board shall determine subject to the following limitations and requirements.

(a) Option price: The option price for shares of the Company's common stock shall be the fair market value of such shares on the effective date of the grant of such option.

(b) The participant shall have the right to require the Company to repurchase shares purchased pursuant to this Plan upon written notice to the Board. The effective date of such repurchase shall be the first stock valuation date which follows such notice and a six month period from the date of exercise of the option giving rise to the shares to be repurchased.

(c) Period within which option may be exercised: Each option granted under this Plan shall be exercisable in full or in part six months after it is granted, as the Board shall determine, and shall terminate (become non-exercisable) not later than ten (10) years after the effective date of the grant of such option.

(d) 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 Board, provided, however, no such modification of an outstanding Option shall, without the consent of the optionee, adversely affect any Option theretofore granted to him.

(e) Termination of option by reason of termination of employment: If a Participant's employment with the Company or an Affiliate terminates, all options granted under this Plan to such Participant shall terminate, except in the following circumstances:

(f) If termination of employment was due to retirement under the provisions of any retirement plan of the Company or an Affiliate or was because of permanent disability, such option may be exercised on or before the earlier of the expiration of the option or three (3) months following such termination of employment.

(ii) If termination of employment was due to the death of a Participant who was an employee of the Company or an Affiliate at the time of his death, such options may be exercised on or before the earlier of the expiration of the option or one (1) year following the date of death.

(g) Each Option shall be exercisable during the life of the optionee only by him or a transferee or assignee permitted by paragraph (i) of this Section (7) 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 (i) of this Section (7). 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 an Affiliate, unless he ceases to be an employee because of his resignation with the consent of the Board (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 an Affiliate. 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 Board, 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 Board, 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.

(h) Total exercise: An optionee may not elect to exercise less than 50 percent of any exercisable portion of an option granted to him under this Plan.

(i) 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 Board and subject to such terms and conditions as are specified in the Option or by the Board, 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 Common Stock to the holder with a Fair Market Value, at such time or times, equal to such excess.

(j) Right to cancel: The Company shall have the right to cancel all but not less than all unexercised options granted under the Plan at any time prior to termination of the Plan upon payment to each optionee of an amount equal to the remainder obtained (not less than zero) by subtracting the fair market value of the shares subject to the option on the effective date of the grant of the option from the fair market value of such shares on the date of cancellation.

(k) The maximum aggregate number of Stock Incentives in the form of Options which may be granted to an individual employee of the Corporation or an Affiliate in any calendar year shall not exceed 100,000 Options.

8. PERIOD FOR GRANTING OPTIONS. No options shall be granted under this Plan subsequent to the tenth anniversary of the day prior to the date on which this Plan is approved and adopted by the majority vote of the stockholders of the Company.

9. COMBINATIONS OF STOCK AWARDS AND OPTIONS. Stock Incentives authorized by paragraph (b)(iii) of Section 4 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 6 and the terms and conditions of such Stock Incentive pertaining to an Option are consistent with Section 7.

(b) Such combination Stock Incentive shall be subject to such other terms and conditions as the Board 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 Board shall determine, provided it is consistent with this Plan and incorporates it by reference.

10. METHOD OF EXERCISE. An incentive granted under this Plan may be exercised only by written notice to the Board, signed by the Participant or in the event of his death, by such other person as is entitled to exercise such incentive. The notice of exercise shall be accompanied by the payment in cash of the full option price for the shares. A certificate or certificates for the shares of common stock of the Company purchased through the exercise of an option shall be issued in regular course after the exercise of the option and payment therefor. During the option period no person entitled to exercise any option granted under this Plan shall have any of the rights or privileges of a stockholder with respect to any shares of stock issuable upon exercise of such option until certificates representing such shares shall have been issued and delivered.

11. NO EFFECT UPON EMPLOYMENT STATUS. The fact that an employee has been designated a Key Employee or selected as a Participant shall not limit or otherwise qualify the right of the Company or an Affiliate to terminate his employment at any time.

12. IMPLIED CONSENT OF PARTICIPANTS. Every Participant, by his acceptance of an option under this Plan, shall be deemed to have consented to be bound, on his own behalf and on behalf of his heirs, assigns, and legal representatives, by all of the terms and conditions of this Plan.

13. SHARE ADJUSTMENTS. In the event there is any change in the shares of the Company's common stock resulting from stock splits, stock dividends, combinations or exchanges of shares, or other similar capital adjustments, equitable proportionate adjustments shall be made by the Board in (1) the number of shares available for incentives under this Plan, (2) the number of shares subject to incentives granted under this Plan, and (3) the price of such shares.

14. MERGER, CONSOLIDATION, OR SALE OF ASSETS. In the event the Company shall consolidate with, merge into, or transfer all or substantially all of its assets to another corporation or

corporations (herein referred to as the "successor employer corporation"), such successor employer corporation may obligate itself to continue this Plan and to assume all obligations under the Plan. In the event that such successor employer corporation does not obligate itself to continue this Plan as above provided, this Plan shall terminate upon such consolidation, merger, or transfer, and any option previously granted hereunder shall vest and shall be purchased by Company for the difference between the option price and the fair market value of Common Stock on the date of such consolidation, merger, or transfer of assets.

15. COMPANY RESPONSIBILITY. All expenses of this Plan, including the cost of maintaining records, shall be borne by the Company, except as provided in Paragraph 16 below.

16. SECURITIES LAWS. The Board shall take all necessary or appropriate action to ensure that all incentive grants and all exercises thereof under this Plan are in full compliance with all applicable Federal and state securities laws.

No shares of common 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 have, in the opinion of counsel to the company, been complied with. In connection with any such issuance or transfer the person requiring the shares shall, or requested by the company, give assurances, satisfactory to counsel for the company, that the shares are being acquired for investment and not with the view to resale or distribution thereof and assurances in respect of such other matters as the company may deem desirable to assure compliance with all applicable legal requirements.

17. AMENDMENT AND TERMINATION. The Board may terminate this Plan at any time, and may amend the Plan at any time or from time to time, without obtaining any approval of the Company's stockholders; except that the Plan may not be amended without the consent of the Company's stockholders (1) to increase the aggregate number of shares issuable under the Plan (excepting proportionate adjustments made under Paragraph 13 to give effect to stock splits, etc.); (2) to change the incentive price of optioned shares (excepting proportionate adjustments made under Paragraph 13); (3) to change the requirement that the price per share of common stock covered by an incentive granted under this Plan not be less than 100 percent of the fair market value of the shares of the Company's common stock on the date such incentive is granted; (4) to extend the time within which incentives may be granted or the time within which a granted incentive may be exercised; or (5) to change, without the consent of the Participant (or his, or his estate's, legal representative), any incentive previously granted to him under the Plan. If the Plan is terminated, any unexercised incentive shall continue to be

exercisable in accordance with its terms, except as provided in Paragraph 14 above.

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 Common Stock allocated or reserved for the purposes of this Plan or subject to any Stock Incentive except as to such shares of Common Stock, if any, as shall have been issued or transferred to him.

18. EFFECTIVE DATE. This Plan shall become effective as of the date it is approved and adopted by majority vote of the stockholders of the Company and the Board has approved. If not so approved and adopted, this Plan shall be of no force and effect.

EXHIBIT 10.40

PROMISSORY NOTE

$56,250.00	Cincinnati	Ohio	October 31, 2000
Amount	City	State	Date

In consideration of value received, the undersigned promises to pay, in lawful money of the United States of America, on demand to the order of Cadre Computer Resources, Inc., a Delaware corporation, at its offices located at 2600 Chemed Center, 255 East Fifth Street, Cincinnati, Ohio 45202, the principal sum of Fifty-Six Thousand Two Hundred Fifty Dollars ($56,250.00) plus interest.

Interest shall accrue and be payable annually on the last day of each year at the short term semi-annual Applicable Federal Rate as published by the Internal Revenue Service, currently 6.27%, until this Note, together with all accrued interest, be paid in full.

Any payment hereon shall be applied first to the payment of any interest which may then be due and unpaid and the balance thereof to the repayment of the said principal amount.

This Note shall be and become immediately due and payable at the option of the holder without any demand or notice upon the first to occur of the following: (1) the holder deems itself insecure, (2) the death, insolvency, assignment for the benefit of creditors, or the commencement of any bankruptcy or insolvency proceedings of or against the undersigned, or (3) upon termination of employment of the undersigned with Cadre Computer Resources, Inc. or its affiliates for any reason.

The undersigned agrees to pay all costs of collection which may be incurred should suit be instituted.

The waiver of any provision, term or condition of this Note shall not be taken to be a waiver of any subsequent breach of the same or any other provision, term or condition.

The undersigned hereby waives presentment, demand, notice of dishonor, protest and notice of nonpayment and protest.

Witness: Edward L. Hutton

EXHIBIT 10.41

PROMISSORY NOTE

$41,250.00	Cincinnati	Ohio	October 31, 2000
Amount	City	State	Date

In consideration of value received, the undersigned promises to pay, in lawful money of the United States of America, on demand to the order of Cadre Computer Resources, Inc., a Delaware corporation, at its offices located at 2600 Chemed Center, 255 East Fifth Street, Cincinnati, Ohio 45202, the principal sum of Forty-One Thousand Two Hundred Fifty Dollars ($41,250.00) plus interest.

Interest shall accrue and be payable annually on the last day of each year at the short term semi-annual Applicable Federal Rate as published by the Internal Revenue Service, currently 6.27%, until this Note, together with all accrued interest, be paid in full.

Any payment hereon shall be applied first to the payment of any interest which may then be due and unpaid and the balance thereof to the repayment of the said principal amount.

This Note shall be and become immediately due and payable at the option of the holder without any demand or notice upon the first to occur of the following: (1) the holder deems itself insecure, (2) the death, insolvency, assignment for the benefit of creditors, or the commencement of any bankruptcy or insolvency proceedings of or against the undersigned, or (3) upon termination of employment of the undersigned with Cadre Computer Resources, Inc. or its affiliates for any reason.

The undersigned agrees to pay all costs of collection which may be incurred should suit be instituted.

The waiver of any provision, term or condition of this Note shall not be taken to be a waiver of any subsequent breach of the same or any other provision, term or condition.

The undersigned hereby waives presentment, demand, notice of dishonor, protest and notice of nonpayment and protest.

Witness: Kevin J. McNamara

EXHIBIT 10.42

PROMISSORY NOTE

$41,250.00	Cincinnati	Ohio	October 31, 2000
Amount	City	State	Date

In consideration of value received, the undersigned promises to pay, in lawful money of the United States of America, on demand to the order of Cadre Computer Resources, Inc., a Delaware corporation, at its offices located at 2600 Chemed Center, 255 East Fifth Street, Cincinnati, Ohio 45202, the principal sum of Forty-One Thousand Two Hundred Fifty Dollars ($41,250.00) plus interest.

Interest shall accrue and be payable annually on the last day of each year at the short term semi-annual Applicable Federal Rate as published by the Internal Revenue Service, currently 6.27%, until this Note, together with all accrued interest, be paid in full.

Any payment hereon shall be applied first to the payment of any interest which may then be due and unpaid and the balance thereof to the repayment of the said principal amount.

This Note shall be and become immediately due and payable at the option of the holder without any demand or notice upon the first to occur of the following: (1) the holder deems itself insecure, (2) the death, insolvency, assignment for the benefit of creditors, or the commencement of any bankruptcy or insolvency proceedings of or against the undersigned, or (3) upon termination of employment of the undersigned with Cadre Computer Resources, Inc. or its affiliates for any reason.

The undersigned agrees to pay all costs of collection which may be incurred should suit be instituted.

The waiver of any provision, term or condition of this Note shall not be taken to be a waiver of any subsequent breach of the same or any other provision, term or condition.

The undersigned hereby waives presentment, demand, notice of dishonor, protest and notice of nonpayment and protest.

Witness: Sandra E. Laney

EXHIBIT 13

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 12 through 27 of this report present fairly, in all material respects, the financial position of Chemed Corporation and its subsidiaries ("the Company") at December 31, 2000 and 1999, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2000, 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 these audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for the opinion expressed above.

/s/ PriceWaterhouseCoopers LLP

Cincinnati, Ohio
February 5, 2001

STATEMENT OF ACCOUNTING POLICIES

Chemed Corporation and Subsidiary Companies

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 date of maturity.

OTHER INVESTMENTS

Other investments are recorded at their estimated fair values. 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.

INTANGIBLE ASSETS

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

The lives of the Company's gross intangible assets at December 31, 2000, were (in thousands):

1 - 10 years	$ 5,385
11 - 20 years	3,077
31 - 40 years	211,527

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

REVENUE RECOGNITION

Revenues received under prepaid contractual service agreements are recognized on a straight-line basis over the life of the contract. All other 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.

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 is recorded as compensation cost over the requisite vesting periods on a pro rata basis, based on the market value on the date of grant.

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 2000 presentation.

CONSOLIDATED STATEMENT OF INCOME

Chemed Corporation and Subsidiary Companies

(in thousands, except per share data)

For the Years Ended December 31,	2000	1999	1998
Service Revenues and Sales	$ 500,685	$ 453,593	$ 381,283
Cost of services provided and goods sold	303,683	276,759	237,148
General and administrative expenses	102,373	95,683	80,145
Selling and marketing expenses	45,859	41,237	33,249
Depreciation	15,302	13,129	10,649
Acquisition expenses (Note 2)	--	--	752
Total costs and expenses	467,217	426,808	361,943
Income from operations	33,468	26,785	19,340
Interest expense	(6,736)	(6,858)	(6,793)
Distributions on preferred securities	(1,197)	--	--
Other income--net (Note 3)	7,711	11,026	19,578
Income before income taxes	33,246	30,953	32,125
Income taxes (Note 4)	(12,662)	(11,257)	(12,216)
Net Income	$ 20,584	$ 19,696	$ 19,909
Earnings Per Share			
Net income	$ 2.09	$ 1.88	$ 1.98
Average number of shares outstanding	9,833	10,470	10,058
Diluted Earnings Per Share (Note 12)			
Net income	$ 2.07	$ 1.87	$ 1.97
Average number of shares outstanding	10,305	10,514	10,100

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

CONSOLIDATED BALANCE SHEET

Chemed Corporation and Subsidiary Companies

(in thousands, except share and per share data)

December 31,	2000	1999
Assets		
Current assets		
Cash and cash equivalents (Note 5)	$ 10,280	$ 17,282
Accounts receivable less allowances of $5,137 (1999--$4,554)	54,571	55,889
Inventories, primarily general merchandise and finished goods	10,503	9,794
Statutory deposits	14,046	14,254
Current deferred income taxes (Note 4)	10,667	9,294
Other current assets	6,403	5,289
Total current assets	106,470	111,802
Other investments (Note 11)	37,099	37,849
Properties and equipment, at cost less accumulated depreciation (Note 6)	75,177	71,728
Identifiable intangible assets less accumulated amortization of $7,749 (1999--$6,558)	11,633	12,597
Goodwill less accumulated amortization of $31,524 (1999--$26,545)	169,083	163,257
Other assets	21,913	24,070
Total Assets	$ 421,375	$ 421,303
Liabilities		
Current liabilities		
Accounts payable	$ 11,102	$ 11,246
Current portion of long-term debt (Note 7)	14,376	11,719
Income taxes (Note 4)	11,862	8,714
Deferred contract revenue	24,973	25,630
Other current liabilities (Note 8)	44,629	41,119
Total current liabilities	106,942	98,428
Long-term debt (Note 7)	58,391	78,580
Other liabilities (Note 8)	27,637	32,251
Commitments and contingencies (Notes 8 and 10)		
Total Liabilities	192,970	209,259
Mandatorily Redeemable Convertible Preferred Securities of the Chemed Capital Trust (Note 14)	14,641	--
Stockholders' Equity		
Preferred stock--authorized 700,000 shares without par value; none issued		
Capital stock--authorized 15,000,000 shares $1 par; issued 13,317,906 shares (1999--13,664,892 shares)	13,318	13,665
Paid-in capital	162,618	164,549
Retained earnings	153,909	144,322
Treasury stock--3,467,753 shares (1999--3,268,783 shares), at cost	(105,249)	(99,437)
Unearned compensation (Note 9)	(16,683)	(17,056)
Deferred compensation payable in Company stock (Note 9)	5,500	5,340
Accumulated other comprehensive income	3,237	3,392
Notes receivable for shares sold (Note 13)	(2,886)	(2,731)
Total Stockholders' Equity	213,764	212,044
Total Liabilities and Stockholders' Equity	$ 421,375	$ 421,303

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

CONSOLIDATED STATEMENT OF CASH FLOWS

Chemed Corporation and Subsidiary Companies

(in thousands)

For the Years Ended December 31,	2000	1999	1998
Cash Flows from Operating Activities			
Net income	$ 20,584	$ 19,696	$ 19,909
Adjustments to reconcile net income to net cash provided by operations:			

Depreciation and amortization	23,445	20,129	17,284
Gains on sales of investments	(3,399)	(4,661)	(12,589)
Provision for uncollectible accounts receivable	2,342	2,235	2,452
Provision for deferred income taxes	2,105	128	3,426
Changes in operating assets and liabilities, excluding amounts acquired in business combinations:			
Increase in accounts receivable	(1,074)	(13,949)	(3,848)
Decrease/(increase) in inventories	(706)	135	(734)
Decrease/(increase) in statutory reserve requirements	208	2,444	(561)
Increase in other current assets	(936)	(676)	(204)
Increase/(decrease) in accounts payable, deferred contract revenue and other current liabilities	2,718	5,094	(4,593)
Increase/(decrease) in income taxes	4,395	(3,108)	475
Other--net	2,156	75	(239)
Net cash provided by operating activities	51,838	27,542	20,778
Cash Flows from Investing Activities			
Capital expenditures	(19,499)	(22,411)	(21,997)
Business combinations, net of cash acquired (Note 2)	(11,504)	(15,518)	(14,843)
Proceeds from sales of investments	4,290	7,701	14,963
Net uses for discontinued operations	(3,695)	(2,533)	(5,607)
Purchase of Roto-Rooter minority interest	(1,236)	(1,708)	(1,556)
Other--net	324	2,295	3,794
Net cash used by investing activities	(31,320)	(32,174)	(25,246)
Cash Flows from Financing Activities			
Repayment of long-term debt (Note 7)	(18,164)	(2,982)	(2,891)
Purchases of treasury stock	(5,728)	(1,724)	(399)
Dividends paid	(4,022)	(22,456)	(21,674)
Proceeds from issuance of long-term debt (Note 7)	1,200	10,000	--
Acquisition of shares for stock purchase plan	--	(2,731)	--
Other--net	(806)	449	(168)
Net cash used by financing activities	(27,520)	(19,444)	(25,132)
Decrease in cash and cash equivalents	(7,002)	(24,076)	(29,600)
Cash and cash equivalents at beginning of year	17,282	41,358	70,958
Cash and cash equivalents at end of year	$ 10,280	$ 17,282	$ 41,358

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

CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY

Chemed Corporation and Subsidiary Companies

(in thousands, except per share data)

	Capital Stock	Paid-in Capital	Retained Earnings	Treasury Stock- at Cost	Unearned Compen- sation	Deferred Compensa- tion Payable in Company Stock	Accumulated Other Com- prehensive Income
Balance at December 31, 1997	$ 13,020	$ 158,485	$ 148,680	$ (88,063)	$(23,959)	$ --	$ 19,957
Net income	--	--	19,909	--	--	--	--
Dividends paid ($2.12 per share)	--	--	(21,674)	--	--	--	--
Other comprehensive income	--	--	--	--	--	--	(6,695)
Decrease in unearned compensation (Note 9)	--	--	--	--	3,934	--	--
Reclassification of employee benefit trust liabilities/(assets)	--	--	--	(5,345)	--	5,345	--
Pooling of interests	469	200	(104)	--	--	--	--
Purchases of treasury stock	--	--	--	(399)	--	--	--
Stock awards and exercise of stock options (Note 13)	118	4,266	--	(3,581)	(533)	--	--
Other	(2)	(699)	150	151	--	(274)	--
Balance at December 31, 1998.	13,605	162,252	146,961	(97,237)	(20,558)	5,071	13,262
Net income	--	--	19,696	--	--	--	--
Dividends paid ($2.12 per share)	--	--	(22,456)	--	--	--	--

Other comprehensive income	--	--	--	--	--	--	(9,870)
Decrease in unearned compensation (Note 9)	--	--	--	--	4,498	--	--
Sale of shares for notes	--	--	--	2,731	--	--	--
Purchases of treasury stock	--	--	--	(4,455)	--	--	--
Stock awards (Note 13)	54	1,690	--	(326)	(996)	--	--
Other	6	607	121	(150)	--	269	--
Balance at December 31, 1999.	13,665	164,549	144,322	(99,437)	(17,056)	5,340	3,392
Net income	--	--	20,584	--	--	--	--
Dividends paid ($.40 per share)	--	--	(4,022)	--	--	--	--
Other comprehensive income	--	--	--	--	--	--	(155)
Exchange of capital stock for trust securities	(576)	(7,971)	(6,992)	--	--	--	--
Decrease in unearned compensation (Note 9)	--	--	--	--	3,617	--	--
Purchases of treasury stock	--	--	--	(5,320)	--	--	--
Stock awards and exercise of stock options (Note 13) ...	226	6,266	--	(408)	(3,244)	--	--
Other	3	(226)	17	(84)	--	160	--
Balance at December 31, 2000.	$ 13,318	$162,618	$153,909	$(105,249)	$ (16,683)	$ 5,500	$ 3,237

	Notes Receivable for Shares Sold	Total
Balance at December 31, 1997	$ --	$ 228,120
Net income	--	19,909
Dividends paid ($2.12 per share)	--	(21,674)
Other comprehensive income	--	(6,695)
Decrease in unearned compensation (Note 9)	--	3,934
Reclassification of employee benefit trust liabilities/(assets)	--	--
Pooling of interests	--	565
Purchases of treasury stock	--	(399)
Stock awards and exercise of stock options (Note 13) ...	--	270
Other	--	(674)
Balance at December 31, 1998.	--	223,356
Net income	--	19,696
Dividends paid ($2.12 per share) .	--	(22,456)
Other comprehensive income	--	(9,870)
Decrease in unearned compensation (Note 9)	--	4,498
Sale of shares for notes	(2,731)	--
Purchases of treasury stock	--	(4,455)
Stock awards (Note 13)	--	422
Other	--	853
Balance at December 31, 1999..	(2,731)	212,044
Net income	--	20,584
Dividends paid ($.40 per share) ..	--	(4,022)
Other comprehensive income	--	(155)
Exchange of capital stock for trust securities	--	(15,539)
Decrease in unearned compensation (Note 9)	--	3,617
Purchases of treasury stock	--	(5,320)
Stock awards and exercise of stock options (Note 13)	--	2,840
Other	(155)	(285)
Balance at December 31, 2000..	$ (2,886)	$213,764

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Chemed Corporation and Subsidiary Companies

(in thousands)

For the Years Ended December 31,	2000	1999	1998
Net income	$ 20,584	$ 19,696	$ 19,909
Other comprehensive income net of income tax:			
Unrealized holding gains/(losses) arising during the period	2,106	(6,910)	1,250
Less reclassification adjustment for gains included in net income	(2,261)	(2,960)	(7,945)
Total	(155)	(9,870)	(6,695)
Comprehensive income	$ 20,429	$ 9,826	$ 13,214

The Statement of Accounting Policies and the accompanying Notes to Financial Statements are integral parts of these statements.>

NOTES TO FINANCIAL STATEMENTS

Chemed Corporation and Subsidiary Companies

1. SEGMENTS AND NATURE OF THE BUSINESS

Chemed is a diversified public corporation with strategic positions in plumbing, drain cleaning, and heating, ventilating and air conditioning ("HVAC") services (Roto-Rooter); home healthcare services (Patient Care); residential appliance and air conditioning repair services (Service America); and computer software and related services (Cadre Computer). Relative contributions to service revenues and sales were 56%, 27%, 15% and 2% in 2000, respectively.

The business segments are defined as follows:

- The Roto-Rooter segment includes the combined operations of the Roto-Rooter Group ("Roto-Rooter"), a group of wholly owned businesses that provide repair and maintenance services to residential and commercial accounts. Such services include plumbing; sewer, drain and pipe cleaning; and HVAC services. They are delivered through company-owned, contractor-operated and franchised locations. Roto-Rooter also manufactures and sells products and equipment used to provide such services.
- The Patient Care segment includes the consolidated operations of the wholly owned businesses comprising the Patient Care Group ("Patient Care"), which offers complete, professional home-healthcare services primarily in the New York-New Jersey-Connecticut area. Services provided include skilled nursing; home health aid; physical, speech, respiratory and occupational therapies; medical social work; and nutrition.
- The Service America segment includes the consolidated operations of the wholly owned businesses comprising the Service America Systems Group ("Service America"). The group provides HVAC and appliance repair and maintenance services primarily to residential customers through service contracts and on demand. In addition, Service America sells air conditioning equipment and duct cleaning services.
- The Cadre Computer segment includes the operations of Cadre Computer Resources, Inc. ("Cadre Computer"), an 89%-owned subsidiary. The subsidiary provides computer software services, including distribution and installation of firewall software, training and related services.

Substantially all of the Company's service revenues and sales from continuing operations are generated from business within the United States. Within the Patient Care segment, balances due from the U.S. federal government and Visiting Nurse Services of New York at December 31, 2000, accounted for approximately 16% and 13%, respectively, of the Company's consolidated accounts receivable balance. No other single customer's balance at December 31, 2000, accounted for more than 10% of the Company's consolidated accounts receivable balance. In addition, substantially all of Patient Care's accounts receivable at December 31, 2000 ($35.5 million), was generated from customers located in the northeastern United States.

Management closely monitors accounts receivable balances and has established policies regarding the extension of credit and compliance therewith. The Patient Care segment historically has experienced a relatively low level of losses on the collection of its receivables.

Approximately 36% of Patient Care's net revenues are derived from services provided directly to patients with coverage under the federal government's Medicare program or under joint federal-and-state-sponsored Medicaid programs. In addition, 36% of Patient Care's revenues arise from contracts with other certified home-health agencies to provide services to recipients under these entitlement programs.

Financial data by business segment shown on pages 26 and 27 of this annual report are integral parts of these financial statements.

2. BUSINESS COMBINATIONS

During 2000, three purchase business combinations were completed within the Roto-Rooter segment for an aggregate purchase price of $11.5 million in cash.

During 1999, 10 purchase business combinations were completed within the Roto-Rooter, Patient Care and Service America segments for aggregate purchase prices of $15.5 million in cash.

Similarly, during 1998, 16 purchase business combinations were completed within the Roto-Rooter, Patient Care and Service America segments for aggregate purchase prices of $18.5 million in cash. Also, two pooling-of-interests business combinations were completed in 1998 within the Roto-Rooter segment upon the issuance of 469,560 shares of Chemed Capital Stock.

All of the aforementioned Roto-Rooter business combinations involved operations primarily in the business of providing plumbing repair, HVAC and drain cleaning services. All of the Patient Care acquisitions involved operations primarily in the business of providing home healthcare services, and the Service America acquisitions provide HVAC and appliance repair and maintenance services.

The unaudited pro forma results of operations, assuming purchase business combinations completed in 2000, 1999 and 1998 were completed on January 1 of the preceding year, are presented below (in thousands, except per share data):

	For the Years Ended December 31,		
	2000	1999	1998
Service revenues and sales	$501,714	$468,042	$409,935
Net income	20,617	19,830	21,202
Earnings per share	2.10	1.89	2.11
Diluted earnings per share	2.08	1.89	2.10

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,		
	2000	1999	1998
Working capital	$ 89	$ 2,935	$ 1,038

Identifiable intangible assets	210	765	485
Goodwill	11,059	11,893	17,294
Other assets and liabilities--net	146	(75)	(307)
Total net assets	11,504	15,518	18,510
Less--cash and cash equivalents acquired	--	--	(767)
--present value of deferred payments	--	--	(2,900)
Net cash used	$ 11,504	$ 15,518	$ 14,843

The combined impact of the 1998 pooling-of-interests transactions on the Company's historical consolidated financial statements was not material; consequently, prior-period financial statements were not restated for these transactions. The results of operations of all business combinations have been included in the Company's consolidated financial statements from the effective date of each combination.

In connection with the pooling-of-interests transactions in 1998, the Company incurred expenses aggregating $752,000 ($495,000 aftertax or $.05 per share).

3. OTHER INCOME--NET

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

	For the Years Ended December 31,		
	2000	1999	1998
Gain on sales of investments	$ 3,399	$ 4,661	$12,589
Dividend income	2,563	2,626	2,822
Interest income	1,537	1,589	4,049
Unrealized gains/(losses) on investments	388	1,966	(266)
Other--net	(176)	184	384
Total other income --net	$ 7,711	$11,026	$19,578

4. INCOME TAXES

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

	For the Years Ended December 31,		
Continuing Operations	2000	1999	1998
Current			
U.S. federal	$ 8,302	$ 9,024	$ 7,457
U.S. state and local	2,151	1,917	1,213
Foreign	104	188	120
Deferred			
U.S. federal	2,153	171	3,432
Foreign	(48)	(43)	(6)
Total	$ 12,662	$ 11,257	$ 12,216
Discontinued Operations			
Current U.S. federal	$ (1,117)	$ (770)	$ 237
Deferred U.S. federal	842	770	(237)
Total	$ (275)	$ --	$ --

For 2000, the pretax loss from discontinued operations is $275,000.

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

	December 31, 2000	1999
Deferred compensation	$ 6,958	$ 5,656
Accrued insurance expense	5,608	4,667
Accruals related to discontinued operations	5,530	6,337
Allowances for uncollectible accounts receivable	1,797	1,601
Accrued state taxes	1,600	1,932
Severance payments	478	963
Amortization of intangibles	--	1,262
Other	2,690	3,519
Gross deferred income tax assets	24,661	25,937
Accelerated tax depreciation	(8,088)	(6,045)
Market valuation of investments	(1,946)	(2,259)
Cash to accrual adjustments	(2,100)	(2,123)
Other	(1,673)	(1,788)
Gross deferred income tax liabilities	(13,807)	(12,215)
Net deferred income tax assets	$10,854	$13,722

Included in other assets at December 31, 2000, are deferred income tax assets of $187,000 (1999--$4,428,000). 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 effective tax rate for continuing operations and the statutory U.S. federal income tax rate is explained as follows:

	For the Years Ended December 31, 2000	1999	1998
Statutory U.S. federal income tax rate	35.0%	35.0%	35.0%
Nondeductible amortization of goodwill	4.2	4.5	4.2
State and local income taxes, less federal income tax benefit	4.2	4.0	2.4
Work opportunity tax credit	(2.2)	(1.7)	(1.7)
Domestic dividend exclusion	(2.1)	(2.3)	(2.2)
Tax adjustments related to finalization of prior years' audits	--	(1.7)	--
Tax benefit on dividends paid to ESOPs	(.2)	(1.3)	(1.3)
Other--net	(.8)	(.1)	1.6
Effective tax rate	38.1%	36.4%	38.0%

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

	For the Years Ended December 31,		
	2000	1999	1998
Unrealized holding gains/(losses)	$ 1,134	$(3,721)	$ 673
Reclassification adjustment	(1,138)	(1,701)	(4,644)

The total amount of income taxes paid during the year ended December 31, 2000, was $6,154,000 (1999--$13,982,000; 1998--$8,069,000).

5. CASH EQUIVALENTS

Included in cash and cash equivalents at December 31, 2000, are cash equivalents in the amount of $7,063,000 (1999--$14,514,000). 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 5.2% in 2000 and 2.5% in 1999.

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.

6. PROPERTIES AND EQUIPMENT

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

	December 31,	
	2000	1999
Land	$ 2,568	$ 2,245
Buildings	19,050	17,822
Transportation equipment	40,219	37,549
Machinery and equipment	32,688	28,471
Computer software	21,921	13,539
Furniture and fixtures	21,516	21,577
Projects under construction	1,972	5,935
Total properties and equipment	139,934	127,138
Less accumulated depreciation	(64,757)	(55,410)
Net properties and equipment	$ 75,177	$ 71,728

7. LONG-TERM DEBT AND LINES OF CREDIT

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

	December 31,	
	2000	1999
Senior notes:		
8.15%, due 2001 - 2004	$40,000	$50,000
7.31%, due 2005 - 2009	25,000	25,000
10.67%, due 2001 - 2003	3,000	4,000

Revolving Credit Agreement:		
6.92% (1999 - 6.33%), due 2001	3,000	10,000
Employee Stock Ownership Plans loan guarantees:		
8.14%	--	568
Other	1,767	731
Subtotal	72,767	90,299
Less current portion	(14,376)	(11,719)
Long-term debt, less current portion	$58,391	$78,580

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.

In December 1992, the Company borrowed $50,000,000 from several insurance companies. The first annual installment was due and paid on December 15, 2000. The remaining principal is repayable in four annual installments of $10,000,000 due on December 15, 2001 through 2004, and bears interest at the rate of 8.15% per annum. Interest is payable on June 15 and December 15 of each year.

In November 1988, the Company borrowed $11,000,000 from a consortium of insurance companies. Annual installments of $1,000,000 were due and paid November 1, 1993 through 2000. The remaining $3,000,000 bears interest at the rate of 10.67% with annual principal payments of $1,000,000 due on November 1, 2001 through 2003. Interest is payable on May 1 and November 1 of each year.

REVOLVING CREDIT AGREEMENT AND LINES OF CREDIT

In June 1996, the Company entered into an amended revolving credit agreement with Bank of America National Trust and Savings Association to borrow up to $85,000,000 at any time during the five-year period ending June 20, 2001. Unpaid principal, which amounts to $3,000,000 at December 31, 2000, is due on June 20, 2001. The interest rate is based on various stipulated market rates of interest.

In addition, the Company had approximately $22,424,000 of unused short-term lines of credit with various banks at December 31, 2000.

OTHER

Interest rates on other long-term debt range from 7% to 8%, and the obligations are due on various dates through 2009.

The following is a schedule by year of required long-term debt payments as of December 31, 2000 (in thousands):

2001	$14,376
2002	11,380
2003	11,409
2004	10,334
2005	5,070
After 2005	20,198
Total long-term debt	$72,767

The various loan agreements contain certain covenants which 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.

The total amount of interest paid during the year ended December 31, 2000, was $7,345,000 (1999--$6,706,000; 1998--$6,994,000). Total interest capitalized during the year ended December 31, 2000, was $500,000

(1999--$927,000; 1998--$308,000).

8. OTHER LIABILITIES

At December 31, 2000, other current liabilities included accrued insurance liabilities of $15,808,000 and accrued wages of $6,958,000 (1999--$14,336,000 and $5,888,000, respectively). Other liabilities at December 31, 2000, include deferred compensation liabilities totaling $14,381,000 (1999--$12,896,000).

At December 31, 2000, the Company's accrual for its estimated liability for potential environmental cleanup and related costs arising from the sale of DuBois Chemicals Inc. ("DuBois") amounts to $2,972,000. Of this balance, $472,000 is included in other liabilities and $2,500,000 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 $18,075,000. 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.

Net uses of cash for discontinued operations in the statement of cash flows represent the payment of severance, lease and other liabilities relating to operations disposed of in 1991 and 1997.

9. PENSION AND RETIREMENT PLANS

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

The Company has established two ESOPs which purchased a total of $56,000,000 of the Company's capital stock. Until December 1997, the ESOPs were financed by bank and insurance company loans guaranteed by the Company. Subsequently, the Company restructured the ESOPs and internally financed approximately $16.2 million of the $21.8 million ESOP loans outstanding at December 31, 1997.

Substantially all Chemed headquarters and eligible employees of Roto-Rooter and Cadre Computer participate in the ESOPs. Eligible employees of Roto-Rooter, Patient Care 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,		
	2000	1999	1998
ESOPs:			
Interest expense	$ --	$ 23	$ 173
Compensation cost	1,679	1,723	1,616
Pension, profit-sharing and other similar plans	5,434	6,589	2,893
Total	$ 7,113	$ 8,335	$ 4,682
Dividends on ESOP shares used for debt service	$ 270	$ 1,502	$ 1,643

At December 31, 2000, there were 444,925 allocated shares (1999--401,282 shares) and 217,258 unallocated shares (1999--296,157 shares) in the ESOP trusts.

The Company has an excess benefit plan for key employees whose participation in the ESOPs 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. Beginning September 1, 1998, current benefits are invested in only mutual funds, and participants are not permitted to diversify accumulated benefits which have been invested in shares of the Company's stock. At December 31, 2000, the trusts' 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, 2000, these trusts held 158,123 shares of the Company's stock (1999--156,852 shares). The 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 $14,194,000 at December 31, 2000 (1999--$12,745,000), and are included in other assets. The corresponding liabilities are included in other liabilities.

10. LEASE ARRANGEMENTS

The Company, as lessee, has operating leases which 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 18 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, 2000 (in thousands):

2001	$10,478
2002	9,087
2003	7,785
2004	6,162
2005	5,581
After 2005	3,226
Total minimum rental payments	42,319
Less minimum sublease rentals	(5,802)
Net minimum rental payments	$36,517

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

	For the Years Ended December 31,		
	2000	1999	1998
Total rental payments	$12,140	$12,265	$ 9,540
Less sublease rentals	(1,765)	(1,914)	(1,602)
Net rental expense	$10,375	$10,351	$ 7,938

11. 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 noncurative care to chronically ill patients. Since it is not considered practicable to obtain an appraisal of the value of Vitas Common Stock Purchase Warrants ("Warrants"), it has been assumed that the market value of the Warrants is equal to book value ($1,500,000). The value of the Vitas 9% Cumulative Preferred Stock ("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. During 2000, the Company and Vitas agreed to extend the redemption date of the Preferred to May 1, 2001. It is considered reasonably possible

that the redemption date will again be extended in the year 2001.

- 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):

December 31,	Carrying Amount	Fair Value
2000		
Other investments(a)	$37,099	$37,099
Long-term debt	72,767	75,476
Trust securities	14,641	15,184
1999		
Other investments(a)	$37,849	$37,849
Long-term debt	90,299	89,680

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

The Company has classified its investments in equity securities and certain debt securities as either trading or available-for-sale. The trading category includes those investments which are held principally for sale in the near term. All other investments are classified in the available-for-sale category. Investments included in cash equivalents are considered to be trading securities, and all other investments are considered to be available-for-sale.

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

	December 31, 2000	December 31, 1999
Aggregate fair value	$37,099	$37,849
Gross unrealized holding gains	5,153	5,290
Gross unrealized holding losses	173	70
Amortized cost	32,119	32,629

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

	For the Years Ended December 31, 2000	1999	1998
Proceeds from sale	$ 4,290	$ 7,701	$14,963
Gross realized gains	3,496	4,675	12,857
Gross realized losses	97	14	268

12. DILUTED EARNINGS PER SHARE

Diluted earnings per share were calculated as follows (in thousands, except per share data):

For the Years Ended December 31,	Net Income: Income (Numerator)	Shares (Denominator)	Income Per Share
2000			

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
1999			
Earnings	$19,696	10,470	$1.88
Nonvested stock awards	--	43	
Dilutive stock options	--	1	
Diluted earnings	$19,696	10,514	$1.87
1998			
Earnings	$19,909	10,058	$1.98
Nonvested stock awards	--	37	
Dilutive stock options	--	5	
Diluted earnings	$19,909	10,100	$1.97

During 2000 and 1999, the following options, whose exercise prices were greater than the average market price during most of the year (and therefore excluded from the computation of diluted earnings per share), were outstanding at December 31:

		Number of Options	
Grant Date	Exercise Price	2000	1999
May 1999	$32.19	490,125	497,625
May 1997	35.94	166,188	171,688
March 1998	39.13	160,462	165,112
May 1996	38.75	161,923	162,793
May 1995	32.19	83,713	89,713
February 1995	33.63	68,000	68,000
March 1994	32.13	34,925	37,925
April 1998	40.53	12,000	12,000
May 1998	37.78	1,000	1,750

During 1998, the following options, whose exercise prices were greater than the average market price during the last six months of the year (and therefore excluded from the computation of diluted earnings per share), were outstanding at December 31, 1998:

Grant Date	Exercise Price	Number of Options
May 1997	$35.94	196,063
March 1998	39.13	179,600
May 1996	38.75	164,150
April 1998	40.53	14,000
May 1998	37.78	2,000

13. STOCK INCENTIVE PLANS

The Company has eight Stock Incentive Plans under which 2,850,000 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. Two plans, covering a total of 700,000 shares, were adopted in May 1999.

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 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 either three or four equal annual installments.

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

	2000		1999		1998	
	Number of Shares	Average Price	Number of Shares	Average Price	Number of Shares	Average Price
Stock options:						
Outstanding at January 1	1,226,756	$34.60	772,001	$36.31	680,013	$34.93
Granted	--	--	510,650	32.19	199,250	39.23
Exercised	(6,000)	30.38	--	--	(93,599)	32.43
Forfeited	(26,000)	34.78	(55,895)	36.10	(13,663)	36.87
Outstanding at December 31	1,194,756	34.62	1,226,756	34.60	772,001	36.31
Exercisable at December 31	906,810	35.06	722,375	35.21	482,746	35.29
Stock awards issued	225,298	28.26	57,816	31.38	25,039	39.65

Options outstanding at December 31, 2000, comprise the following:

	Range of Exercise Prices	
	$21.94 - $28.56	$32.13 - $40.53
Options outstanding	17,050	1,177,706
Average exercise price of options outstanding	$26.83	$34.73
Average contractual life	1.6 yrs.	6.8 yrs.
Options exercisable	17,050	889,760
Average exercise price of options exercisable	$26.83	$35.22

Also, there were 115,281 shares available for granting of stock options and awards at December 31, 2000.

Total compensation cost recognized for stock awards for continuing operations was $1,721,000 in 2000 (1999--$1,620,000; 1998--$1,309,000). The shares of capital stock were issued to key employees and directors at no cost and generally are restricted as to the transfer of ownership. Restrictions covering between 7% and 33% of each holder's shares lapse annually.

Statement of Financial Accounting Standards No. 123, Accounting for Stock-Based Compensation, requires the presentation of pro forma data assuming all options granted after December 31, 1994, are recorded at fair value. Summarized below are pro forma data developed by applying the Black-Scholes valuation method to the Company's stock options (in thousands, except per share data):

Pro Forma Results	For the Years Ended December 31, 2000	1999	1998
Net income	$20,126	$18,972	$19,138
Earnings per share	2.05	1.81	1.90
Diluted earnings per share	2.03	1.80	1.89
Per share average fair value of options granted	n.a.	3.43	5.21
Assumptions			
Average risk-free interest rate	n.a.	5.8%	5.6%
Expected volatility	n.a.	19.7	19.4
Expected life of options	n.a.	6 yrs.	6 yrs.

No options were granted in 2000; however, for 1999 and 1998, 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 which existed at the time options were granted and should not be construed to be an indication of future dividend amounts to be paid.

In view of the fact that the fair value method of accounting is applied to option grants only after 1994, the above pro forma data do not reflect the full impact of applying such fair value method to all of Chemed's stock options.

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. The outstanding balance, including accrued interest, totals $2,886,000 at December 31, 2000 (1999--$2,731,000), and is classified as a reduction of stockholders' equity.

14. 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 in 30 years 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.

During 2000, the Company purchased 30,619 Trust Securities in open market transactions, and security owners converted 2,598 Trust Securities into 1,895 shares of capital stock. At December 31, 2000, there were 542,286 Trust Securities outstanding.

The sole assets of the Trust are Junior Subordinated Debentures ("Debentures") of the Company in the principal amount of $16,019,000. The Debentures mature in March 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

(in thousands)

For the Years Ended December 31,	2000	1999	1998
Revenues by Type of Service			
Roto-Rooter			
Sewer and drain cleaning	$ 117,443	$ 96,629	$ 75,599
Plumbing repair and maintenance	117,102	102,218	80,150
Industrial and municipal sewer and drain cleaning	14,234	11,857	10,527
HVAC repair and maintenance	13,412	14,928	12,164
Other products and services	18,886	17,187	13,610
Total Roto-Rooter	281,077	242,819	192,050
Patient Care			
Home health aides	90,473	90,580	85,732
Registered nurses	22,540	19,900	16,151
Live-in aides	7,332	8,138	9,618
Other services	16,741	10,262	6,781
Total Patient Care	137,086	128,880	118,282
Service America			
Repair service contracts	55,048	57,520	56,753
Demand repair services	19,182	16,380	14,198
Total Service America	74,230	73,900	70,951
Cadre Computer	8,292	7,994	--
Total service revenues and sales	$ 500,685	$ 453,593	$ 381,283
Aftertax Earnings by Segment(a)			
Roto-Rooter	$ 20,032	$ 14,562	$ 10,530
Patient Care	2,084	3,244(e)	3,432
Service America	1,058	2,342	2,286
Cadre Computer	(159)	42	--
Total segment earnings	23,015	20,190	16,248
Corporate			
Gains on sales of investments	2,261	2,960	7,945
Overhead	(5,128)	(4,701)	(4,955)
Net investing and financing income	420	1,247	1,408
Acquisition expenses	--	--	(495)
Other	16	--	(242)
Net income	$ 20,584	$ 19,696	$ 19,909
Interest Income			
Roto-Rooter	$ 95	$ 19	$ 191
Patient Care	16	15	13
Service America	1,077	979	1,126
Cadre Computer	2	--	--
Subtotal	1,190	1,013	1,330
Corporate	564	847	2,913
Intercompany eliminations	(217)	(271)	(194)
Total interest income	$ 1,537	$ 1,589	$ 4,049

SEGMENT DATA (continued)

	2000	1999	1998
Interest Expense			
Roto-Rooter	$ 2,016	$ 2,119	$ 957
Patient Care	1,676	760	536
Service America	--	--	--
Cadre Computer	--	--	--
Subtotal	3,692	2,879	1,493

Corporate	7,092	7,514	6,759
Intercompany eliminations	(4,048)	(3,535)	(1,459)
Total interest expense	$ 6,736	$ 6,858	$ 6,793
Income Tax Provision			
Roto-Rooter	$ 14,797	$ 11,713	$ 8,744
Patient Care	457	1,159	1,144
Service America	1,570	2,404	2,405
Cadre Computer	(81)	27	--
Subtotal	16,743	15,303	12,293
Corporate	(4,081)	(4,046)	(77)
Total income tax provision	$ 12,662	$ 11,257	$ 12,216
Identifiable Assets			
Roto-Rooter	$ 190,350	$ 183,797	$ 175,036
Patient Care	84,631	86,277	67,961
Service America	72,364	69,632	71,049
Cadre Computer	2,347	3,354	--
Total identifiable assets	349,692	343,060	314,046
Corporate assets(b)	71,683	78,243	115,658
Total assets	$ 421,375	$ 421,303	$ 429,704
Additions to Long-Lived Assets(c)			
Roto-Rooter	$ 20,811	$ 17,208	$ 27,969
Patient Care	1,649	12,001	9,744
Service America	7,706	5,111	3,294
Cadre Computer	264	416	--
Subtotal	30,430	34,736	41,007
Corporate assets(b)	207	1,010	506
Total additions	$ 30,637	$ 35,746	$ 41,513
Depreciation and Amortization(d)			
Roto-Rooter	$ 13,765	$ 11,707	$ 9,378
Patient Care	2,817	2,686	2,160
Service America	4,273	3,790	3,726
Cadre Computer	314	396	--
Subtotal	21,169	18,579	15,264
Corporate assets(b)	2,276	1,550	2,020
Total depreciation and amortization	$ 23,445	$ 20,129	$ 17,284

(a) Aftertax earnings represent the net income of the business segments, excluding acquisition expenses.
(b) Corporate assets consist primarily of cash and cash equivalents, marketable securities, properties and equipment and other investments.
(c) Long-lived assets include goodwill, identifiable intangible assets and property and equipment.
(d) Depreciation and amortization include amortization of goodwill, identifiable intangible assets and other assets.
(e) Amount includes $872,000 aftertax income from favorable adjustments to prior years' cost reports.

SELECTED FINANCIAL DATA

Chemed Corporation and Subsidiary Companies

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

	2000	1999	1998
Summary of Operations			
Continuing operations			
Total service revenues and sales	$ 500,685	$ 453,593	$ 381,283

Gross profit	197,002	176,834	144,135
Depreciation	15,302	13,129	10,649
Income from operations	33,468	26,785	19,340
Income from continuing operations before capital gains(d)	18,323	16,736	11,964
Income from continuing operations	20,584	19,696	19,909
Discontinued operations(a)	--	--	--
Cumulative effect of a change in accounting principle	--	--	--
Net income	20,584	19,696	19,909
Earnings per share:			
Income from continuing operations before capital gains(d)	$ 1.86	$ 1.60	$ 1.19
Income from continuing operations	2.09	1.88	1.98
Net income	2.09	1.88	1.98
Average number of shares outstanding	9,833	10,470	10,058
Diluted earnings per share:			
Income from continuing operations before capital gains(d)	$ 1.85	$ 1.59	$ 1.18
Income from continuing operations	2.07	1.87	1.97
Net income	2.07	1.87	1.97
Average number of shares outstanding	10,305	10,514	10,100
Cash dividends per share	$ .40	$ 2.12	$ 2.12
Financial Position--Year-End			
Cash, cash equivalents and marketable securities	$ 10,280	$ 17,282	$ 41,358
Working capital	(472)	13,374	33,533
Properties and equipment, at cost less accumulated depreciation	75,177	71,728	61,721
Total assets	421,375	421,303	429,704
Long-term debt	58,391	78,580	80,407
Stockholders' equity	213,764	212,044	223,356
Book value per share	$ 21.70	$ 20.40	$ 21.45
Diluted book value per share	22.13	20.31	21.36
Other Statistics--Continuing Operations			
Net cash provided/(used) by continuing operations	$ 51,838	$ 27,542	$ 20,778
Capital expenditures	19,499	22,411	21,997
Number of employees(b)	7,591	7,817	7,671
Number of service and sales representatives	5,678	5,796	5,759
Dividend payout ratio(c)	19.1%	112.8%	107.1%
Debt to total capital ratio	24.2	29.9	27.5
Return on average equity(c)	10.0	9.1	8.9
Return on average total capital employed(c)	8.0	7.7	7.7
Current ratio	1.00	1.14	1.37

(a) Discontinued operations include 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; accrual adjustments from 1992 through 1996 related to the gain on the sale of DuBois Chemicals Inc. ("DuBois"); DuBois, sold in 1991; and adjustments to accruals in 1991 related to operations discontinued in 1986.

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

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

(d) Amounts exclude gains on sales of investments.

1997	1996	1995	1994	1993	1992	1991
$ 341,729	$ 301,213	$ 270,449	$ 240,994	$ 136,428	$ 104,688	$ 84,774

129,082	118,440	103,412	90,189	54,325	44,750	39,034
8,622	7,353	6,505	5,833	3,914	2,854	2,811
19,482	17,481	14,102	10,703	7,388	4,599	996
9,425	7,386	5,833	3,650	3,289	6,761	4,204
17,077	25,117	11,715	7,027	7,563	8,660	6,788
13,160	7,211	11,467	36,895	10,266	6,991	46,179
--	--	--	--	1,651	--	--
30,237	32,328	23,182	43,922	19,480	15,651	52,967
$ .95	$ .75	$ .59	$ .37	$ .34	$ .69	$ .42
1.72	2.56	1.19	.71	.78	.89	.68
3.04	3.30	2.36	4.47	2.00	1.60	5.27
9,940	9,801	9,830	9,830	9,756	9,783	10,043
$ .94	$ .74	$ .58	$ .36	$ .33	$ .68	$ .42
1.71	2.54	1.18	.70	.76	.88	.67
3.02	3.26	2.33	4.42	1.97	1.59	5.27
10,014	9,879	9,898	9,907	9,824	9,838	10,055
$ 2.09	$ 2.08	$ 2.06	$ 2.04	$ 2.01	$ 2.00	$ 1.97
$ 70,958	$ 14,028	$ 30,497	$ 24,866	$ 20,133	$ 51,142	$ 82,994
83,103	8,996	7,159	(14,573)	(29,070)	5,574	48,991
53,089	40,661	37,860	35,677	33,873	26,419	25,951
448,838	509,361	476,732	453,801	385,922	363,960	330,712
83,720	158,140	85,317	92,033	97,906	103,580	77,007
228,120	217,891	208,657	186,320	137,151	133,511	139,407
$ 22.64	$ 21.89	$ 21.18	$ 18.89	$ 14.00	$ 13.68	$ 14.08
22.54	21.76	21.06	18.76	13.91	13.62	14.07
$ 23,747	$ 13,519	$ 5,385	$ 13,378	$ 6,029	$ 8,583	$ 10,828
20,117	10,988	9,219	9,606	7,420	3,835	7,008
6,849	5,884	5,278	4,497	2,711	1,726	1,666
5,101	4,315	3,835	3,203	1,832	1,090	1,069
68.8%	63.0%	87.3%	45.6%	101.0%	125.0%	37.4%
28.1	44.6	32.8	36.6	44.2	45.2	34.8
13.8	15.3	11.9	28.4	14.3	11.6	42.5
9.9	10.9	9.3	16.4	9.7	8.7	24.4
1.88	1.10	1.07	.86	.68	1.08	1.82

SUPPLEMENTAL REVENUE AND PROFIT STATISTICS BY BUSINESS SEGMENT

Chemed Corporation and Subsidiary Companies

(in thousands, except percentages and footnote data)

	Continuing Operations				
	Roto-Rooter	Patient Care	Service America	Other	Total
Service Revenues and Sales					
2000	$281,077	$137,086	$ 74,230	$ 8,292	$500,685
1999	242,819	128,880	73,900	7,994	453,593
1998	192,050	118,282	70,951	--	381,283
1997	153,883	121,143	66,703	--	341,729
1996	140,163	99,565	61,485	--	301,213
1995	121,999	90,727	57,723	--	270,449
1994	109,098	69,064	62,832	--	240,994
1993	95,555	--	40,873	--	136,428
1992	86,185	--	18,503	--	104,688
1991	79,217	--	5,557	--	84,774
Percent of Total					
2000	56%	27%	15%	2%	100%
1991	93	--	7	--	100
Operating Profit(a)					
2000	$ 36,637	$ 4,203	$ 1,396	$ (242)	$ 41,994
1999	26,310	5,157(d)	3,679	71	35,217
1998	19,244(b)	5,104	3,491	--	27,839

1997	17,256	5,541	3,443	--	26,240
1996	15,707	5,592	2,503	--	23,802
1995	13,134(c)	4,923	1,906	--	19,963
1994	12,071	2,772	3,061	--	17,904
1993	9,854	--	3,708	--	13,562
1992	8,626	--	1,841	--	10,467
1991	7,328	--	581	--	7,909
Percent of Total					
2000	87%	10%	3%	--	100%
1991	93	--	7	--	100

(a) Operating profit 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 $752,000 of expenses incurred in connection with pooling-of-interest business combinations in 1998.

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

(d) Amount includes $1,453,000 pretax income from favorable adjustments to prior years' cost reports.

UNAUDITED SUMMARY OF QUARTERLY RESULTS

Chemed Corporation and Subsidiary Companies

(in thousands, except per share data)

2000	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total Year
Total Service Revenues and Sales	$ 121,534	$ 125,218	$ 123,781	$ 130,152	$ 500,685
Gross profit	$ 47,407	$ 49,344	$ 49,243	$ 51,008	$ 197,002
Income from operations	$ 7,539	$ 9,183	$ 7,837	$ 8,909	$ 33,468
Interest expense	(1,782)	(1,787)	(1,664)	(1,503)	(6,736)
Distributions on preferred securities	(288)	(286)	(282)	(341)	(1,197)
Other income--net	2,396	2,793	1,916	606	7,711
Income before income taxes	7,865	9,903	7,807	7,671	33,246
Income taxes	(2,963)	(3,790)	(3,172)	(2,737)	(12,662)
Net Income	$ 4,902	$ 6,113	$ 4,635	$ 4,934	$ 20,584
Earnings Per Share					
Net income	$ .49	$ .62	$ .48	$ .51	$ 2.09
Average number of shares outstanding	10,064	9,797	9,742	9,728	9,833
Diluted Earnings Per Share					
Net income	$ .48	$ .61	$ .47	$ .50	$ 2.07
Average number of shares outstanding	10,448	10,295	10,253	10,276	10,305

1999					
Total Service Revenues and Sales	$ 105,735	$ 111,385	$ 114,428	$ 122,045	$ 453,593
Gross profit	$ 40,676	$ 43,012	$ 44,390	$ 48,756	$ 176,834
Income from operations	$ 5,792	$ 6,199	$ 7,844	$ 6,950	$ 26,785
Interest expense	(1,594)	(1,507)	(1,448)	(2,309)	(6,858)
Other income--net	4,609	3,735	1,128	1,554	11,026
Income before income taxes	8,807	8,427	7,524	6,195	30,953
Income taxes	(3,452)	(3,313)	(3,112)	(1,380)	(11,257)
Net Income	$ 5,355	$ 5,114	$ 4,412	$ 4,815	$ 19,696
Earnings Per Share					

Net income	$ .51	$ .49	$ .42	$ .46	$ 1.88
Average number of shares outstanding	10,471	10,473	10,480	10,455	10,470
Diluted Earnings Per Share					
Net income	$ .51	$ .49	$ .42	$ .46	$ 1.87
Average number of shares outstanding	10,516	10,512	10,527	10,500	10,514

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

Chemed Corporation and Subsidiary Companies

FINANCIAL CONDITION

LIQUIDITY AND CAPITAL RESOURCES

Significant factors affecting the Company's consolidated cash flows during 2000 and financial position at December 31, 2000, include the following:

- Operations generated cash of $51.8 million;
- Capital expenditures totaled $19.5 million;
- The Company reduced its long-term debt by $17.0 million;
- Shareholders exchanged shares of capital stock for the shares of Convertible Trust Preferred Securities ("Trust Securities") with a redemption value of $15.5 million; and
- The Company used $11.5 million of cash to finance purchase business combinations.

As a result of the $17.0 million reduction of long-term debt, the ratio of total debt (excluding the Trust Securities) to total capital declined from 30% at December 31, 1999, to 24% at December 31, 2000. The Company's current ratio at December 31, 2000, was 1.0 as compared with 1.1 at December 31, 1999.

The Company had $104.4 million of unused lines of credit with various banks at December 31, 2000.

CASH FLOW

The Company's cash flows for 2000 and 1999 are summarized as follows (in millions):

	For the Years Ended December 31, 2000	1999
Cash from continuing operations	$ 51.8	$ 27.5
Capital expenditures	(19.5)	(22.4)
Operating cash excess after capital expenditures	32.3	5.1
Net increase/(decrease) in long-term debt (excluding ESOP debt)	(17.0)	7.0
Business combinations	(11.5)	(15.5)
Purchases of treasury stock	(5.7)	(1.7)
Cash dividends	(4.0)	(22.5)
Proceeds from sales of investments	4.3	7.7
Net uses for discontinued operations	(3.7)	(2.5)
Other--net	(1.7)	(1.7)
Decrease in cash and cash equivalents	$ (7.0)	$(24.1)

For 2000, the operating cash excess after capital expenditures was $32.3 million as compared with $5.1 million in 1999. This excess was available to fund debt repayment, business combinations and dividend requirements.

The reduction in cash dividends during 2000 is attributable to the November 1999 change in dividend policy, which will enable the Company to take better advantage of future growth possibilities. Under this policy, the quarterly cash dividend for 2000 was reduced to $.10 per share from the level of $.53 per share paid the previous nine quarters. In February 2001, a cash dividend of $.11 per share was declared (payable on March 9 to holders of record February 19, 2001).

During February 2000, the Company completed an Exchange Offer whereby stockholders were permitted to exchange shares of capital stock for Trust Securities on a one-for-one basis. The Trust Securities pay an annual cash distribution of $2.00 per security and are convertible into capital stock at a price of $37.00 per security. A total of 575,503 capital shares was exchanged for Trust Securities with a redemption value of approximately $15.5 million.

The Trust Securities mature in 30 years and are callable at a price of $27.27 for each $27.00 redemption amount beginning March 15, 2003, and are callable without premium beginning March 15, 2004. During 2000, the Company purchased approximately $800,000 of Trust Securities in open market transactions.

COMMITMENTS AND CONTINGENCIES

In connection with the sale of DuBois Chemicals Inc. ("DuBois"), 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 Omnia Group and National Sanitary Supply Company in 1997, 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, 2000.

Based on a recent review of Chemed's environmental-related liabilities under the DuBois sale agreement, the Company has estimated its liabilities to be $3.0 million. As of December 31, 2000, the Company is contingently liable for additional cleanup and related costs up to a maximum of $18.1 million, for which no provision has been recorded.

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 $64 million as of December 31, 2000.

Since 1991, the Company has carried an investment in the mandatorily redeemable preferred stock ($27 million par value; $27.2 million carrying and redemption values) of Vitas Healthcare Corporation ("Vitas"), a privately held provider of hospice services to the terminally ill. During the past several fiscal years, Vitas has increased its net income and is continuing to pursue various long-term financing alternatives. During 2000, Vitas and the Company agreed to extend the redemption dates on the preferred stock to May 1, 2001, to facilitate Vitas' pursuit of long-term financing alternatives. It is considered reasonably possible that the redemption date will again be extended in 2001.

During 2000, Vitas made payments of $3.8 million on preferred dividends, including $715,000 that was in arrears at December 31, 1999. In addition, Vitas made timely payment of the fourth quarter preferred dividend due in January 2001. On the basis of information currently available, management believes its investment in Vitas is fully recoverable and that no impairment exists.

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 liquid investments, management believes its sources of capital and liquidity are satisfactory for the Company's needs for the foreseeable future.

RESULTS OF OPERATIONS

Set forth below by business segment are the growth in sales and service revenues and the aftertax earnings margin:

	Percent Increase in Service Revenues and Sales	
	2000 vs. 1999	1999 vs. 1998
Roto-Rooter	16%	26%
Patient Care	6	9
Service America	--	4
Cadre Computer	4	n.a.
Total	10	19

	Aftertax Earnings/(Loss) as a Percent of Service Revenues and Sales (Aftertax Margin)		
	2000	1999	1998
Roto-Rooter	7.1%	6.0%	5.5%
Patient Care	1.5	2.5	2.9
Service America	1.4	3.2	3.2
Cadre Computer	(1.9)	.5	n.a.
Total	4.6	4.5	4.3

2000 VERSUS 1999

The Roto-Rooter segment recorded service revenues and sales of $281,077,000 during 2000, an increase of 16% versus revenues of $242,819,000 in 1999. This growth was attributable primarily to Roto-Rooter's plumbing and sewer and drain cleaning businesses, which recorded revenue increases of 15% and 22%, respectively, for 2000. Excluding businesses acquired in 2000 and 1999, this segment's total revenues and net income for 2000 increased 11% and 37%, respectively, versus amounts recorded in 1999. Including acquisitions, Roto-Rooter recorded a 38% increase in aftertax earnings for 2000. The aftertax margin of this segment increased 1.1%, primarily due to the favorable impact of pricing increases on the gross profit margin.

Revenues of the Patient Care segment increased 6% from $128,880,000 in 1999 to $137,086,000 in 2000. Higher labor costs, as a percent of revenues, are primarily responsible for the decline in the aftertax margin from 2.5% in 1999 to 1.5% in 2000.

The Service America segment recorded total revenues of $74,230,000 during 2000, essentially the same level as 1999's revenues of $73,900,000. Service America's revenues from demand services for 2000, which account for approximately 26% of total revenues, increased 17% versus demand revenues for 1999. As anticipated, revenues from repair service contracts for 2000 declined 4% versus revenues in 1999. For 2000, aftertax earnings declined 55%, and the aftertax margin declined 1.8 percentage points in 2000 as compared with 1999 results. The reasons for these declines were higher medical and casualty insurance costs and higher fuel costs incurred in 2000.

During 2000, Cadre Computer recorded service revenues and sales of $8,292,000, an increase of 4% versus revenues and sales for 1999. A decline in revenues from software development is largely responsible for the $159,000 aftertax loss recorded by this operation in 2000.

Income from operations increased from $26,785,000 in 1999 to $33,468,000 in 2000, as a result of significantly higher operating profit recorded by Roto-Rooter during 2000.

Also reflecting a strong operational performance by Roto-Rooter in 2000, earnings before interest, taxes, depreciation and amortization ("EBITDA"), excluding capital gains and acquisition expenses, totaled $59,263,000 in 2000, an increase of 14% versus EBITDA for 1999.

Interest expense for 2000 totaled $6,736,000 versus expense of $6,858,000 recorded in 1999.

Other income declined from $11,026,000 in 1999 to $7,711,000 in 2000, primarily as a result of lower gains on the sales of investments and lower gains on assets held in deferred compensation trusts in 2000. The lower level of interest income in 2000 is due primarily to a reduction of average levels of cash equivalents resulting from the use of cash to finance acquisitions and repay long-term borrowings.

The Company's effective income tax rate was 38.1% in 2000 as compared with 36.4% in 1999. The lower effective rate in 1999 was largely attributable to adjustments recorded during 1999 from the finalization of federal income tax audits for prior years.

Net income increased 5% from $19,696,000 ($1.88 per share or $1.87 per diluted share) in 1999 to $20,584,000 ($2.09 per share or $2.07 per diluted share) in 2000. Excluding aftertax realized investment gains ($2,261,000 in 2000 and $2,960,000 in 1999), earnings per share increased 16% from $1.60 per share to $1.86 per share in 2000. Similarly, diluted earnings per share excluding investment gains increased 16% from $1.59 per share in 1999 to $1.85 per share in 2000.

1999 VERSUS 1998

The Roto-Rooter segment recorded service revenues and sales of $242,819,000 during 1999, an increase of 26% versus revenues of $192,050,000 in 1998. This growth was attributable primarily to Roto-Rooter's plumbing and sewer and drain cleaning businesses, both of which recorded 28% revenue increases for the 1999 period. Excluding businesses acquired in 1998 and 1999, this segment's total revenues and net income for 1999 increased 14% and 30%, respectively, versus amounts recorded in 1998. Roto-Rooter recorded a 38% increase in aftertax earnings for 1999. The aftertax margin of this segment increased .5%, primarily due to an increase in the gross profit margin.

Revenues of the Patient Care segment increased 9% from $118,282,000 in 1998 to $128,880,000 in 1999. Excluding the revenues of businesses acquired in 1998 and 1999, revenues for 1999 declined 2% versus revenues for 1998. This revenue decline was anticipated and is primarily attributable to the implementation of the Medicare provisions of the Balanced Budget Act of 1997. Higher workers' compensation costs, as a percent of revenues, are primarily responsible for the decline in the aftertax margin from 2.9% in 1998 to 2.5% in 1999.

The Service America segment recorded total revenues of $73,900,000 during 1999, an increase of 4% versus revenues of $70,951,000 recorded in 1998. Demand service revenues for 1999 increased 15% versus such revenues for 1998. Aftertax earnings for 1999 increased 2% versus aftertax earnings for 1998. The aftertax margin of this segment was 3.2% in both 1999 and 1998.

Income from operations increased from $19,340,000 in 1998 to $26,785,000 in 1999, primarily as a result of significantly higher operating profit recorded by Roto-Rooter during 1999.

Also reflecting a strong performance by Roto-Rooter in 1999, EBITDA, excluding capital gains and acquisition expenses, totaled $52,109,000 in 1999, an increase of 21% versus EBITDA for 1998.

Interest expense for 1999 totaled $6,858,000 versus expense of $6,793,000 recorded in 1998.

Other income declined from $19,578,000 in 1998 to $11,026,000 in 1999, primarily as a result of lower gains on the sales of investments and lower interest income in 1999.

The Company's effective income tax rate was 36.4% in 1999 as compared with 38.0% in 1998. The decline in the effective rate was largely attributable to adjustments recorded during 1999 from the finalization of federal income tax audits for prior years.

Net income declined from $19,909,000 ($1.98 per share or $1.97 per diluted share) in 1998 to $19,696,000 ($1.88 per share or $1.87 per diluted share) in 1999. Excluding acquisition expenses in 1998 ($495,000 or $.05 per share) and realized investment gains ($2,960,000 in 1999 and $7,945,000 in 1998), aftertax income increased 34% from $12,459,000 in 1998 ($1.24 per share or $1.23 per diluted share) to $16,736,000 ($1.60 per share or $1.59 per diluted share) in 1999.

REGULATORY ENVIRONMENT

Healthcare reform legislation enacted by Congress challenges healthcare providers to provide quality services while facing mounting pressure to contain costs associated with entitlement programs funded by the federal government. Patient Care is adapting to the demands of this regulatory environment by leveraging its existing infrastructure to increase productivity.

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 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 leveraging of costs, the impact of laws and regulations on Company operations, the recoverability of deferred tax assets and other factors. Any or all of these factors could cause actual results to differ materially from these 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 &
Chief Executive Officer

Kevin J. McNamara
President

Timothy S. O'Toole
Executive Vice President
& Treasurer

Spencer S. Lee
Executive Vice President

Paul C. Voet
Executive Vice President

Sandra E. Laney
Senior Vice President &
Chief Administrative Officer

Arthur V. Tucker, Jr.
Vice President & Controller

Naomi C. Dallob
Vice President & Secretary

James H. Devlin
Vice President

Thomas C. Hutton
Vice President

David J. Lohbeck
Vice President

John M. Mount
Vice President

David G. Sparks
Vice President

Janelle M. Jessie
Assistant Vice President

Anthony D. Vamvas III
Assistant Vice President

Paula W. Kittner
Assistant Treasurer

Mark W. Stephens
Assistant Treasurer

Marianne Lamey
Assistant Controller

Laura A. Volker
Assistant Controller

Lisa A. Dittman
Assistant Secretary

Joyce A. Lawrence
Assistant Secretary

DIRECTORS

Edward L. Hutton
Chairman & Chief Executive
Officer, Chemed Corporation

Kevin J. McNamara
President, Chemed Corporation

Rick L. Arquilla
President & Chief Operating Officer,
Roto-Rooter Services Company

James H. Devlin
Vice President, Chemed Corporation

Charles H. Erhart, Jr.
Former President, W.R. Grace & Co. (retired)

Joel F. Gemunder
President, Omnicare Inc.

Patrick P. Grace
President, Kingdom Group LLC

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
Senior Vice President &
Chief Administrative Officer,
Chemed Corporation

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;
Chairman & Chief Executive Officer,
Patient Care Inc.

Donald E. Saunders
Former President,
DuBois Chemicals Division,
DiverseyLever Inc. (retired)

Paul C. Voet
Executive Vice President,
Chemed Corporation

George J. Walsh III
Partner, Gould & Wilkie LLP
(Law Firm, New York, New York)

CORPORATE INFORMATION

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

TRANSFER AGENTS & REGISTRARS

Individuals of record needing address changes, account balances, account consolidations, replacement of lost certificates or lost checks, dividend reinvestment plan statements, 1099s, or assistance with other administrative matters relating to Chemed Capital Stock and Convertible Trust Preferred Securities should direct their inquiries to the designated transfer agent listed 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)
Web site: www.wellsfargo.com/com/shareowner_services

All questions relating to administration of Chemed Capital Stock must be handled by Wells Fargo.

CONVERTIBLE TRUST PREFERRED SECURITIES TRANSFER AGENT & REGISTRAR:
Firstar Bank, N.A.
Corporate Trust Services
1555 North RiverCenter Drive, Suite 301
Milwaukee, Wisconsin 53212
Telephone: 800-637-7549 (toll-free)
Web site: www.firstarcorporatetrust.com

All questions relating to administration of Convertible Trust Preferred Securities must be handled by Firstar.

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.

INDEPENDENT ACCOUNTANTS
PricewaterhouseCoopers LLP
Cincinnati, Ohio 45202

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.

DIVIDEND REINVESTMENT PLAN
FOR HOLDERS OF 25 OR MORE SHARES

The Chemed Automatic Dividend Reinvestment Plan is available to Chemed 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.

ANNUAL MEETING

The Annual Meeting of Shareholders of Chemed Capital Stock will be held on Monday, May 21, 2001, at 2 p.m. in the Grand Ballroom of The Phoenix Club, 812 Race Street, Cincinnati, Ohio.

NUMBER OF SHAREHOLDERS

The approximate number of shareholders of record of Chemed Capital Stock was 3,850 on December 31, 2000, and 4,864 on December 31, 1999. (These numbers do not include shareholders with shares held under beneficial ownership or within clearinghouse positions of brokerage firms and banks nor holders of preferred securities.)

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 NASDAQ Over-the-Counter Bulletin Board under the symbol CHEQP.

CAPITAL STOCK & DIVIDEND DATA

The high and low closing prices for Chemed Capital Stock during 2000 and 1999 as reported in The Wall Street Journal and dividends per share paid by quarter during these years are shown below:

	Closing		Dividends
	High	Low	Paid
2000			
First Quarter	$31.44	$27.00	$.10
Second Quarter	31.19	27.50	.10
Third Quarter	32.31	27.75	.10
Fourth Quarter	36.56	30.94	.10
1999			
First Quarter	$33.81	$25.75	$.53
Second Quarter	33.88	26.31	.53
Third Quarter	33.44	29.25	.53
Fourth Quarter	30.13	24.94	.53

Chemed Corporation
2600 Chemed Center
255 East Fifth Street
Cincinnati, Ohio 45202-4726

Visit our company Web sites at www.chemed.com, www.rotorooter.com, www.serviceamerica.com, www.patientcare.com, and www.cadre.net.

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CHEMED

2000 ANNUAL REPORT

[GRAPHIC PICTURE]

Providing

Essential

S E R V I C E S

to

Home Owners

and Businesses

CHEMED

Chemed Corporation, headquartered in Cincinnati, offers essential repair and maintenance services to home owners and businesses through two major subsidiaries, as well as home healthcare services through a third subsidiary. Chemed Capital Stock is publicly traded on the New York Stock Exchange under the symbol CHE.

[LOGO] ROTO-ROOTER(R)

Roto-Rooter Inc. is North America's largest provider of plumbing repair and drain cleaning services. Through its network of company operations, independent contractors, and franchisees, Roto-Rooter serves residential and commercial customers in the United States, Canada, and six overseas territories.

[LOGO] SERVICE AMERICA(TM)

Service America provides major-appliance and heating, ventilating, and air-conditioning (HVAC) repair services to contract customers in Florida and Arizona and is rapidly growing its presence in the retail repair, replacement, and maintenance market as well.

[LOGO] PATIENT CARE INC.

Patient Care delivers home healthcare services, focusing on personal care provided by its staff of professionally trained home health aides. With a major presence in the New York-New Jersey-Connecticut region and operations in Georgia, Illinois, Kentucky, Maryland, Ohio, Virginia, and Washington, D.C., Patient Care is among the largest homecare providers in the United States.

CONTENTS

* Inside back cover

Financial Highlights

Chemed Corporation and Subsidiary Companies

For the Years Ended December 31,	2000	1999	Change
Service Revenues and Sales	$500,685,000	$453,593,000	10%
Income Before Capital Gains	$ 18,323,000	$ 16,736,000	9%
Net Income (a)	$ 20,584,000	$ 19,696,000	5%
Earnings Per Share			
Income Before Capital Gains	$ 1.86	$ 1.60	16%
Net Income (a)	$ 2.09	$ 1.88	11%
Average Number of Shares Outstanding	9,833,000	10,470,000	(6)%
Dividends Per Share	$ .40	$ 2.12	(81)%
Number of Shareholders	3,850	4,864	(21)%
Number of Employees	7,591	7,817	(3)%
Return on Average Equity	10.0%	9.1%	.9 pt.

(a) Amounts include aftertax gains from sales of investments of $2,261,000, or $.23 per share, in 2000 and $2,960,000, or $.28 per share, in 1999.

Business Highlights

- Roto-Rooter Inc. achieved outstanding results in 2000, increasing its net income by 38% on a 16% increase in revenues and completing three franchise acquisitions.

- Service America boosted revenues in its thriving retail sales and service business by 17% while advancing long-term operating initiatives expected to promote future bottom-line growth.

- Patient Care Inc. improved its financial results throughout 2000, achieving a 6% revenue increase.

To Our Fellow Shareholders

March 2, 2001

We are keeping our promise to focus on growth. Rather than paying a high dividend, we are investing in Chemed's core businesses and executing our strategy to become the premier provider of services to home owners and businesses. As a result, your company is gaining recognition in the financial world.

FINANCIAL RESULTS

For the year ended December 31, 2000, Chemed's earnings from continuing operations before capital gains rose 16% to $1.86 per share from $1.60 in 1999. Net income of $2.09 per share in 2000 included aftertax capital gains from sales of investments of $.23 per share. In 1999, net income of $1.88 per share likewise included gains of $.28 per share.

Significantly, earnings before capital gains, interest, taxes, depreciation, and amortization (EBITDA) for 2000 reached a substantial $59.3 million, an increase of 14% over 1999. Service revenues and sales grew to $500.7 million, up 10% over 1999's $453.6 million. It is important to note that, at nearly $60 million, EBITDA represents an impressive 12% of Chemed's annual revenues.

OPERATIONS

Roto-Rooter Inc., Chemed's largest subsidiary, leveraged a 16% increase in 2000 revenues into a 38% increase in net income versus 1999. Net income reached $20.0 million in 2000, nearly double net income just two years ago. Operating profit in 2000 grew 39% to $36.6 million. Revenues at Roto-Rooter rose to $281.1 million from $242.8 million in 1999.

During 2000, Roto-Rooter completed three franchise acquisitions, contributing $9.1 million to the year's revenues. Excluding acquisitions made during 1999 and 2000, net income, operating profit, and revenues grew on a unit-for-unit basis by 37%, 34%, and 11%, respectively.

Fueling Roto-Rooter's net income growth during 2000 was a 15% increase in plumbing revenues, coupled with a 22% increase in drain cleaning revenues, accomplished through strategic, competitive pricing initiatives and improved gross margins. Further, Roto-Rooter broadened its sales of equipment and products to the plumbing and drain cleaning industry, as well as increased sales of drain care

REVENUES FROM CONTINUING OPERATIONS (in millions)
Average Annual Growth: 22%

$84.8	$104.7	$136.4	$241.0	$270.4	$301.2	$341.7	$381.3	$453.6	$500.7
91	92	93	94	95	96	97	98	99	00

OPERATING PROFIT FROM CONTINUING OPERATIONS (in millions)
Average Annual Growth: 20%

$7.9	$10.5	$13.6	$17.9	$20.0	$23.8	$26.2	$27.8	$35.2	$42.0
91	92	93	94	95	96	97	98	99	00

INCOME FROM CONTINUING OPERATIONS BEFORE CAPITAL GAINS (in millions)*
Average Annual Growth: 16%

$4.8	$6.8	$3.3	$4.3	$6.0	$7.4	$9.4	$12.5	$16.7	$18.3
91	92	93	94	95	96	97	98	99	00

* Excludes acquisition expenses and other nonrecurring charges.

products by technicians to customers.

Service America, Chemed's provider of major-appliance and HVAC service, increased revenues 17% in its retail sales and service business in 2000. This growth was offset by a planned reduction in contract sales due to the elimination of unprofitable contracts from its customer base. Thus, total revenues of $74.2 million in 2000 were essentially even with 1999 revenues. During 2000, Service America was impacted by rapidly rising labor and fuel costs, which, with the planned reduction in contract revenues and investments in critical infrastructure, restricted earnings. Even so, Service America is on target to generate sustained income growth in the years ahead.

Patient Care Inc. generated $137.1 million in revenues in 2000, up 6% over 1999 revenues. This revenue increase was achieved at a time when many home health agencies saw declining revenues as a result of Medicare's interim payment system. This system, in place since 1997, has caused many providers to exit the industry, as they were unable to operate profitably. Patient Care, in spite of these difficult conditions, earned $2.1 million in 2000. Going forward, Patient Care expects to benefit from a new, more favorable reimbursement system, coupled with the ever-growing demand for homecare services.

IN MEMORIAM

On a personal note, Chemed mourns the loss of three longtime associates in 2000. Director Emeritus Herman B Wells, chancellor of Indiana University, passed away in March, and Director Emeritus Neal Gilliatt, retired vice chairman of The Interpublic Group of Companies Inc., died unexpectedly in September. Finally, we were saddened by the untimely death of former Roto-Rooter President and CEO William R. Griffin on December 13. We extend our sympathy to their families.

OUTLOOK

It is a great pleasure to report to you Chemed's results for 2000. We accomplished excellent growth in our major operating business, Roto-Rooter. Roto-Rooter and Service America provide essential repair services to our principal residential and commercial markets. Patient Care serves a critical need for high-quality home health care. We believe the best way to build shareholder value is to focus on our repair service businesses, particularly Roto-Rooter, as you will read in the next sections of this report. With Chemed approaching its 30th anniversary as a public company, we see a bright future ahead.

EDWARD L. HUTTON (RIGHT), CHAIRMAN & CHIEF EXECUTIVE OFFICER, AND KEVIN J. MCNAMARA, PRESIDENT

/s/ Edward L. Hutton
Edward L. Hutton
Chairman & Chief Executive Officer

/s/ Kevin J. McNamara
Kevin J. McNamara
President

Discussion with Management

DELIVERING GROWTH

What a difference a year makes. A year ago, the "new economy" and "dot-coms" were all the rage, and a business as mundane as repair services just couldn't attract investor attention. Then came the tech stock meltdown,

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ROTO-ROOTER INC.: (L-R) RICK L. ARQUILLA, PRESIDENT & CHIEF OPERATING OFFICER, ROTO-ROOTER SERVICES COMPANY; GARY H. SANDER, SENIOR VICE PRESIDENT, ROTO-ROOTER SERVICES COMPANY; SPENCER S. LEE, CHAIRMAN & CHIEF EXECUTIVE OFFICER, ROTO-ROOTER INC.; DAVID P. WILLIAMS, SENIOR VICE PRESIDENT & CHIEF FINANCIAL OFFICER, ROTO-ROOTER INC.; GARY C. BURGER, PRESIDENT, ROTO-ROOTER CORPORATION

and investors looked for value, proving that businesses still need viable strategies and still need to produce earnings. As 2000 ended, Chemed gained renewed investor attention. Why?

Though its operations have changed throughout the past 30 years--in fact, adapting to the ever-changing economy--Chemed has never wavered from its founding strategy to invest in recession-resistant, people-oriented businesses. That strategy has served us well. In 2000, Chemed delivered strong results, with core earnings per share growing 16% on top of 29% per-share growth in 1999. Total core earnings have grown at a rate of 16% per annum since 1991.

In order to free cash to expand our operating businesses, in 2000, we reduced quarterly dividends from a rate of $.53 per share to $.10 per share. Further, we offered a new class of Convertible Trust Preferred Securities, paying an annual distribution of $2 per security, to Chemed's shareholders. Approximately 2,000 record and street-name holders participated in this exchange, and more than 575,000 shares of Chemed Capital Stock were tendered. These two actions reduced Chemed's dividend obligation by $18 million annually, enabling us to deploy this cash into our operating businesses, particularly Roto-Rooter.

Roto-Rooter remains the centerpiece of Chemed's operations, representing 56% of 2000 revenues and, more important, 87% of our operating profit. Roto-Rooter operates in the highly fragmented commercial and residential repair-service industry and is the largest provider of plumbing repair and drain cleaning services in North America. Still, Roto-Rooter has ample room to grow internally and to take market share from its competitors.

Now, let's focus on Roto-Rooter's acquisition strategy of repurchasing franchises. Company ownership enables Roto-Rooter and, ultimately, Chemed to realize 100% of the revenues and profits generated by these operations, rather than limiting revenues and profits to only those derived from franchise fees and product and equipment sales.

During January 2000, Roto-Rooter acquired two major franchises. These

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SERVICE AMERICA SYSTEMS INC.: (L-R) VIVIAN M. PSINAKIS, SENIOR VICE PRESIDENT & CHIEF FINANCIAL OFFICER; JOHN M. MOUNT, PRESIDENT & CHIEF EXECUTIVE OFFICER; CHRISTOPHER J. HEANEY, SENIOR VICE PRESIDENT, OPERATIONS & SYSTEMS DEVELOPMENT; RICHARD E. HILL, SENIOR VICE PRESIDENT, SALES & MARKETING

CHEMED CORPORATE MANAGEMENT: (BACK, LEFT - RIGHT) DAVID G. SPARKS, VICE PRESIDENT; JAMES H. DEVLIN, VICE PRESIDENT; DAVID J. LOHBECK, VICE PRESIDENT; THOMAS C. HUTTON, VICE PRESIDENT; ARTHUR V. TUCKER, JR., VICE PRESIDENT & CONTROLLER; (FRONT, L-R) TIMOTHY S. O'TOOLE, EXECUTIVE VICE PRESIDENT & TREASURER; RICK L. ARQUILLA, PRESIDENT & CHIEF OPERATING OFFICER OF ROTO-ROOTER SERVICES COMPANY; NAOMI C. DALLOB, VICE PRESIDENT & SECRETARY; KEVIN J. MCNAMARA, PRESIDENT; EDWARD L. HUTTON, CHAIRMAN & CHIEF EXECUTIVE OFFICER; SANDRA E. LANEY, SENIOR VICE PRESIDENT & CHIEF ADMINISTRATIVE OFFICER; SPENCER S. LEE, EXECUTIVE VICE PRESIDENT; JOHN M. MOUNT, VICE PRESIDENT; (NOT PICTURED) PAUL C. VOET, EXECUTIVE VICE PRESIDENT

operations, in Las Vegas and Seattle, serve a population base of 3.3 million in two of the fastest-growing areas of the country. Together, these acquisitions generated $9.0 million in revenues for Roto-Rooter in 2000. A third franchise, in Temple, Texas, was acquired in August and serves a population of 365,000.

Since 1996, Roto-Rooter has acquired 16 franchise operations at an investment of $34.5 million. These franchise acquisitions have performed above expectations, and together, they've added an estimated $6.1 million of incremental operating profit to Roto-Rooter's coffers since their respective acquisitions.

Looking ahead, Roto-Rooter's primary acquisition targets are now franchises serving territories with populations greater than 800,000. These include several locations in the Western and Midwestern United States. These large franchise territories serve a population of 30 million people. Other targeted franchise acquisi-

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PATIENT CARE INC.: (L-R) ROBERTA S. BRILL, EXECUTIVE VICE PRESIDENT; TIMOTHY S. O'TOOLE, CHAIRMAN & CHIEF EXECUTIVE OFFICER; LOUIS R. TAMBURRO, EXECUTIVE VICE PRESIDENT & CHIEF

FINANCIAL OFFICER; ELAINE A. BOARDMAN, PRESIDENT

tions cover 12 million people, giving Roto-Rooter the opportunity to serve a total of 42 million additional people through company-owned operations. In aggregate, these potential acquisitions currently represent $138 million in annual revenues.

We are in various stages of talks with the owners of these franchises, and while there can be no assurance that any agreements can be reached, we expect that we will be able to complete some significant acquisitions in the next few years.

Service America and Patient Care both have experienced difficult operating environments in the year 2000. Each remains financially sound, and we see their operations turning around as labor markets ease and investments

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CHEMED CORPORATE MANAGEMENT: (L-R) LISA A. DITTMAN, ASSISTANT SECRETARY; ANTHONY D. VAMVAS III, ASSISTANT VICE PRESIDENT; JOYCE A. LAWRENCE, ASSISTANT SECRETARY; JANELLE M. JESSIE, ASSISTANT VICE PRESIDENT

in automation and information systems at both companies begin paying off in enhanced productivity and improved data and reporting with which to manage their businesses.

Service America continues to fit in our main repair-service strategy, while we continue to evaluate Patient Care's place in our operations. We would not rule out an attractive offer for Patient Care, which, because of its operational strength and outstanding reputation, could be an excellent match for a healthcare-oriented suitor.

We remain excited about the prospects for Chemed's Cadre Computer Resources Inc. subsidiary, created in 1992 from Chemed's information technology staff. Cadre provides firewall security systems and training, strategic e-commerce consulting, and Internet development services to a growing list of both local and national blue chip clients. In 2000, Cadre's revenues reached $8.3 million.

Chemed continues to maintain a portfolio of investments. Among public companies, Omnicare Inc., which Chemed created and took public in 1981, and XL Capital Ltd.,

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CHEMED CORPORATE MANAGEMENT: (L-R) MARIANNE LAMEY, ASSISTANT CONTROLLER; LAURA A. VOLKER, ASSISTANT CONTROLLER; MARK W. STEPHENS, ASSISTANT TREASURER; PAULA W. KITTNER, ASSISTANT TREASURER

of which Chemed was a founding shareholder in 1986, have been major contributors over the years. Our realized and unrealized pretax capital gains on these two companies alone have reached $133.6 million since our initial investments. While our current investments in these two companies are relatively small today, Chemed's sales of Omnicare shares in 2000 generated pretax capital gains of $1.7 million. Also, Chemed's $27 million investment in the preferred stock and warrants of Vitas Healthcare Corporation, a national provider of hospice care, yields 9% aftertax through our preferred dividend. Unrealized pretax gains in Chemed's overall portfolio at year-end 2000 totaled approximately $5.0 million.

Operations Review

ROTO-ROOTER INC.

PRINCIPAL SERVICES & PRODUCTS

- Plumbing
- Sewer, drain & pipe cleaning
- Drain cleaning equipment
- Drain care products
- Heating, ventilating & air-conditioning (HVAC) services

PRINCIPAL MARKETS

- Residential
- Industrial
- Business/Commercial
- Municipal

As long as people use water, home owners and businesses will need the services Roto-Rooter offers no matter the season or the state of the economy. Roto-Rooter Inc. is the largest provider of plumbing and drain cleaning in North America, operating through a network of more than 100 company-owned branches and independent contractors and 500 franchisees. Today, the total Roto-Rooter system offers services to more than 90% of the U.S. population and 55% of the Canadian population.

Roto-Rooter achieved excellent operating results during 2000, fueled by continued growth in revenues from plumbing repair and drain cleaning services. Plumbing revenues grew to $117.1 million, up 15% over 1999, and drain cleaning revenues reached $117.4 million, up 22%. Drain care product sales, amounting to $6.1 million, rose 16% in 2000, while sales of Duracable(R) brand drain cleaning equipment grew 17% to $1.8 million.

Increasing the size and tenure of its service force is central to growing Roto-Rooter's business in the years ahead. In 1999, Roto-Rooter significantly enhanced the income and benefits package for service technicians, who again enjoyed double-digit compensation increases in 2000. Attractive compensation, free training, and career growth opportunities give Roto-Rooter an edge in recruiting and retaining employees in tight labor markets. Well-trained, long-term employees help ensure satisfied customers, as well as enable Roto-Rooter to achieve productivity gains that translate into bottom-line results.

Roto-Rooter also sees opportunities through international franchising. In addition to earning initial license fees, Roto-Rooter realizes further income from fees based on the revenues of international franchisees and their sub-franchisees. In January 2000, Roto-Rooter signed a master franchise agreement for the republics of Indonesia and Singapore and operations commenced in May. Roto-Rooter master franchises also operate in Japan, the Philippines,

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ROTO-ROOTER INC.
OPERATING PROFIT (in millions)
Average Annual Growth: 20%

$7.3	$8.6	9.9	$12.1	$13.1	$15.7	$17.3	$19.2	$26.3	$36.6
91	92	93	94	95	96	97	98	99	00

[PICTURE]

ROTO-ROOTER INC.
REVENUES (in millions)
Average Annual Growth: 15%

$79.2	$86.2	$95.6	$109.1	$122.0	$140.2	$153.9	$192.1	$242.8	$281.1
91	92	93	94	95	96	97	98	99	00

Australia, the United Kingdom, and China, including Hong Kong.

In order to grow its business in 2001 and beyond, it is important to keep the Roto-Rooter name foremost in consumers' minds. In 2000, Roto-Rooter rolled out its new toll-free number 1-800-GET-ROTO nationwide. This number is now being prominently displayed on trucks and in advertising. Customers in most areas can now call a single, toll-free number and be connected directly to their local branch.

Roto-Rooter and the franchisees' association have once again joined forces to fund a national advertising program to promote the Roto-Rooter brand name in 2001. Together, Roto-Rooter and its franchisees have greater media purchasing power and can leverage their marketing dollars to buy significantly more TV air time. New TV ads featuring the familiar Roto-Rooter jingle are being added to the rotation of Roto-Rooter's many memorable, humorous ads. The new ads spotlight the 1-800-GET-ROTO number, helping to build further brand awareness.

SERVICE AMERICA SYSTEMS INC.

PRINCIPAL SERVICES & PRODUCTS

- Service contracts 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

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

Service America affords worry-free protection to more than 164,000 home owners and business owners through service contracts on their HVAC systems and major appliances. In addition, Service America provides retail sales and service not covered by a contract, a profitable and expanding component of Service America's business. Since 1992, Service America's first full year as a Chemed company, retail revenues have grown at an average rate of 39% per year.

2000 was a transitional year for Service America, as the company implemented programs to eliminate unprofitable contracts, intentionally reducing its contract revenue base. At the same time, Service America made

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CUSTOMERS ASSESS THE VALUE OF ROTO-ROOTER'S SERVICE IN LARGE PART BY THEIR EXPERIENCES WITH THE SERVICE TECHNICIAN WHO WALKS IN THE DOOR. HAVING THE BEST-TRAINED, MOST HIGHLY MOTIVATED SERVICE FORCE IN THE INDUSTRY IS KEY TO ROTO-ROOTER'S CONTINUED SUCCESS.

SERVICE AMERICA USES A SERVICE TEAM CONCEPT WHERE MEMBERS HELP ASSIGN THE BEST-QUALIFIED TECHNICIAN AVAILABLE FOR EACH JOB. THIS APPROACH OPTIMIZES TECHNICIAN PRODUCTIVITY AND FOSTERS CUSTOMER SATISFACTION.

significant investments in information systems and a state-of-the-art customer-service-and-dispatch call center. These critical initiatives, coupled with increased labor, fuel, materials, and liability insurance costs during the year, resulted in static revenues and lower earnings. Additional expense controls, along with measures taken

SERVICE AMERICA
RETAIL REVENUES (in millions)
Average Annual Growth: 39%

$1.4	$4.5	$6.5	$6.7	$8.4	$12.4	$14.2	$16.4	$19.2
92	93	94	95	96	97	98	99	00

during 2000 to bring staffing in line with expected contract revenues, should serve to position Service America for long-term growth.

Shining brightly during the year was the company's retail service business. Retail revenues grew 17% over 1999's retail revenues, led by a 25% increase in air conditioner sales. In 2000, retail services represented approximately 26% of total revenues, with revenues mostly derived from add-on business from contract holders.

As Service America looks to the future, "Retail First" is its formula for generating growth. While the estimated potential service-contract volume in Service America's markets is $300 million, the retail HVAC market is estimated to be $2.5 billion. Service America's goal is to grow its retail revenues to 50% of total revenues over the long term, while cultivating a profitable contract base. To do this, Service America will continue to solicit add-on business from its contract base and gain new customers through target marketing initiatives, primarily for air conditioner replacement and duct cleaning services. In turn, these new retail customers may choose to become contract customers. Other avenues of growth offering promise include newly launched preventive maintenance programs, as well as direct sales efforts to light commercial businesses.

Additionally, Service America will continue to streamline and centralize its purchasing, distribution, and customer service operations to optimize staffing, control costs, and increase productivity, leading to restored margins and future earnings growth.

PATIENT CARE INC.

PRINCIPAL SERVICE PROVIDERS

- Registered nurses
- Licensed practical nurses
- Home health aides
- Live-in aides
- Physical, speech, respiratory & occupational therapists
- Medical social workers
- Nutritionists

PRINCIPAL MARKETS

- Private individuals
- Certified home-healthcare agencies
- Hospital-related homecare programs
- Insurance companies & managed care organizations
- Nursing homes & assisted-living facilities
- Hospice programs

Patient Care Inc., through nearly 7,000 home health aides, nurses, and other healthcare professionals, provides a broad range of home healthcare services. For many patients, as well as their families, doctors, and insurers, home care is a desirable alternative, whenever possible, to hospitalization or other institutional settings. Patient Care serves patients with acute injuries, but predominantly cares for patients with long-term, chronic illnesses, who, in many cases, need assistance with daily living activities. Patient Care's services include, but are not limited to, assistance with bathing, dressing, grooming, preparing meals, and eating.

Patient Care is a well-recognized industry leader because of its large market presence in the Northeast, its high quality standards, and large staff of well-trained caregivers. Quality assurance programs are the backbone of Patient Care's customer service

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PATIENT CARE INC.
REVENUES (in millions)
Average Annual Growth: 12%

$69.1	$90.7	$99.6	$121.1	$118.3	$128.9	$137.1
94	95	96	97	98	99	00

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approach and include background checks of caregivers, unannounced home visits by supervisor nurses, rigorous initial training programs, and in-service training.

HIGH DEMAND FOR HOMECARE SERVICES CONTINUES, WITH THE DIRECT PATIENT-SERVICES MARKET ESTIMATED AT $23 BILLION AND GROWING AT 5% TO 8% ANNUALLY AND THE $6 BILLION MEDICAL STAFFING MARKET GROWING AT 16% TO 18% ANNUALLY. PATIENT CARE IS WELL-POSITIONED TO SERVE THESE GROWING MARKETS.

In 2000, Patient Care increased revenues in its most attractive product lines, such as staffing services, through which home health aides are provided to Medicare agencies and to the increasingly important assisted-living-facility market. Medicare implemented a new, better-funded reimbursement system in the 2000 fourth quarter and should offer greater opportunities for Patient Care in the coming years. A tight labor market negatively affected Patient Care's operating profit margins in 2000, but prudent expense control and increasing volume improved operating results throughout the year.

During 2000, Patient Care continued to implement new, proprietary, computer-based systems. These systems provide excellent regulatory controls and enable efficient scheduling, billing, and accounts receivable tracking. Also during 2000, Patient Care completed its mobile clinical chart for Medicare nursing operations. This tool should help Patient Care attract high quality nurses, eliminate nonessential paperwork, deliver more productive nursing care, and attain an even higher level of patient satisfaction.

Patient Care's opportunity to grow its revenues and earnings continues to be significant as evidenced by well-documented demographic trends that point to a rapidly expanding market in the years ahead. Patient Care is prepared to take maximum advantage of its opportunities in 2001 and beyond.

EXHIBIT 21

SUBSIDIARIES OF CHEMED CORPORATION

The following is a list of subsidiaries of the Company as of December 31, 2000. Other subsidiaries which have been omitted from the list would not, when considered in the aggregate, constitute a significant subsidiary. Each of the companies is incorporated under the laws of the state following its name. The percentage given for each company represents the percentage of voting securities of such company owned by the Company or, where indicated, subsidiaries of the Company as at December 31, 2000.

All of the majority owned companies listed below are included in the consolidated financial statements as of December 31, 2000.

Cadre Computer Resources, Inc. (Delaware, 100%)
Caring Companions, Inc. (Illinois, 100% by Patient Care, Inc.)
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)
Dell Healthcare, Inc. (Illinois, 100% by Patient Care, Inc.)
Elder Care Solutions, Inc. (Kentucky, 100% by Patient Care, Inc.)
Jet Resource, Inc. (Delaware, 100%)
Medical Personnel Services, Inc. (Maryland, 100% by Patient Care, Inc.)
National Home Care, Inc. (New York, 100% by Patient Care, Inc.)
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%)
OCR Michigan, Inc. (Delaware, 100% by OCR Holding Company)
Patient Care, Inc. (Delaware, 100%)
Patient Care Medical Services, Inc. (New Jersey, 100% by Patient Care, Inc.)
Patient Care Medical Services, Inc. (Ohio, 100% by Patient Care, Inc.)
Priority Care, Inc. (Connecticut, 100% by Patient Care, Inc.)
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)

EXHIBIT 23

CONSENT OF INDEPENDENT ACCOUNTANTS

We hereby consent to the incorporation by reference in the Registration Statements on Form S-8 (Nos. 33-28594, 33-9549, 2-87202, 2-80712, 33-65244, 33-61063, 333-34525, 333-87071 and 333-87073) of Chemed Corporation of our report dated February 5, 2001 relating to the financial statements, which appears on page 11 of the 2000 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 5, 2001 relating to the Financial Statement Schedule, which appears on page S-2 of this Form 10-K.

/s/ PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP

Cincinnati, Ohio
March 28, 2001

1

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, 2000, 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, 2001

/s/ Rick L. Arquilla

Rick L. Arquilla

2

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, 2000, and all amendments thereto, to be filed with the Securities and Exchange Commission. Each of such attorneys-in-fact is appointed with full power to act without the other.

Dated: March 17, 2001

/s/ James H. Devlin

James H. Devlin

3

POWER OF ATTORNEY

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Dated: March 15, 2001

/s/ Charles H. Erhart, Jr.

Charles H. Erhart, Jr.

4

POWER OF ATTORNEY

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Dated: March 12, 2001

/s/ Thomas C. Hutton

Thomas C. Hutton

POWER OF ATTORNEY

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Dated: March 13, 2001

/s/ Walter L. Krebs

Walter L. Krebs

POWER OF ATTORNEY

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Dated: March 16, 2001

/s/ Sandra E. Laney

Sandra E. Laney

POWER OF ATTORNEY

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Dated: March 13, 2001

/s/ Spencer S. Lee

Spencer S. Lee

POWER OF ATTORNEY

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Dated: March 12, 2001

/s/ Kevin J. McNamara

Kevin J. McNamara

POWER OF ATTORNEY

The undersigned director of CHEMED CORPORATION ("Company") hereby appoints EDWARD L. HUTTON, KEVIN J. MCNAMARA and NAOMI C. DALLOB as his true and lawful attorneys-in-fact for the purpose of signing the Company's Annual Report on Form 10-K for the year ended December 31, 2000, 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, 2001

/s/ John M. Mount

John M. Mount

POWER OF ATTORNEY

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Dated: March 14, 2001

/s/ Donald E. Saunders

Donald E. Saunders

POWER OF ATTORNEY

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Dated: March 13, 2001

/s/ Paul C. Voet

Paul C. Voet

POWER OF ATTORNEY

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Dated: March 13, 2001

/s/ George J. Walsh III

George J. Walsh III