SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

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

[X] For the fiscal year ended December 31, 2003

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

ROTO-ROOTER, INC.

(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. Yes [ ] No [X]

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

The aggregate market value of the voting stock held by non-affiliates of the registrant, based upon the average bid and asked price of said stock on the New York Stock Exchange - Composite Transaction Listing on June 30, 2003 ($38.03 per share), was $375,315,385.

DOCUMENTS INCORPORATED BY REFERENCE

DOCUMENT	WHERE INCORPORATED
Proxy Statement for Annual Meeting to be held May 17, 2004	Part III
Form 8K-A filed February 23, 2004	Part II

ROTO-ROOTER, INC.

2003 FORM 10-K ANNUAL REPORT

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ITEM 1. BUSINESS

GENERAL

Pursuant to a stockholder vote at the Company's Annual Meeting of Stockholders held on May 19, 2003, the Company amended its Amended Certificate of Incorporation and changed its name from Chemed Corporation to Roto-Rooter, Inc. The Company 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 Roto-Rooter, Inc., and its subsidiaries and "Grace" refers to W. R. Grace & Co. and its subsidiaries.

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

On December 31, 1986, the Company completed the sale of substantially all of the business and assets of Vestal Laboratories, Inc., a wholly owned subsidiary. The Company received cash payments aggregating approximately $67.4 million over the four-year period following the closing, the substantial portion of which was received on December 31, 1986.

On April 2, 1991, the Company completed the sale of DuBois Chemicals, Inc. ("DuBois"), a wholly owned subsidiary, to the Diversey Corporation ("Diversey"), then a subsidiary of The Molson Companies Ltd. Under the terms of the sale, Diversey agreed to pay the Company net cash payments aggregating $223,386,000, including deferred payments aggregating $32,432,000.

On December 21, 1992, the Company acquired The Veratex Corporation and related businesses ("Veratex Group") from Omnicare, Inc. The purchase price was $62,120,000 in cash paid at closing, plus a post-closing payment of $1,514,000 (paid in April 1993) based on the net assets of Veratex.

Effective January 1, 1994, the Company acquired all the capital stock of Patient Care, Inc. ("Patient Care"), for cash payments aggregating $20,582,000, plus 17,500 shares of the Company's Capital Stock. An additional cash payment of $1,000,000 was made on March 31, 1996 and another payment of $1,000,000 was made on March 31, 1997.

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

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

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

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

Effective October 11, 2002, the Company sold its Patient Care, Inc. subsidiary ("Patient Care") to an investor group that included Schroder Ventures Life Sciences Group, Oak Investment Partners, Prospect Partners and Salix Ventures. Patient Care provides home-healthcare services primarily in the New York-New Jersey-Connecticut area. The cash proceeds to the Company totaled $57,500,000, of which $5,000,000 was placed in escrow pending settlement of Patient Care's receivables with third-party payers. Of this amount, $2,500,000 was distributed as of October 2003 and $2,500,000 is expected to be distributed as of October 2004. Based on the collection history of Patient Care, the Company expects to collect the funds held in escrow in full. The Company may also be entitled to additional funds based on the final value of the estimated balance sheet valuation which is expected to be determined in 2004. In addition, the Company received a senior subordinated note receivable ("Note") for $12,500,000 and a common stock purchase warrant ("Warrant") for 2% of the outstanding stock of the purchasing company. The Note is due October 11, 2007, and bears interest at the annual rate of 7.5% through September 30, 2004, 8.5% from October 1, 2004, through September 30, 2005, and 9.5% thereafter. The Warrant has an estimated fair value of $1,445,000.

During 2003 the Company conducted its business operations in two segments: Plumbing and Drain Cleaning Group ("Plumbing and Drain Cleaning") and Service America Systems, Inc. ("Service America").

Effective February 24, 2004, The Company completed a merger of its wholly owned indirect subsidiary, Marlin Merger Corp., and Vitas Healthcare Corporation ("Vitas"). Under the terms of the merger agreement, Vitas stockholders received cash of $30.00 per share. The transaction, including the refinancing of existing Vitas debt and other payments made in connection with the merger, totaled approximately $406 million in cash. In order to complete the merger the Company sold two million shares of its Capital Stock in a private placement at a price of $50.00 per share, issued $110 million principal amount of floating rate senior secured notes due 2010 ("Floating Rate Notes"), issued $150 million principal amount of 8.75% Senior Notes due 2011 ("Fixed Rate Notes"), and entered into new $135 million senior secured credit facilities. More information with respect to the Company's merger with Vitas is set forth in Item 7 of this Report on page 25 and within Note 23 of the Notes to the Financial Statements appearing on pages F-31 - F-33 of this Report on Form 10-K.

FORWARD LOOKING STATEMENTS

This Annual Report contains or incorporates by reference certain forward looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. The Company intends such statements to be subject to the safe harbors created by that legislation. Such statements involve risks and uncertainties that could cause actual results of operations to differ materially from these forward looking statements.

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, 2001, 2002 and 2003 are shown in Note 2 of the Notes to the Financial Statements on pages F-11 to F-13 of this Report on Form 10-K.

DESCRIPTION OF BUSINESS BY SEGMENT

The information called for by this item with respect to the Plumbing and Drain Cleaning segment and Service America segment is included within Note 2 of the Notes to Financial Statements appearing on pages F-11 - F-13 of this Report on Form 10-K.

VITAS

General. Vitas is the nation's largest provider of hospice services for patients with severe, life-limiting illnesses. This type of care is aimed at making the terminally ill patient's final days as comfortable and pain free as possible. Hospice care is typically available to patients who have been initially certified as terminally ill (i.e. a prognosis of six months or less) by their attending physician, if any, and the hospice physician.

Vitas' hospice operations began in South Florida in 1978 and were incorporated as a for-profit corporation in 1983. Today, Vitas provides a comprehensive range of hospice services through 25 operating programs covering many of the large population areas in the U.S. including Florida, California, Texas and Illinois. Vitas has over 6,000 employees, including approximately 2,400 nurses and 1,500 home health aides.

In general, Vitas offers all levels of hospice care in a given market. In each of its markets, Vitas employs an active community relations effort that involves relationship building and hospice education activities, the extensive education of referral sources, and print and radio media initiatives. This broad-based approach has helped Vitas increase market share and achieve consistent historical revenue growth. As the largest provider of hospice care in a highly fragmented industry, Vitas currently believes it has approximately 7% of the market share in the U.S. hospice market.

Hospice Services Industry Overview

Hospice care is primarily provided under the government's Medicare and Medicaid programs. In 1982, Congress established the Medicare Hospice Benefit, which is available to patients who have been certified as terminally ill, with a prognosis of six months or less, by the patient's attending physician, if any, and the hospice physician.

Effective in 1997, the Medicare Hospice Benefit was amended to reflect the following benefit periods: an initial 90-day period; a second 90-day period; and an unlimited number of subsequent 60-day benefit periods, as long as the patient is recertified as terminally ill by a physician at the beginning of each benefit period. The Medicare Hospice Benefit covers care associated with a patient's terminal illness, which would include prescription drugs for pain and symptom relief, medical supplies and equipment, inpatient care and bereavement services for the family for up to one year after death.

The variety of services provided by hospice programs include:

Nursing Care: Nurses coordinate care, provide direct patient care, and check symptoms and medication. Because patient and family education is such an important part of every care program, the nurse often becomes the link between the patient and the family and the hospice services.

Social Services: Social workers provide advice and counseling to the patient and family members and may also act as an advocate for the patient and the family in utilizing community resources.

Physician Services: A hospice medical director and physician oversee the plan of care as members of an interdisciplinary team.

Spiritual Support and Counseling: Chaplains are available to visit and provide spiritual support to the patient.

Home and Health Aide Services: Home care includes personal care for the patient, such as assistance with bathing, eating and general hygiene. Homemaking services may also be available for the patient's living area.

Continuous Care: If the patient's condition requires, hospice staff may provide around the clock care.

Volunteers: Volunteers are intended to be an integral part of any hospice program. Hospice volunteers may provide compassionate support and companionship, help with certain everyday tasks such as shopping or babysitting, and deliver other helpful services.

24-hour On-call Availability: A hospice team member is on-call 24-hours a day, seven days a week, either for phone consultation or visitation.

Hospice Inpatient Care: Although hospice care may be centered around the home, it sometimes becomes necessary to move the patient to a hospice inpatient bed. The hospice team will arrange this care as well as the return to in-home care when appropriate.

Respite Care: To provide relief for the family members, the hospice may be able to arrange for a brief period of inpatient care for the patient at a hospice inpatient bed, depending upon the circumstances of the patient and the family.

Bereavement Support: The hospice care team works with surviving family members to help them through the grieving process for up to one year after the patient's death. The hospice care provider may also suggest medical or professional care for surviving family members as appropriate.

Vitas' Services

Vitas classifies its services based on the location and type of care provided. The major classifications are Home Care, Continuous Care and Inpatient Care.

Home Care: Routine care provided to patients and their families residing at home or in a nursing facility. The hospice is typically paid the routine home care rate for each day the patient is under the care of the hospice. In the year ended December 31,

2003, Home Care accounted for 68.3% of Vitas' net revenues and 90.5% of its days of care. Vitas' average daily reimbursement rate for Home Care in such period was $122.70.

Inpatient Care: Short term care provided in a participating hospice inpatient unit, hospital or skilled nursing facility that meets the special hospice standards. Inpatient care may be required for procedures necessary for pain control or acute symptom management which cannot be provided in other settings. Medicare distinguishes two different levels of Inpatient Care: (i) inpatient respite care and (ii) general inpatient care. The reimbursement rate for inpatient respite care is paid for each day the patient is in an approved inpatient facility and is receiving respite care. Payment for respite care may be made for a maximum of five days. General inpatient care is reimbursed at a different, higher rate. In the year ended December 31, 2003, Inpatient Care accounted for 15.5% of Vitas' net revenues and 4.6% of its days of care. Vitas' average daily reimbursement rate for Inpatient Care in such period was $544.98.

Continuous Care: Care provided to patients while at home, during periods of crisis when intensive monitoring and care, primarily nursing care, is required in order to achieve palliation or management of acute medical symptoms. Reimbursement is calculated by multiplying the applicable continuous care hourly rate by the number of hours of care provided. A minimum of 8 hours of continuous care in a 24 hour period is to be provided to receive the continuous home care rate. In the year ended December 31, 2003, Continuous Care accounted for 16.2% of Vitas' net revenues and 4.9% of its days of care. Vitas' average daily reimbursement rate for Continuous Care was $541.88.

Service Delivery and Systems

Vitas delivers its service through local hospice programs that operate under a standardized organizational structure consisting of a senior management team and multiple teams of caregivers assisted by volunteers. A senior management team is typically comprised of a general manager, a patient care administrator, a medical director and a director of admissions. Patient care teams typically include a team manager, nurses, home health aides, a chaplain, team physicians, a patient care secretary and a social worker.

Vitas' standardized model for patient care is complemented by its internal systems and controls. Vitas has developed an information technology platform that is designed to enable management to monitor and evaluate various operating, clinical and employee performance measures in a timely manner.

Vitas' information systems infrastructure supports all its operations, including clinical operations, billing and collections, accounts payable and claims processing, financial reporting, human resources and compliance. The system is built upon a proprietary business enterprise application. At the corporate level, management uses this application to monitor and evaluate the various operating, clinical and employee performance measures. At the program level, it provides detailed information on referral sources, patients and staffing for patient management, as well as staff scheduling and management.

Compliance and Training

Vitas' compliance and training structure is designed to monitor conformity to company standards as well as standards mandated by Medicare, state agencies and private insurance providers. The Compliance Committee, consisting of members of senior

management, oversees Vitas' compliance program, reviews patient surveys and analyzes the company's performance measurements. Vitas' Department of Clinical Research, Analysis and Audit performs periodic reviews of each local program, which are similar to Medicare certification and state licensing surveys. Any finding documented in the survey report prepared as a part of the periodic reviews requires a formal written response and corrective action plan. Vitas' Department of Hospice Education and Training administers compliance training to each employee on an annual basis. In addition, every patient and family is asked to complete a satisfaction survey regarding the quality of care delivered to the patient and the family.

Hospice Programs

Vitas currently operates 25 hospice programs in the following markets:

- California - Inland Empire, Orange County, Coastal Cities, San Gabriel, San Diego, San Francisco Bay Area and San Fernando
- Florida - Dade, Broward, Central Florida, Brevard and Palm Beach
- Texas - Dallas, Ft. Worth, Houston and San Antonio
- Illinois - Chicago Northwest, Chicago Central and Chicago South
- New Jersey - North, West and Shore
- Ohio - Cincinnati
- Pennsylvania - Philadelphia
- Wisconsin - Milwaukee

Historically, Vitas has expanded its hospice operations through the acquisition of hospice programs and the opening of new hospice programs in new geographic locations. In the fiscal year ended September 30, 2003, Vitas acquired a hospice program in Palm Beach, Florida. Vitas intends to continue to expand its business by actively pursuing strategic acquisitions of hospices in new and existing markets throughout the United States. Since 1978, Vitas has opened 16 new hospice programs throughout the country. In the fiscal year ended September 30, 2003, Vitas opened three new hospice programs in New Jersey and Brevard County, Florida. In opening a new program, Vitas assesses, among other things, the potential Average Daily Census for the area by evaluating factors such as the region's demographic profile, current hospice providers, mortality rates by type of disease, and the availability of health care workers. A key part of Vitas' growth strategy is to open new hospice programs.

Reimbursement Environment

Medicare rates of reimbursement for hospice care, as stipulated in Section 1814(i)(1)(C)(ii) of the Social Security Act, continue to be adjusted based on a market basket percentage increase, which for fiscal year 2004 has already been established at an increase of 3.4%.

As with most government programs, the Medicare and Medicaid programs are subject to statutory and regulatory changes, possible retroactive and prospective rate adjustments, administrative rulings, freezes and funding reductions, all of which may adversely affect the level of program payments to Vitas for its services. Reductions or changes in Medicare or Medicaid funding could significantly affect Vitas' results of operations. It is not possible to predict at this time whether any additional health care reform initiatives will be implemented or whether there will be other changes in the administration of governmental health care programs or interpretations of governmental policies or other changes affecting the health care system.

PRODUCT AND MARKET DEVELOPMENT

Each segment of the Company'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 the Company's business, the Company 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 the Company's assets.

RAW MATERIALS

The principal raw materials needed for the Company's manufacturing operations are purchased from United States sources. No segment of the Company experienced any material raw material shortages during 2003, although such shortages may occur in the future. Products manufactured and sold by the Company'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 trademarks and service marks have been used and advertised since 1935 by Roto-Rooter Corporation, an indirectly wholly owned subsidiary of the Company. The Roto-Rooter marks are among the most highly recognized trademarks and service marks in the United States. The Company considers the Roto-Rooter 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. "Vitas" is a trademark of Vitas Healthcare Corporation. The Company and its subsidiaries also own certain trade secrets including training manuals, pricing information, customer information, and software source codes.

COMPETITION

ROTO-ROOTER

All aspects of the sewer, drain, and pipe cleaning, HVAC services and plumbing repair businesses are highly competitive. Competition is, however, fragmented in most markets with local and regional firms providing the primary competition. The principal methods of competition are advertising, range of services provided, name recognition, speed and quality of customer service, service guarantees, and pricing.

No individual customer or market group is critical to the total sales of this segment.

SERVICE AMERICA

All aspects of the HVAC and appliance repair and maintenance service industry are highly competitive. Competition is, however, fragmented in most markets with local and regional firms providing the primary competition. The principal methods of competition are advertising, range of services provided, speed and quality of customer service, service guarantees, and pricing.

No individual customer or market group is critical to the total sales of this segment.

VITAS

Hospice care in the United States is competitive. Because payments for hospice services are generally fixed, Vitas competes primarily on the basis of its ability to deliver quality, responsive services. Vitas is the nation's largest provider of hospice services in a market dominated by small, non-profit, community-based hospices. More than 72% of all hospices are not-for-profit. Because the hospice care market is highly fragmented, Vitas competes with a large number of organizations.

Vitas also competes with a number of national and regional hospice providers, including Odyssey Healthcare, Inc. and VistaCare, Inc., hospitals, nursing homes, home health agencies and other health care providers. Many providers offer home care to patients who are terminally ill, and some actively market palliative care and hospice-like programs. In addition, various health care companies have diversified into the hospice market. Some of these health care companies may have greater financial resources than Vitas.

Relatively few barriers to entry exist in the markets served by Vitas. Accordingly, other companies that are not currently providing hospice care may enter these markets and expand the variety of services offered.

RESEARCH AND DEVELOPMENT

The Company 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

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

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.

VITAS

General. The health care industry and Vitas' hospice programs are subject to extensive federal and state regulation. Vitas' hospices are licensed as required under state law as either hospices or home health agencies, or both, depending on the regulatory requirements of each particular state. In addition, Vitas' hospices are required to meet certain conditions of participation to be eligible to receive payments as hospices under the Medicare and Medicaid programs. All of Vitas' hospices, other than those currently in development, are certified for participation as hospices in the Medicare program, and are also eligible to receive payments as hospices from the Medicaid program in each of the states in which Vitas operates. Vitas' hospices are subject to periodic survey by governmental authorities or private accrediting entities to assure compliance with state licensing, certification and accreditation requirements, as the case may be.

Medicare Conditions of Participation. Federal regulations require that a hospice program satisfy certain conditions of participation to be certified and receive Medicare payment for the services it provides. Failure to comply with the conditions of participation may result in sanctions, up to and including decertification from the Medicare program. See "Surveys and Audits" below.

The Medicare conditions of participation for hospice programs include the following:

Governing Body. Each hospice must have a governing body that assumes full responsibility for the policies and the overall operation of the hospice and for ensuring that all services are provided in a manner consistent with accepted standards of practice. The governing body must designate one individual who is responsible for the day-to-day management of the hospice.

Medical Director. Each hospice must have a medical director who is a physician and who assumes responsibility for overseeing the medical component of the hospice's patient care program.

Direct Provision of Core Services. Medicare limits those services for which the hospice may use individual independent contractors or contract agencies to provide care to patients. Specifically, substantially all nursing, social work, and

counseling services must be provided directly by hospice employees meeting specific educational and professional standards. During periods of peak patient loads or under extraordinary circumstances, the hospice may be permitted to use contract workers, but the hospice must agree in writing to maintain professional, financial and administrative responsibility for the services provided by those individuals or entities.

Professional Management of Non-Core Services. A hospice may arrange to have non-core services such as therapy services, home health aide services, medical supplies or drugs provided by a non-employee or outside entity. If the hospice elects to use an independent contractor to provide non-core services, however, the hospice must retain professional management responsibility for the arranged services and ensure that the services are furnished in a safe and effective manner by qualified personnel, and in accordance with the patient's plan of care.

Plan of Care. The patient's attending physician, the medical director or designated hospice physician, and the interdisciplinary team must establish an individualized written plan of care prior to providing care to any hospice patient. The plan must assess the patient's needs and identify services to be provided to meet those needs and must be reviewed and updated at specified intervals.

Continuation of Care. A hospice may not discontinue or reduce care provided to a Medicare beneficiary if the individual becomes unable to pay for that care.

Informed Consent. The hospice must obtain the informed consent of the hospice patient, or the patient's representative, that specifies the type of care services that may be provided as hospice care.

Training. A hospice must provide ongoing training for its employees.

Quality Assurance. A hospice must conduct ongoing and comprehensive self-assessments of the quality and appropriateness of care it provides and that its contractors provide under arrangements to hospice patients.

Interdisciplinary Team. A hospice must designate an interdisciplinary team to provide or supervise hospice care services. The interdisciplinary team develops and updates plans of care, and establishes policies governing the day-to-day provision of hospice services. The team must include at least a physician, registered nurse, social worker and spiritual or other counselor. A registered nurse must be designated to coordinate the plan of care.

Volunteers. Hospice programs are required to recruit and train volunteers to provide patient care services or administrative services. Volunteer services must be provided in an amount equal to at least five percent of the total patient care hours provided by all paid hospice employees and contract staff.

Licensure. Each hospice and all hospice personnel must be licensed, certified or registered in accordance with applicable federal, state and local laws and regulations.

Central Clinical Records. Hospice programs must maintain clinical records for each hospice patient that are organized in such a way that they may be easily

retrieved. The clinical records must be complete and accurate and protected against loss, destruction, and unauthorized use.

Surveys and Audits. Hospice programs are subject to periodic survey by federal and state regulatory authorities and private accrediting entities to ensure compliance with applicable licensing and certification requirements and accreditation standards. Regulators conduct periodic surveys of hospice programs and provide reports containing statements of deficiencies for alleged failure to comply with various regulatory requirements. Survey reports and statements of deficiencies are common in the healthcare industry. In most cases, the hospice program and regulatory authorities will agree upon any steps to be taken to bring the hospice into compliance with applicable regulatory requirements. In some cases, however, a state or federal regulatory authority may take a number of adverse actions against a hospice program, including the imposition of fines, temporary suspension of admission of new patients to the hospice's service or, in extreme circumstances, de-certification from participation in the Medicare or Medicaid programs or revocation of the hospice's license.

From time to time Vitas receives survey reports containing statements of deficiencies. Vitas reviews such reports and takes appropriate corrective action. Vitas believes that its hospices are in material compliance with applicable licensure and certification requirements. If a Vitas hospice were found to be out of compliance and actions were taken against a Vitas hospice, they could materially adversely affect the hospice's ability to continue to operate, to provide certain services and to participate in the Medicare and Medicaid programs, which could materially adversely affect Vitas.

Billing Audits/ Claims Reviews. The Medicare program and its fiscal intermediaries and other payors periodically conduct pre-payment or post-payment reviews and other reviews and audits of health care claims, including hospice claims. There is pressure from state and federal governments and other payors to scrutinize health care claims to determine their validity and appropriateness. In order to conduct these reviews, the payor requests documentation from Vitas and then reviews that documentation to determine compliance with applicable rules and regulations, including the eligibility of patients to receive hospice benefits, the appropriateness of the care provided to those patients and the documentation of that care. During the past several years, Vitas' claims have been subject to review and audit.

Certificate of Need Laws and Other Restrictions. Some states, including Florida, have certificate of need or similar health planning laws that apply to hospice care providers. These states may require some form of state agency review or approval prior to opening a new hospice program, to adding or expanding hospice services, to undertaking significant capital expenditures or under other specified circumstances. Approval under these certificate of need laws is generally conditioned on the showing of a demonstrable need for services in the community. Vitas may seek to develop, acquire or expand hospice programs in states having certificate of need laws. To the extent that state agencies require Vitas to obtain a certificate of need or other similar approvals to expand services at existing hospice programs or to make acquisitions or develop hospice programs in new or existing geographic markets, Vitas' plans could be adversely affected by a failure to obtain such certificate or approval. In addition, competitors may seek administratively or judicially to challenge such an approval or proposed approval by the state agency, and Vitas has been defending against such a challenge in connection with the development of its Palm Beach County, Florida hospice program. Such a challenge, whether or not ultimately successful, could adversely affect Vitas.

Limitations on For-Profit Ownership. A few states have laws that restrict the development and expansion of for-profit hospice programs. For example, Florida law does not permit the operation of a hospice by a for-profit corporation unless it was operated in that capacity on or before July 1, 1978, although under certain circumstances a for-profit corporation may be permitted to purchase a grandfathered hospice program and continue to operate it. In New York, a hospice generally cannot be owned by a corporation that has another corporation as a stockholder. These types of restrictions could affect Vitas' ability to expand in Florida or into New York, or in other jurisdictions with similar restrictions.

Limits on the Acquisition or Conversion of Non-Profit Health Care Organizations. An increasing number of states have enacted laws that restrict the ability of for-profit entities to acquire or otherwise assume the operations of a non-profit health care provider. Some states may require government review, public hearings, and/or government approval of transactions in which a for-profit entity proposes to purchase certain non-profit healthcare organizations. Heightened scrutiny of these transactions may significantly increase the costs associated with future acquisitions of non-profit hospice programs in some states, otherwise increase the difficulty in completing those acquisitions or prevent them entirely. Vitas cannot assure that it will not encounter regulatory or governmental obstacles in connection with any proposed acquisition of non-profit hospice programs in the future.

Professional Licensure and Participation Agreements. Many hospice employees are subject to federal and state laws and regulations governing the ethics and practice of their profession, including physicians, physical, speech and occupational therapists, social workers, home health aides, pharmacists and nurses. In addition, those professionals who are eligible to participate in the Medicare, Medicaid or other federal health care programs as individuals must not have been excluded from participation in those programs at any time.

State Licensure of Hospice. Each of Vitas' hospices must be licensed in the state in which it operates. State licensure rules and regulations require that Vitas' hospices maintain certain standards and meet certain requirements, which may vary from state to state. Vitas believes that its hospices are in material compliance with applicable licensure requirements. If a Vitas hospice were found to be out of compliance and actions were taken against a Vitas hospice, they could materially adversely affect the hospice's ability to continue to operate, to provide certain services and to participate in the Medicare and Medicaid programs, which could materially adversely affect Vitas.

Overview of Government Payments -- General. A substantial portion of Vitas' revenues are derived from payments received from the Medicare and Medicaid programs. 95.2%, 95.4% and 95.4% of Vitas' net patient service revenue for the years ended September 30, 2001, 2002 and 2003, respectively, and 95.8% of Vitas' net patient service revenue for the three months ended December 31, 2003, consisted of payments from the Medicare and Medicaid programs. Such payments are made primarily on a "per diem" basis. Under the per diem reimbursement methodology, Vitas is essentially at risk for the cost of eligible services provided to hospice patients. Profitability is therefore largely dependent upon Vitas' ability to manage the costs of providing hospice services to patients. Increases in operating costs, such as labor and supply costs that are subject to inflation and other increases, without a compensating increase in Medicare and Medicaid rates, could have a material adverse effect on Vitas' business in the future. The Medicare and Medicaid programs are increasing pressure to control health care costs and to decrease or limit increases in reimbursement rates for health care services. As with most government

programs, the Medicare and Medicaid programs are subject to statutory and regulatory changes, possible retroactive and prospective rate and payment adjustments, administrative rulings, freezes and funding reductions, all of which may adversely affect the level of program payments and could have a material adverse effect on Vitas' business. Vitas' levels of revenues and profitability will be subject to the effect of legislative and regulatory changes, including possible reductions in coverage or payment rates, or changes in methods of payment, by the Medicare and Medicaid programs.

Overview of Government Payments -- Medicare

Medicare Eligibility Criteria. To receive Medicare payment for hospice services, the hospice medical director and, if the patient has one, the patient's attending physician, must certify that the patient has a life expectancy of six months or less if the illness runs its normal course. This determination is made based on the physician's clinical judgment. Due to the uncertainty of such prognoses, however, it is likely and expected that some percentage of hospice patients will not die within six months of entering a hospice program. The Medicare program (among other third-party payors) recognizes that terminal illnesses often do not follow an entirely predictable course, and therefore the hospice benefit remains available to beneficiaries so long as the hospice physician or the patient's attending physician continues to certify that the patient's life expectancy remains six months or less. Specifically, the Medicare hospice benefit provides for two initial 90-day benefit periods followed by an unlimited number of 60-day periods. In order to qualify for hospice care, a Medicare beneficiary also must elect hospice care and waive any right to other Medicare benefits related to his or her terminal illness. A Medicare beneficiary may revoke his or her election of the Medicare hospice benefit at any time and resume receiving regular Medicare benefits. The patient may elect the hospice benefit again at a later date so long as he or she remains eligible. Increased regulatory scrutiny of compliance with the Medicare six-month eligibility rule has impacted the hospice industry. The Medicare program, however, has recently reaffirmed that Medicare hospice beneficiaries are not limited to six months of coverage and that there is no limit on how long a Medicare beneficiary can continue to receive hospice benefits and services, provided that the beneficiary continues to meet the eligibility criteria under the Medicare hospice program. In addition, the Medicare, Medicaid and SCHIP Benefits Improvement and Protection Act of 2000 requires HHS to conduct a study to examine the appropriateness of the current physician certification requirement required before a Medicare beneficiary is eligible to receive the Medicare hospice benefit.

Levels of Care. Medicare pays for hospice services on a prospective payment system basis under which Vitas receives an established payment rate for each day that it provides hospice services to a Medicare beneficiary. These rates are subject to annual adjustments for inflation and may also be adjusted based upon the geographic location where the services are provided. The rate Vitas receives will vary depending on which of the following four levels of care is being provided to the beneficiary:

Routine Home Care. The routine home care rate is paid for each day that a patient is in a hospice program and is not receiving one of the other categories of hospice care. This rate is also paid when a patient is receiving hospital care for a condition that is not related to his or her terminal illness. The routine home care rate does not vary based upon the volume or intensity of services provided by the hospice program.

General Inpatient Care. The general inpatient care rate is paid when a patient requires inpatient services for a short period for pain control or symptom management

which cannot be managed in other settings. General inpatient care services must be provided in a Medicare or Medicaid certified hospital or long-term care facility or at a freestanding inpatient hospice facility with the required registered nurse staffing.

Continuous Home Care. Continuous home care is provided to patients while at home, during periods of crisis when intensive monitoring and care, primarily nursing care, is required in order to achieve palliation or management of acute medical symptoms. Continuous home care requires a minimum of 8 hours of care within a 24-hour day, which begins and ends at midnight. The care must be predominantly nursing care provided by either a registered nurse or licensed practical nurse. While the published Medicare continuous home care rates are daily rates, Medicare actually pays for continuous home care services on an hourly basis. This hourly rate is calculated by dividing the daily rate by 24.

Respite Care. Respite care permits a hospice patient to receive services on an inpatient basis for a short period of time in order to provide relief for the patient's family or other caregivers from the demands of caring for the patient. A hospice can receive payment for respite care for a given patient for up to five consecutive days at a time, after which respite care is reimbursed at the routine home care rate.

Medicare Payment for Physician Services. Payment for direct patient care physician services delivered by hospice physicians is billed separately by the hospice to the Medicare intermediary and paid at the lesser of the actual charge or the Medicare allowable charge for these services. This payment is in addition to the daily rates Vitas receives for hospice care. Payment for hospice physicians' administrative and general supervisory activities is included in the daily rates discussed above. Payments for attending physician professional services (other than services furnished by hospice physicians) are not paid to the hospice, but rather are paid directly to the attending physician by the Medicare carrier. For fiscal 2003, 1.9% of Vitas' net revenue was attributable to physician services.

Medicare Limits on Hospice Care Payments. Medicare payments for hospice services are subject to two additional limits or "caps." Each of Vitas' hospice programs is separately subject to both of these "caps." Both of these "caps" are determined on an annual basis for the period running from November 1 through October 31 of each year.

First, under a Medicare rule known as the "80-20" rule applicable to Medicare inpatient services, if the number of inpatient care days furnished by a hospice to Medicare beneficiaries exceeds 20% of the total days of hospice care furnished by such hospice to Medicare beneficiaries, Medicare payments to the hospice for inpatient care days exceeding the inpatient cap are reduced to the routine home care rate. During its history, Vitas has never exceeded the inpatient cap.

Second, overall Medicare payments to a hospice are also subject to a separate cap based on overall average payments per admission. Any payments exceeding this overall hospice cap must be refunded by the hospice. This cap was set at $18,661.29 per admission through the twelve-month period ended on October 31, 2003, and is adjusted annually to account for inflation. While historically Vitas' revenues per admission generally have not exceeded the applicable cap, there can be no assurance that Vitas' hospices will not be subject to future payment reductions or recoupments as the result of this cap.

Medicare Managed Care Programs. The Medicare program has entered into contracts with managed care companies to provide a managed care benefit to Medicare beneficiaries who elect to participate in managed care programs. These managed care programs are commonly referred to as Medicare HMOs, Medicare + Choice or Medicare risk products. Vitas provides hospice care to Medicare beneficiaries who participate in these managed care programs, and Vitas is paid for services provided to these beneficiaries in the same way and at the same rates as those of other Medicare beneficiaries who are not in a Medicare managed care program. Under current Medicare policy, Medicare pays the hospice directly for services provided to these managed care program participants and then reduces the standard per-member, per-month payment that the managed care program otherwise receives.

Overview of Government Payments -- Medicaid

Medicaid Coverage and Reimbursement. State Medicaid programs are another source of Vitas' net patient revenue. Medicaid is a state-administered program financed by state funds and matching federal funds to provide medical assistance to the indigent and certain other eligible persons. In 1986, hospice services became an optional state Medicaid benefit. For those states that elect to provide a hospice benefit, the Medicaid program is required to pay the hospice at rates at least equal to the rates provided under Medicare and calculated using the same methodology. States maintain flexibility to establish their own hospice election procedures and to limit the number and duration of benefit periods for which they will pay for hospice services.

Nursing Home Residents. For Vitas' patients who receive nursing home care under a state Medicaid program and who elect hospice care under Medicare or Medicaid, Vitas generally contracts with nursing homes for the nursing homes' provision to patients of room and board services. In addition to the applicable Medicare or Medicaid hospice daily or hourly rate, the state generally must pay Vitas an amount equal to at least 95% of the Medicaid daily nursing home rate for room and board services furnished to the patient by the nursing home. Under Vitas' standard nursing home contracts, Vitas pays the nursing home for these room and board services at the Medicaid daily nursing home rate.

Adjustments to Medicare and Medicaid Payment Rates. Payment rates under the Medicare and Medicaid programs are generally indexed for inflation annually; however, the increases have historically been less than actual inflation. On October 1, 2001, the base Medicare payment rates for hospice care increased by approximately 3.2% over the base rates previously in effect. On October 1, 2002 and on October 1, 2003, the base Medicare payment rates for hospice care increased by approximately 3.4% each year over the base rates in effect in the prior year. These rates were further adjusted by the hospice wage index. It is possible that there will be further modifications to the rate structure under which the Medicare or Medicaid programs pay for hospice care services. Any future reductions in the rate of increase in Medicare and Medicaid payments may have an adverse impact on Vitas' net patient service revenue and profitability.

OTHER HEALTHCARE REGULATIONS

Federal and State Anti-Kickback Laws and Safe Harbor Provisions. The federal Anti-Kickback Law makes it a felony to knowingly and willfully offer, pay, solicit or receive any form of remuneration in exchange for referring, recommending, arranging, purchasing, leasing or ordering items or services covered by a federal health care program including Medicare or Medicaid. The Anti-Kickback Law applies regardless of whether the remuneration is provided directly or indirectly, in cash or in kind. Although the anti-kickback statute does not prohibit all financial transactions or relationships that providers of healthcare

items or services may have with each other, interpretations of the law have been very broad. Under current law, courts and federal regulatory authorities have stated that this law is violated if even one purpose (as opposed to the sole or primary purpose) of the arrangement is to induce referrals.

Violations of the Anti-Kickback Law carry potentially severe penalties including imprisonment of up to five years, criminal fines of up to $25,000 per act, civil money penalties of up to $50,000 per act, and additional damages of up to three times the amounts claimed or remuneration offered or paid. Federal law also authorizes exclusion from the Medicare and Medicaid programs for violations of the Anti-Kickback Law.

The Anti-Kickback Law contains several statutory exceptions to the broad prohibition. In addition, Congress authorized the Office of Inspector General ("OIG") to publish numerous "safe harbors" that exempt some practices from enforcement action under the Anti-Kickback Law and related laws. These statutory exceptions and regulatory safe harbors protect various bona fide employment relationships, contracts for the rental of space or equipment, personal service arrangements, and management contracts, among other things, provided that certain conditions set forth in the statute or regulations are satisfied. The safe harbor regulations, however, do not comprehensively describe all lawful relationships between healthcare providers and referral sources, and the failure of an arrangement to satisfy all of the requirements of a particular safe harbor does not mean that the arrangement is unlawful. Failure to comply with the safe harbor provisions, however, may mean that the arrangement will be subject to scrutiny. It is possible for healthcare providers to request an advisory opinion from the OIG regarding an existing or proposed business arrangement and the possible anti-kickback concerns raised by that arrangement.

Many states, including states where Vitas does business, have adopted similar prohibitions against payments that are intended to induce referrals of patients, regardless of the source of payment. Some of these state laws lack explicit "safe harbors" that may be available under federal law. Sanctions under these state anti-kickback laws may include civil money penalties, license suspension or revocation, exclusion from Medicare or Medicaid, and criminal fines or imprisonment. Little precedent exists regarding the interpretation or enforcement of these statutes.

Vitas is required under the Medicare conditions of participation and some state licensing laws to contract with numerous healthcare providers and practitioners, including physicians, hospitals and nursing homes, and to arrange for these individuals or entities to provide services to Vitas' patients. In addition, Vitas has contracts with other suppliers, including pharmacies, ambulance services and medical equipment companies. Some of these individuals or entities may refer, or be in a position to refer, patients to Vitas, and Vitas may refer, or be in a position to refer, patients to these individuals or entities. These arrangements may not qualify for a safe harbor. Vitas from time to time seeks guidance from regulatory counsel as to the changing and evolving interpretations and the potential applicability of these anti-kickback laws to its programs, and in response thereto, takes such actions as it deems appropriate. We generally believe that Vitas' contracts and arrangements with providers, practitioners and suppliers do not violate applicable anti-kickback laws. However, we cannot assure you that such laws will ultimately be interpreted in a manner consistent with Vitas' practices.

HIPAA Anti-Fraud Provisions. HIPAA includes several revisions to existing health care fraud laws by permitting the imposition of civil monetary penalties in cases involving violations of the anti-kickback statute or contracting with excluded providers. In

addition, HIPAA created new statutes making it a federal felony to engage in fraud, theft, embezzlement, or the making of false statements with respect to healthcare benefit programs, which include private, as well as government programs. In addition, for the first time, federal enforcement officials have the ability to exclude from the Medicare and Medicaid programs any investors, officers and managing employees associated with business entities that have committed healthcare fraud, even if the investor, officer or employee had no actual knowledge of the fraud.

OIG Fraud Alerts, Advisory Opinions and Other Program Guidance. In 1976, Congress established the OIG to, among other things, identify and eliminate fraud, abuse and waste in HHS programs. To identify and resolve such problems, the OIG conducts audits, investigations and inspections across the country and issues public pronouncements identifying practices that may be subject to heightened scrutiny. In the last several years, there have been a number of hospice related audits and reviews conducted. These reviews and recommendations have included the following:

- better ensuring that Medicare hospice eligibility determinations are made in accordance with the Medicare regulations; and

- revising the annual cap on hospice benefits to better reflect the cost of care provided.

From time to time, various federal and state agencies, such as HHS and the OIG, issue a variety of pronouncements, including fraud alerts, the OIG's Annual Work Plan and other reports, identifying practices that may be subject to heightened governmental scrutiny. For example, the OIG in 2002 specifically called for a review of hospice plans of care to examine the variance among hospice plans of care and the extent to which services are provided in accordance with plans of care, and to determine whether there should be uniform standards or minimum requirements for their completion. In addition, the OIG called for a review of payments for the care of hospice patients residing in nursing homes and the level of services they receive. We cannot predict what, if any changes may be implemented in coverage, reimbursement, or enforcement policies as a result of these OIG reviews and recommendations.

Additionally, in March 1998, the OIG issued a special fraud alert titled "Fraud and Abuse in Nursing Home Arrangements with Hospices." This special fraud alert focused on payments received by nursing homes from hospices.

Federal False Claims Acts. The federal law includes several criminal and civil false claims provisions, which provide that knowingly submitting claims for items or services that were not provided as represented may result in the imposition of multiple damages, administrative civil money penalties, criminal fines, imprisonment, and/or exclusion from participation in federally funded healthcare programs, including Medicare and Medicaid. In addition, the OIG may impose extensive and costly corporate integrity requirements upon a healthcare provider that is the subject of a false claims judgment or settlement. These requirements may include the creation of a formal compliance program, the appointment of a government monitor, and the imposition of annual reporting requirements and audits conducted by an independent review organization to monitor compliance with the terms of the agreement and relevant laws and regulations.

The Civil False Claims Act prohibits the known filing of a false claim or the known use of false statements to obtain payments. Penalties for violations include fines ranging

from $5,500 to $11,000, plus treble damages, for each claim filed. Provisions in the Civil False Claims Act also permit individuals to bring actions against individuals or businesses in the name of the government as so called "qui tam" relators. If a qui tam relator's claim is successful, he or she is entitled to share in the government's recovery.

Both direct enforcement activity by the government and qui tam actions have increased significantly in recent years and have increased the risk that a healthcare company may have to defend a false claims action, pay fines or be excluded from the Medicare and/or Medicaid programs as a result of an investigation arising out of this type of an action. Because of the complexity of the government regulations applicable to the healthcare industry, we cannot assure you that Vitas will not be the subject of an action under the False Claims Act.

State False Claims Laws. At least 10 states and the District of Columbia, including states in which Vitas currently operates, have adopted state false claims laws that mirror to some degree the federal false claims laws. While these statutes vary in scope and effect, the penalties for violating these false claims laws include administrative, civil and/or criminal fines and penalties, imprisonment, and the imposition of multiple damages.

The Stark Law and State Physician Self-Referral Laws. Section 1877 of the Social Security Act, commonly known as the "Stark Law," prohibits physicians from referring Medicare or Medicaid patients for "designated health services" to entities in which they hold an ownership or investment interest or with whom they have a compensation arrangement, subject to a number of statutory and regulatory exceptions. Penalties for violating the Stark Law are severe and include:

- denial of payment;

- civil monetary penalties of $15,000 per referral or $1,000,000 for "circumvention schemes;"

- assessments equal to 200% of the dollar value of each such service provided; and

- exclusion from the Medicare and Medicaid programs.

Hospice care itself is not specifically listed as a designated health service; however, certain services that Vitas provides, or in the future may provide, are among the services identified as designated health services for purposes of the self-referral laws. We cannot assure you that future regulatory changes will not result in hospice services becoming subject to the Stark Law's ownership, investment or compensation prohibitions in the future.

Many states where Vitas operates have laws similar to the Stark Law, but with broader effect because they apply regardless of the source of payment for care. Penalties similar to those listed above as well the loss of state licensure may be imposed in the event of a violation of these state self-referral laws. Little precedent exists regarding the interpretation or enforcement of these statutes.

Civil Monetary Penalties. The Civil Monetary Penalties Statute provides that civil penalties ranging between $10,000 and $50,000 per claim or act may be imposed on any person

or entity that knowingly submits improperly filed claims for federal health benefits or that offers or makes payments to induce a beneficiary or provider to reduce or limit the use of health care services or to use a particular provider or supplier. Civil monetary penalties may be imposed for violations of the anti-kickback statute and for the failure to return known overpayments, among other things.

Prohibition on Employing or Contracting with Excluded Providers. The Social Security Act and federal regulations state that individuals or entities that have been convicted of a criminal offense related to the delivery of an item or service under the Medicare or Medicaid programs or that have been convicted, under state or federal law, of a criminal offense relating to neglect or abuse of residents in connection with the delivery of a healthcare item or service cannot participate in any federal health care programs, including Medicare and Medicaid. Additionally, individuals and entities convicted of fraud, that have had their licenses revoked or suspended, or that have failed to provide services of adequate quality also may be excluded from the Medicare and Medicaid programs. Federal regulations prohibit Medicare providers, including hospice programs, from submitting claims for items or services or their related costs if an excluded provider furnished those items or services. The OIG maintains a list of excluded persons and entities. Nonetheless, it is possible that Vitas might unknowingly bill for services provided by an excluded person or entity with whom it contracts. The penalty for contracting with an excluded provider may range from civil monetary penalties of $50,000 and damages of up to three times the amount of payment that was inappropriately received.

Corporate Practice of Medicine and Fee Splitting. Most states have laws that restrict or prohibit anyone other than a licensed physician, including business entities such as corporations, from employing physicians and/or prohibit payments or fee-splitting arrangements between physicians and corporations or unlicensed individuals. Violations of corporate practice of medicine and fee-splitting laws vary from state to state, but may include civil or criminal penalties, the restructuring or termination of the business arrangements between the physician and unlicensed individual or business entity, or even the loss of the physician's license to practice medicine. These laws vary widely from state to state both in scope and origin (e.g. statute, regulation, Attorney General opinion, court ruling, agency policy) and in most instances have been subject to only limited interpretation by the courts or regulatory bodies.

Vitas employs or contracts with physicians to provide medical direction and patient care services to its patients. Vitas has made efforts in those states where certain contracting or fee arrangements are restricted or prohibited to structure those arrangements in compliance with the applicable laws and regulations. Despite these efforts, however, we cannot assure you that agency officials charged with enforcing these laws will not interpret Vitas' contracts with employed or independent contractor physicians as violating the relevant laws or regulations. Future determinations or interpretations by individual states with corporate practice of medicine or fee splitting restrictions may force Vitas to restructure its arrangements with physicians in those locations.

Health Information Practices. There currently are numerous legislative and regulatory initiatives at both the state and federal levels that address patient privacy concerns. In particular, federal regulations issued under the HIPAA Act of 1996 ("HIPAA") require Vitas to protect the privacy and security of patients' individual health information. HHS published final regulations addressing patient privacy on December 28, 2000, which were modified on August 14, 2002 (the "Privacy Rule"). Vitas was required to comply with the Privacy Rule by April 14, 2003, and Vitas believes that it is in material compliance. Additionally, HIPAA does not automatically preempt applicable state laws and regulations

concerning Vitas' use, disclosure and maintenance of patient health information, which means that Vitas is subject to a complex regulatory scheme that, in many instances, requires Vitas to comply both with federal and state laws and regulations.

In August of 2000, HHS published final regulations establishing health care transaction standards and code sets for the electronic transmission of health care information in connection with certain transactions, such as billing or health plan eligibility (the "Transactions Standard"). The official deadline for compliance with the Transactions Standard for covered entities such as Vitas was October 16, 2003. The Centers for Medicare and Medicaid Services ("CMS") is the division of HHS that is responsible for interpreting and enforcing the Transactions Standard. Failure to comply with the Transactions Standard may subject covered entities, including Vitas, to civil monetary penalties and possibly to criminal penalties. Vitas believes that it has made significant and appropriate good faith efforts to comply with the Transactions Standard and to develop an appropriate contingency plan as encouraged by CMS. It is unclear, however, how CMS will regulate providers in general or Vitas in particular with respect to compliance with the Transactions Standard. Consequently, it also is unclear whether Vitas would be found to be in material compliance with the Transactions Standard if CMS were to review Vitas' electronic claims submissions and assess Vitas' electronic transactions, or whether Vitas would be required to expend substantial sums on acquiring and implementing new information systems, or would otherwise be affected in a manner that would negatively impact its profitability.

On May 31, 2002, HHS published its final rule regarding the HIPAA Unique Employer Identifier Standard, which establishes a standard for identifying employers in healthcare transactions where information about the employer is transmitted electronically, as well as requirements concerning its use by HIPAA covered entities. The deadline for compliance with the Unique Employer Identifier Standard rule is July 30, 2004. Additionally, HHS published final regulations addressing the security of such health information on February 20, 2003 (the "Security Rule"), and Vitas will be required to comply with the Security Rule by April 21, 2005. Also, HHS published its final rule adopting the HIPAA Standard Unique Health Identifier for health care providers on January 23, 2004, and Vitas' compliance deadline for that rule is May 23, 2007. Because compliance with the final rules regarding the HIPAA Unique Employer Identifier Standard and the Standard Unique Health Identifier, and the Security Rule is not yet required, we cannot predict the total financial or other impact of any of these final regulations on Vitas' operations, including any need for Vitas to expend financial resources on acquiring and implementing new information systems or any other negative impact on Vitas' profitability.

Additional Federal and State Regulation. Federal and state governments also regulate various aspects of the hospice industry. In particular, Vitas' operations are subject to federal and state health regulatory laws covering professional services, the dispensing of drugs and certain types of hospice activities. Some of Vitas' employees are subject to state laws and regulations governing the ethics and professional practice of medicine, respiratory therapy, pharmacy and nursing.

Compliance with Health Regulatory Laws. Vitas maintains an internal regulatory compliance review program and from time to time retains regulatory counsel for guidance on compliance matters. We cannot assure you, however, that Vitas' practices, if reviewed, would be found to be in compliance with applicable health regulatory laws, as such laws ultimately may be interpreted, or that any non-compliance with such laws would not have a material adverse effect on Vitas.

ENVIRONMENTAL MATTERS

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

At December 31, 2003, the Company's accrual for its estimated liability for potential environmental cleanup and related costs arising from the sale of DuBois Chemcials Inc. ("Dubois") amounted to $2,070,000. Of this balance, $870,000 is included in other liabilities and $1,200,000 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 $18,036,000. 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.

The Company, 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 the Company 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 2004 and 2005 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.

SEASONALITY

Advertising costs for Roto-Rooter inordinately impact the Company's fourth-quarter results. Roto-Rooter recognizes telephone directory costs immediately upon distribution of a directory by its publisher into the community. Since a large number of directories are distributed in the fourth quarter, this direct expense accounting policy results in fourth-quarter earnings including a disproportionately large share of Roto-Rooter's full-year telephone directory advertising expense. In the fourth quarter 2003, Roto-Rooter expensed $7.1 million of total advertising costs that represented 42% of the aggregate advertising costs for the full-year 2003.

EMPLOYEES

On December 31, 2003, Roto-Rooter, Inc. had a total of 3,357 employees.

AVAILABLE INFORMATION

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

Annual and quarterly reports, press releases, and other printed materials may also be obtained from Roto-Rooter Investor Relations without charge by writing or by calling 800-224-3633 or 513-762-6463.

ITEM 2. PROPERTIES

The Company's corporate offices and the headquarters for the Roto-Rooter Group are located in Cincinnati, Ohio. Roto-Rooter has manufacturing and distribution center facilities in West Des Moines, Iowa and has 61 office and service facilities in 26 states. The headquarters for Service America is located in Ft. Lauderdale, Florida and Service America has 8 office and service facilities in Florida and Arizona. Vitas operates 25 programs from 41 leased facilities in 8 states, including Florida, California, Texas and Illinois.

All "owned" property is held in fee and is subject to the security interests of the Company's new senior secured credit facilities and of the holders of the Floating Rate Notes issued in connection of the Company's merger with Vitas. The leased property have lease terms ranging from one year to fifteen years. Management does not foresee any difficulty in renewing or replacing the remainder of its current leases. The Company considers all of its major operating properties to be maintained in good operating condition and to be generally adequate for present and anticipated needs.

ITEM 3. LEGAL PROCEEDINGS

The Company is party to a class action lawsuit filed in the Third Judicial Circuit Court of Madison County, Illinois in June of 2000 by Robert Harris, alleging certain Roto-Rooter plumbing was performed by unlicensed employees. The Company contests these allegations and believes them without merit. Plaintiff moved for certification of a class of customers in 32 states who allegedly paid for plumbing work performed by unlicensed employees. Plaintiff also moved for partial summary judgment on grounds the licensed apprentice plumber who installed his faucet did not work under the direct personal supervision of a licensed master plumber. On June 19, 2002, the trial judge certified an Illinois-only plaintiffs class and granted summary judgment for the named party Plaintiff on the issue of liability, finding violation of the Illinois Plumbing License Act and the Illinois Consumer Fraud Act, through Roto-Rooter's representation of the licensed apprentice as a plumber. The court has not yet ruled on certification of a class in the remaining 31 states. Due to the complex legal and other issues involved, it is not presently possible to estimate the amount of liability, if any, related to this matter.

On April 5, 2002 Michael Linn, an attorney, filed a class action complaint against the Company in the Court of Common Pleas, Cuyahoga County, Ohio. He alleges Roto-Rooter Services Company's miscellaneous parts charge, ranging from $4.95 to $12.95 per job, violates the Ohio Consumer Sales Practices Act. The Company contends that the charge,

which is included within the estimate approved by its customers, is a fully disclosed component of its pricing. On February 25, 2003 the trial court certified a class of customers who paid the charge from October 1999 to July 2002. The Company is appealing this order and believes the ultimate disposition of this lawsuit will not have a material effect on its financial position. However, management cannot provide assurance the Company will ultimately prevail in either of the above two cases. Regardless of outcome, such litigation can adversely affect the Company through defense costs, diversion of management's time, and related publicity.

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

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

None.

EXECUTIVE OFFICERS OF THE COMPANY

Name	Age	Office	First Elected
Edward L. Hutton	84	Chairman	November 3, 1993 (1)
Kevin J. McNamara	50	President and Chief Executive Officer	August 2, 1994 (2)
Timothy S. O'Toole	48	Executive Vice President	May 18, 1992 (3)
Spencer S. Lee	48	Executive Vice President	May 15, 2000 (4)
David P. Williams	43	Vice President and Chief Financial Officer	March 5, 2004 (5)
Arthur V. Tucker, Jr.	54	Vice President and Controller	May 20, 1991 (6)

(1) Mr. E. L. Hutton is the Chairman of the Company and has held this position since November 1993. Previously, from April 1970 to May 2001, Mr. E. L. Hutton also served as Chief Executive Officer and from April 1970 to November 1993, he held the position of President of the Company. Mr. E. L. Hutton is the father of Mr. T. C. Hutton, a director and a Vice President of the Company.

(2) Mr. K. J. McNamara is President and Chief Executive Officer of the Company and has held these positions since August 1994 and May 2001, respectively. Previously, he served as an Executive Vice President, Secretary and General Counsel of the Company, since November 1993, August 1986 and August 1986, respectively. He previously held the position of Vice President of the Company, from August 1986 to May 1992.

(3) Mr. T. S. O'Toole is an Executive Vice President of the Company and has held this position since May 1992. He is also President and Chief Executive Officer of Vitas, a wholly owned subsidiary of the Company, and has held this position since February 24, 2004. Previously, from May 1992 to February 24, 2004, he also served the Company as Treasurer.

(4) Mr. Lee is an Executive Vice President of the Company and has held this position since May 15, 2000. Mr. Lee is also Chairman and Chief Executive Officer of Roto-Rooter Management Company, a wholly owned subsidiary of the Company, and has held this position since January 1999. Previously, he served as a Senior Vice President of Roto-Rooter Services Company from May 1997 to January 1999.

(5) Mr. Williams is Vice President and Chief Financial Officer of the Company and has held these positions since March 5, 2004. Mr. Williams is also Senior Vice President and Chief Financial Officer of Roto-Rooter Management Company and has held these positions since January 1999.

(6) Mr. A. V. Tucker, Jr. is a Vice President and Controller of the Company and has held these positions since February 1989. From May 1983 to February 1989, he held the position of Assistant Controller of the Company.

Each executive officer holds office until the annual election at the next annual organizational meeting of the Board of Directors of the Company which is scheduled to be held on May 17, 2004.

PART II

ITEM 5. MARKET FOR THE REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

The Company's Capital Stock (par value $1 per share) is traded on the New York Stock Exchange under the symbol RRR. The range of the high and low sale prices on the New York Stock Exchange and dividends paid per share for each quarter of 2002 and 2003 are set forth below.

	Closing		
	High	Low	Dividends Paid Per Share
2003			
First Quarter	$36.51	$31.55	$.12
Second Quarter	40.20	32.98	.12
Third Quarter	40.35	34.42	.12
Fourth Quarter	51.78	33.69	.12
2002			
First Quarter	$38.30	$33.52	$.11
Second Quarter	39.35	33.60	.11
Third Quarter	37.04	29.85	.11
Fourth Quarter	37.84	29.65	.12

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 5, 2004, there were approximately 3,382 stockholders of record of the Company's Capital Stock. This number only includes stockholders of record and does not include stockholders with shares beneficially held in nominee name or within clearinghouse positions of brokers, banks or other institutions.

Information with respect to securities authorized for issuance under the Company's equity compensation plans is included within Note 18 of the Notes to Financial Statements appearing on page F-29 of this Report on Form 10-K.

ITEM 6. SELECTED FINANCIAL DATA

Selected financial data for Roto-Rooter, Inc. and subsidiary companies ("Company") as of and for each of the five years ended December 31, 1999 through December 31, 2003 are presented below (in thousands, except per share and footnote data, ratios and employee data):

	2003	2002	2001	2000	1999
SUMMARY OF OPERATIONS					
Continuing operations (a)					
Service revenues and sales	$ 308,871	$ 314,176	$ 337,908	$ 355,307	$ 316,719
Gross profit (excluding depreciation)	126,061	127,891	132,292	146,329	127,042
Depreciation	12,054	13,587	14,395	13,374	11,285
Amortization of goodwill	-	-	4,102	4,090	3,770
Income/ (loss) from operations (b)	(7,720)	(2,678)	(11,561)	28,548	21,227
Income/ (loss) from continuing operations (c)	(3,499)	(8,854)	(10,738)	18,030	16,195
Net income/ (loss) (c)	(3,435)	(2,545)	(12,185)	19,971	19,481
Earnings/ (loss) per share					
Income/ (loss) from continuing operations	$ (0.35)	$ (0.90)	$ (1.11)	$ 1.83	$ 1.55
Net income/ (loss)	(0.35)	(0.26)	(1.25)	2.03	1.86
Average number of shares outstanding	9,924	9,858	9,714	9,833	10,470
Diluted earnings/ (loss) per share					
Income/ (loss) from continuing operations	$ (0.35)	$ (0.90)	$ (1.11)	$ 1.82	$ 1.54
Net income/ (loss)	(0.35)	(0.26)	(1.25)	2.01	1.85
Average number of shares outstanding	9,924	9,858	9,714	9,927	10,514
Cash dividends per share	$ 0.48	$ 0.45	$ 0.44	$ 0.40	$ 2.12
Net income/(loss) excluding goodwill amortization (e)					
Net income/(loss)	$ (3,435)	$ (2,545)	$ (7,564)	$ 24,579	$ 23,789
Earnings/(loss) per share	(0.35)	(0.26)	(0.78)	2.50	2.27
Diluted earnings/(loss) per share	(0.35)	(0.26)	(0.78)	2.48	2.26
FINANCIAL POSITION--YEAR END					
Cash and cash equivalents	$ 50,587	$ 37,731	$ 8,725	$ 9,978	$ 17,043
Working capital	42,993	29,269	19,200	6,911	21,478
Current ratio	1.73	1.45	1.23	1.07	1.23
Properties and equipment, at cost less accumulated depreciation	$ 41,004	$ 48,361	$ 54,549	$ 60,343	$ 56,913
Total assets	329,069	338,144	401,457	419,932	422,674
Long-term debt	25,931	25,603	61,037	58,391	78,580
Mandatorily redeemable convertible preferred securities of the Chemed Capital Trust	$ 14,126	$ 14,186	$ 14,239	$ 14,641	$ -
Stockholders' equity	192,693	198,422	204,160	211,451	210,344
OTHER STATISTICS--CONTINUING OPERATIONS					
Net cash provided by continuing operations	$ 22,590	$ 26,894	$ 27,123	$ 45,981	$ 28,582
Capital expenditures	11,178	11,855	14,457	17,586	16,696
Number of employees (d)	3,357	3,335	3,764	3,784	3,949
Number of service and sales representatives	2,529	2,514	2,623	2,586	2,699

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(a) Continuing operations exclude Patient Care, discontinued in 2002, and Cadre Computer, discontinued in 2001.

(b) Income/(loss) from operations includes asset impairment charges of $15,828,000 and severance charges of $3,627,000 in 2003, a goodwill impairment charge of $20,342,000 in 2002 and restructuring and similar expenses and other charges of $27,211,000 in 2001.

(c) Income/(loss) from continuing operations and net income/(loss) include aftertax asset impairment charges of $14,363,000 in 2003, an aftertax goodwill impairment charge of $20,342,000 in 2002 and aftertax restructuring and similar expenses and other charges of $16,943,000 and an aftertax loss on the early extinguishment of debt of $1,701,000 in 2001. Aftertax capital gains on the sales and redemption of investments for the years 2003 through 1999 amounted to $3,351,000, $775,000, $703,000, $2,261,000 and $2,960,000, respectively. In accordance with FASB Statement No. 142, amortization of goodwill ceased December 31, 2001. Aftertax amortization of goodwill for continuing operations for the years 2001 through 1999 was $3,888,000, $3,875,000 and $3,580,000, respectively.

(d) Employee numbers reflect full-time-equivalent employees.

(e) In accordance with FASB Statement No. 142, amortization of goodwill ceased December 31, 2001. Aftertax amortization of goodwill for for all operations for the years 2001 through 1999 was $4,621,000, $4,608,000 and $4,308,000, respectively.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

LIQUIDITY AND CAPITAL RESOURCES

Significant factors affecting the Company's consolidated cash flows during 2003 and financial position at December 31, 2003, include the following:

- Continuing operations generated cash of $22.6 million;
- Proceeds from the redemption of Vitas' redeemable preferred stock totaled $27.3 million;
- The Company invested $18.0 million in Vitas' common stock (37% ownership interest);
- Capital expenditures totaled $11.2 million; and,
- The Company placed $10.0 million in escrow to secure its offer to purchase the shares of Vitas it did not own.

The ratio of total debt (excluding the Preferred Securities) to total capital was 12.0% at December 31, 2003, as compared with 10.9% at December 31, 2002. The Company's current ratio at December 31, 2003, was 1.7 as compared with 1.5 at December 31, 2002.

The Company had $51.4 million of unused lines of credit with various banks at December 31, 2003.

CASH FLOW

The Company's cash flows for 2003, 2002 and 2001 are summarized as follows (in millions):

	For the Years Ended December 31,		
	2003	2002	2001
Net cash provided by operating activities	$ 22.6	$ 29.5	$ 34.4
Capital expenditures	(11.2)	(11.9)	(14.5)
Operating cash excess after capital expenditures	11.4	17.6	19.9
Proceeds from redemption of Vitas' preferred stock	27.3	-	-
Investment in Vitas' common stock	(18.0)	-	-
Deposit to secure Vitas merger offer	(10.0)	-	-
Dividends paid	(4.8)	(4.4)	(4.4)
Proceeds from sales of available for sale securities	4.5	1.9	1.4
Net proceeds/(uses) from sale of discontinued operations	1.1	50.7	(6.3)
Net decrease in long-term debt	(0.4)	(35.4)	(11.4)
Other--net	1.8	(1.4)	(0.5)
Increase/(decrease) in cash and cash equivalents	$ 12.9	$ 29.0	$ (1.3)

For 2003, the operating cash excess after capital expenditures was $11.4 million as compared with $17.6 million in 2002 and $19.9 million in 2001. This excess, along with the proceeds from the redemption of Vitas' preferred stock, was used to purchase 37% of Vitas common stock, to place a deposit of $10.0 million to secure the Company's merger offer for Vitas' remaining common stock, to pay cash dividends and to increase the Company's available cash and cash equivalents. For 2002, the operating excess after capital expenditures and the proceeds from the sale of Patient Care were used to retire funded debt, to pay cash dividends and to increase the Company's available cash and cash equivalents. For 2001, the operating cash excess after capital expenditures was used to fund debt repayment, pay costs related to discontinued operations and to pay cash dividends.

COMMITMENTS AND CONTINGENCIES

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

lease commitments and income tax matters. In the aggregate, the Company believes these allowances and accruals are adequate as of December 31, 2003.

Based on reviews of its environmental-related liabilities under the DuBois sale agreement, the Company has estimated its remaining liability to be $2.1 million. As of December 31, 2003, the Company is contingently liable for additional cleanup and related costs up to a maximum of $18.0 million, for which no provision has been recorded.

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

The Company's various loan agreements and guarantees of indebtedness as of December 31, 2003, contained certain restrictive covenants. The Company was in compliance with all of the covenants at that time. Effective with the acquisition of Vitas on February 24, 2004, the Company's revolving credit agreement with Bank One, N.A. ("Bank One") was cancelled. In addition, the Company retired its $25 million senior notes due 2005 - 2009, incurring a prepayment penalty of $3.3 million.

LIQUIDITY AND COMMITMENTS AFTER THE VITAS ACQUISITION

In connection with the acquisition of Vitas on February 24, 2004, the Company entered into a secured revolving credit/term loan facility ("New Credit Facility") with Bank One. The revolving credit facility provides for borrowings of up to $100 million, including up to $40 million in letters of credit. Interest payments for the revolving line of credit are based on LIBOR plus 3.25%. The term loan facility provides for a $35 million term loan and requires quarterly principal payments of $1,250,000 with interest based on LIBOR plus 3.50%. All unpaid borrowings under the New Credit Facility, along with accrued interest, are due February 24, 2009. Initially, the Company drew down $40 million under the revolving credit portion of the New Credit Facility and $35 million under the term loan portion. The Company intends to draw down approximately $26 million of letters of credit under the New Credit Facility in March 2004.

The Company also issued $110 million principal amount of floating rate senior secured notes due 2010 ("Floating Rate Notes") and $150 million of 8.75% senior notes due 2011 ("Fixed Rate Notes") in a private placement with various institutional investors on February 24, 2004. Interest on the Floating Rate Notes is computed at LIBOR plus 3.75% and is payable quarterly beginning May 15, 2004. Interest payments on the Fixed Rate notes are due quarterly beginning May 15, 2004. No principal payments are due on either the Floating Rate Notes or the Fixed Rate Notes until their dates of maturity (February 24, 2010, and February 24, 2011, respectively).

As of February 24, 2004, the Company had $60 million of available borrowings under the New Credit Facility. After the anticipated draw down of approximately $26 million of letters of credit in March 2004, the Company will have $34 million in borrowings available under the New Credit Facility.

The table below summarizes the Company's debt and contractual obligations, giving effect to the transactions described above (in thousands):

	Long-Term Debt Payments	Preferred Securities	Minimum Lease Payments	Severance Payments	Total
2004	$ 4,198	$ -	$ 12,395	$ 1,559	$ 18,152
2005	5,190	-	11,237	1,356	17,783
2006	5,200	-	7,552	1,356	14,108
2007	5,210	-	4,740	265	10,215
2008	5,162	-	5,771	-	10,933
After 2008	311,419	14,126	205	-	325,750
Total	$336,379	$ 14,126	$ 41,900	$ 4,536	$396,941

Collectively, the credit agreements provide that the Company will be required to meet the following financial covenants, to be tested quarterly, beginning with the quarter ending June 30, 2004:

- a minimum net worth requirement, which requires a net worth of at least (i) $232 million plus (ii) 50% of consolidated net income (if positive) beginning with the quarter ending June 30, 2004, plus (iii) the net cash proceeds from issuance of the Company's capital stock or the capital stock of the Company's subsidiaries;

- a maximum leverage ratio, calculated quarterly, based upon the ratio of consolidated funded debt to consolidated EBITDA which will require maintenance of a ratio of 5.5 to 1.00 through December 31, 2004, a ratio of 4.75 to 1.00 from January 1 through December 31, 2005, and 4.25 to 1.00 thereafter;

- a maximum senior leverage ratio, calculated quarterly, based upon the ratio of senior consolidated funded debt to consolidated EBITDA (which ratio excludes indebtedness in respect of the Fixed Rate Notes), which will require maintenance of a ratio of 3.375 to 1.00 through December 31, 2004, a ratio of 2.875 to 1.00 from January 1 through December 31, 2005, and 2.625 to 1.00 thereafter; and

- a minimum fixed charge coverage ratio, based upon the ratio of consolidated EBITDA minus capital expenditures to consolidated interest expense plus consolidated current maturities (including capitalized lease obligations) plus cash dividends paid on equity securities plus expenses for taxes, which will require maintenance of a ratio of 1.15 to 1.00 through December 31, 2004, 1.375 to 1.00 from January 1 through December 31, 2005, and 1.50 to 1.00 thereafter.

In addition, the New Credit Facility, the Floating Rate Notes and the Fixed Rate Notes provide for affirmative and restrictive covenants including without limitation, requirements or restrictions (subject to exceptions) related to the following:

- use of proceeds of loans,

- restricted payments, including payments of dividends and retirement of stock (permitting $.48 per share dividends so long as the aggregate amount of dividends in any fiscal year does not exceed $7.0 million and providing for additional principal prepayments to the extent dividends exceed $5.0 million in any fiscal year), with exceptions for existing employee benefit plans and stock option plans,

- mergers and dissolutions,

- sales of assets,

- investments and acquisitions,

- liens,

- transactions with affiliates,

- hedging and other financial contracts,

- restrictions on subsidiaries,

- contingent obligations,

- operating leases,

- guarantors,

- collateral,

- sale and leaseback transactions,

- prepayments of indebtedness, and

- maximum annual capital expenditures of $20 million subject to one-year carry-forwards on amounts not used during the previous year.

It is management's opinion that the Company has no long-range commitments that would have a significant impact on its liquidity, financial condition or the results of its operations. Due to the nature of the environmental liabilities, it is not possible to forecast the timing of the cash payments for these potential liabilities. Based on the Company's available credit lines, sources of borrowing and cash and cash equivalents, management believes its sources of capital and liquidity are satisfactory for the Company's needs for the foreseeable future.

INTENTION TO CALL CONVERTIBLE SECURITIES

On March 15, 2004, and thereafter, the outstanding mandatorily redeemable convertible preferred securities ("Preferred Securities") of the Chemed Capital Trust are callable without premium at a price of $27.00 per Preferred Security. The Preferred Securities are convertible into the Company's capital stock at the ratio of .73 share of capital stock per Preferred Security. The Company intends to call all of the Preferred Securities as soon after March 15, 2004, as practicable. Management anticipates that most of the

securities will be redeemed for capital stock rather than cash. However, were all the Preferred Securities redeemed for cash, the Company would be obligated to pay approximately $14.1 million in cash.

RESULTS OF OPERATIONS

Set forth below are the year-to-year changes in the components of the statement of operations relating to continuing operations:

	Percent Increase/(Decrease)	
	2003 vs. 2002	2002 vs. 2001
Service revenues and sales		
Plumbing and Drain Cleaning	3%	(6)%
Service America	(20)	(12)
Total	(2)	(7)
Cost of services provided and goods sold (excluding depreciation)	(2)	(9)
General and administrative expenses	18	(10)
Selling and marketing expenses	-	(5)
Depreciation	(11)	(6)
Impairment, restructuring and similar expenses	(22)	(18)
Loss from operations	188	(77)
Interest expense	(27)	(46)
Distributions on preferred securities	(1)	(3)
Loss on extinguishment of debt	n.a.	100
Other income--net	163	(14)
Income/(loss) before income taxes	n.a.	(85)
Income taxes	(26)	(229)
Equity in earnings of affiliate	n.a.	n.a.
Loss from continuing operations	35	(18)

2003 VERSUS 2002 - CONSOLIDATED RESULTS

The Company's service revenues and sales for 2003 declined 2% versus revenues for 2002. This $5.3 million decline was attributable to the $12.4 million, or 20%, decline in Service America's revenues, partially offset by a $7.1 million, or 3%, increase in the Plumbing and Drain Cleaning segment's total revenues. Within this segment, plumbing repair and maintenance revenues increased $2.8 million, or 3%, drain cleaning revenues were even with the prior year, contractor revenues increased $1.8 million, or 14%, and industrial and municipal revenues increased $1.2 million, or 8%. Service America's revenues from repair services under contracts declined $8.8 million, or 19%, and its revenues from demand repair services declined $3.6 million, or 23%.

Of the increase in plumbing revenues, 2.4 percentage points are attributable to an increase in the number of jobs completed during the year. The remainder is attributable to an increase in the average price per job. The drain cleaning business experienced a 2.8% decline in the number of jobs completed during 2003 and a 3% increase in the average price per job. The decline in Plumbing and Drain Cleaning's HVAC repair and maintenance business was attributable to the Company's decision in 2001 to exit this line of business. Units divested in 2002 contributed $403,000 in revenues during 2002, prior to their divestment. Of the 14% increase in contractor revenues, 5 percentage points are attributable to locations acquired in 2003. The gross margin of the Plumbing and Drain Cleaning segment declined from 44.4% in 2002 to 43.7% in 2003, primarily as a result of higher training wages in 2003. The increase in training wages was directly attributable to hiring more service technicians in 2003.

The decline in Service America's service contract revenues is attributable to insufficient sales of new service contracts to replace service contracts that were not renewed either by Service America or the customer. During 2003, the average number of service contracts outstanding declined 23% versus the average for 2002. The year-to-year decline in service contract revenues is anticipated to continue during 2004 at approximately the same rate as experienced in 2003.

Consolidated cost of services provided and goods sold (excluding depreciation) for 2003 declined 2% versus such costs in 2002, primarily due to the decline in service revenues and sales.

General and administrative ("G&A") expenses for 2003 increased $9.2 million, or 18%, versus 2002 within the following operations (in millions):

Plumbing and Drain Cleaning	$ 9.0
Service America	.2
Total	$ 9.2

The increase in Plumbing and Drain Cleaning G&A is largely due to incurring severance charges of $3.6 million in the first quarter of 2003 for a corporate officer and to unfavorable market-value adjustments to the deferred compensation liability in 2003 (a $1.6 million charge to G&A) versus a favorable adjustment in 2002 (a $1.4 million reduction in G&A). These market adjustments are offset entirely by equal, but opposite, gains and losses on trading assets used to fund the liabilities and included in other income. Higher employee recruiting costs in 2003 (an increase of $542,000), related largely to recruiting and hiring service technicians and higher legal fees (an increase of $485,000), due primarily to increased costs of defending against class actions, also contributed to the higher G&A costs in 2003.

Depreciation expense for 2003 declined $1.5 million, or 11%, versus 2002. Of this decline, $905,000 was attributable to the decline in depreciation expense in the Plumbing and Drain Cleaning segment, and the remaining $628,000 occurred at Service America. Both declines are attributable to reduced capital expenditures over the past several years, largely related to service vans.

Impairment charges for both 2003 and 2002 relate entirely to the Service America segment. As of December 31, 2003, all of Service America's intangibles have been written down to nil. In addition, Service America recorded an impairment charge of approximately $4.0 million to reduce the value of its internally developed software to its estimated fair value.

The Company's loss from operations increased from $2.7 million in 2002 to $7.7 million in 2003. Operating expenses for 2003 included severance charges of $3.6 million and asset impairment charges of $15.8 million for the write-down of Service America's goodwill, identifiable intangible assets and computer software. Operating expenses for 2002 included Service America's goodwill impairment charges of $20.3 million. Also affecting this year-to-year comparison was an unfavorable market-value adjustment to the deferred compensation liability in 2003 (a $1.6 million charge to operating expenses) versus a favorable adjustment in 2002 (a $1.4 million reduction in operating expenses).

Interest expense, substantially all of which is classified as unallocated investing and financing -- net, declined from $2.9 million in 2002 to $2.1 million in 2003. This decline is attributable to lower debt levels and lower interest rates in 2003.

Other income--net increased $6,977,000 from $4,282,000 in 2002 to $11,259,000 in 2003, primarily as a result of the following (in thousands):

Higher gains on the sales and redemption of investments in 2003	$ 4,249
Gains on trading assets held in employee benefit trusts in 2003 versus losses recorded in 2002	3,001
All other--net	(273)
Total	$ 6,977

Other income--net by segment by reporting category is summarized below (in thousands):

	2003	2002
Unallocated Investing and Financing--net	$ 8,240	$ 4,602
Plumbing and Drain Cleaning	2,610	(655)
Service America	409	335
Total	$11,259	$ 4,282

The increase in other income classified as unallocated investing and financing--net is attributable to the previously mentioned increase in gains on sales and redemption of investments. The increase in the Plumbing and Drain Cleaning segment's net other income for 2003 versus 2002 is attributable to gains on trading assets held in employee benefit trusts in 2003 versus losses in 2002. The increase in Service America's net other income for 2003 versus 2002 is attributable to the gain on the sale of a building in 2003.

The Company's effective income tax rate for continuing operations was 1,447.9% in 2003 as compared with negative 268.5% in 2002. The unusually high effective rate in 2003 and the negative effective rate in 2002 were caused by the nondeductibility of Service America's intangibles impairment charges in both years.

For 2003, the Company recorded $922,000 of equity in the earnings of

Vitas, representing the Company's share of Vitas' earnings since acquiring a 37% interest in the common stock of Vitas in October 2003.

The loss from continuing operations was $3,499,000 ($.35 per share) in 2003 as compared with $8,854,000 ($.90 per share) for 2002. Significant items affecting the loss from continuing operations for 2003 included Service America's aftertax asset impairment charges of $14.4 million ($1.44 per share) and aftertax capital gains on the sales and redemption of investments of $3.4 million ($.34 per share). Unusual items affecting the loss from continuing operations for 2002 included Service America's aftertax goodwill impairment

charge of $20.3 million ($2.06 per share), an aftertax investment impairment charge of $780,000 ($.08 per share) and aftertax capital gains on the sales of investments of $775,000 ($.08 per share).

Discontinued operations of $64,000 for 2003 represented the adjustment of the allowance for uncollectible notes receivable for Cadre Computer. For 2002, discontinued operations included $3.4 million from the operations of and gain on the sale of Patient Care (sold in 2002), a $2.9 million federal income tax refund related to Omnia (sold in 1997), $744,000 additional expense ($1.1 million before income taxes) for the sublease related to the 1991 sale of DuBois and other adjustments aggregating $797,000. The $1.1 million adjustments to the sublease accrual were made to cover rental charges for vacant space previously occupied by the Company's former DuBois subsidiary. Prior to December 31, 2002, the sublease accrual was calculated under the assumption that all of the vacant space would be subleased at various dates and at market rental rates. Although the Company was able to sublease varying amounts of space during the past two years, it has been unable to sublease one of the floors covered under its lease. The adjustments made in 2002 decreased the amount of sublease rentals that were assumed to be received to include rentals only from current sublessees. As a result, the sublease accrual now covers the cost of all unoccupied space, plus the shortfall between current subleased rentals and contract rental rates and operating costs. No further charges for this liability are anticipated.

The net loss increased from $2.5 million ($.26 per share) in 2002 to a loss of $3.4 million ($.35 per share) in 2003. The net losses included income from discontinued operations of $64,000 in 2003 and $6.3 million ($.64 per share) in 2002. Significant items affecting the net loss for 2003 included Service America's aftertax asset impairment charges of $14.4 million ($1.44 per share) and aftertax capital gains on the sales and redemption of investments of $3.4 million ($.34 per share). Significant items affecting the net loss for 2002 include Service America's aftertax goodwill impairment charge of $20.3 million ($2.06 per share), an aftertax investment impairment charge of $780,000 ($.08 per share) and aftertax capital gains on the sales of investments of $775,000 ($.08 per share).

2003 VERSUS 2002 - SEGMENT RESULTS

The aftertax earnings of the Plumbing and Drain Cleaning segment declined $3.3 million from $9.8 million in 2002 to $6.5 million in 2003. Earnings for 2003 included an aftertax severance charge of $2.4 million.

The aftertax loss of the Service America segment declined $5.3 million from $20.0 million in 2002 to $14.7 million, primarily due to lower impairment charges in 2003 versus amounts for 2002. Aftertax asset impairment charges for 2003 comprised the following (in millions):

Goodwill	$ 10.0
Property and equipment	2.7
Identifiable intangible assets	$ 1.7
Total	14.4

The aftertax goodwill impairment charge for 2002 was $20.3 million. As a result of these write-downs, the carrying values of all intangibles for the Service America segment have been reduced to nil.

The goodwill impairment charges are based on an appraisal firm's valuation of Service America's business as of December 31, 2003 and 2002. The fair value of Service America was calculated using an average of the enterprise value determined under a capital markets valuation and discounted cash flows using updated income and cash flow projections for Service America's business. The capital markets method calculates an enterprise value based on valuations at which comparable businesses sold in the capital markets and based on certain financial ratios and statistics. The income and cash flow projections are updated each year as a part of the Company's annual business plan process and take into consideration the changing marketplace and changing operating conditions. The declines in the overall valuation of Service America in 2003 and 2002 were a direct result of lower revenue, earnings and cash flow projections due to the continuing decline in the contract base of the business (23% decline in 2003; 19% decline in 2002). These projections were adjusted to reflect that Service America missed achieving its budgeted revenues by $6.0 million, or 11%, in 2003 ($8.7 million, or 13%, for 2002) and missed achieving its budgeted gross margin by $2.8 million, or 19%, for 2003 ($4.5 million, or 26%, for 2002).

The property and equipment and identifiable intangible asset impairment charges for 2003 are based on an analysis of undiscounted cash flows that indicated that the book value of the net assets of Service America exceeded the projected cash flows of the business over the life of the noncurrent assets. Accordingly, the carrying values of the noncurrent assets that exceeded their fair values were written down to their fair values, based largely on a recent appraisal of assets by a professional valuation firm. Substantially all of the property and equipment impairment charge related to computer software costs. The large majority of the identifiable intangible asset costs related to capitalized customer contracts, acquired in 1991 and 1993, which, in the opinion of management, have no future value.

Unallocated investing and financing--net, which includes unallocated financing costs and investment income, increased $3.4 million from $1.3 million aftertax in 2002 to $4.7 million aftertax in 2003. The increase is attributable to the following (in millions):

Higher gains on the sales and redemption of investments in 2003	$ 2.6
Impairment charge on Medic One, Inc. investment in 2002	.8
Total	$ 3.4

2002 VERSUS 2001 - CONSOLIDATED RESULTS

The Company's service revenues and sales for 2002 declined 7% versus revenues for 2001. This $23.7 million decline was primarily attributable to declines in the Plumbing and Drain Cleaning segment's plumbing revenues (7% or $7.0 million), HVAC repair and maintenance revenues (62% or $6.1 million), and drain cleaning revenues (3% or $3.1 million) and in Service America's revenues from repair services under contracts (12% or $6.1 million).

The decline in plumbing revenues is almost entirely attributable to a reduction in the number of jobs performed during the year, while the decline in the drain cleaning revenues was attributable to a 7% decline in the number of jobs offset partially by an average price-per-job increase of 4%. The decline in Plumbing and Drain Cleaning's HVAC repair and maintenance revenues was attributable to the Company's decision in 2001 to exit this line of business. During 2002, the Company decided to retain the largest and most profitable of the HVAC and non-branded plumbing businesses because the Company believes this business will generate more cash than could be obtained by selling it and reinvesting the cash in passive investments. Despite a 7% decline in total job count for 2002 versus 2001, Plumbing and Drain Cleaning was able to slightly increase its overall gross profit as a percent of revenues in 2002 compared with 2001.

The decline in Service America's service contract revenues is attributable to insufficient sales of new service contracts to replace service contracts that were not renewed either by Service America or the customer. The year-to-year decline in service contract revenues is anticipated to continue during 2003, as Service America in the fourth quarter of 2002 cancelled approximately 5% of its outstanding service contracts that were too costly to service, as measured by the number of service calls during the year. These cancelled service contracts generated annual revenues of approximately $1.8 million.

Consolidated cost of services provided and goods sold (excluding depreciation) for 2002 declined 9% versus such costs in 2001. The primary components of cost of services provided and goods sold (excluding depreciation) are salaries, wages and benefits of service technicians and field personnel, material costs, insurance costs and service vehicle costs. Prior to 2002, amortization of goodwill was also included in the cost of services provided and goods sold. Effective December 31, 2001, the adoption of SFAS No. 142 eliminated the amortization of goodwill. This accounting change accounted for 2 percentage points of the 9% decline in cost of services provided and goods sold in 2002 versus 2001. The remaining 7% decline in the cost of services provided and goods sold is consistent with the decline in revenues for 2002 versus 2001.

G&A expenses for 2002 declined $5.5 million, or 10%, versus 2001 within the following operations (in millions):

Plumbing and Drain Cleaning	$ 5.1
Service America	.4
Total	$ 5.5

The decline in Plumbing and Drain Cleaning G&A is largely attributable to reductions in discretionary compensation and benefits, resulting from failure to achieve profitability targets in 2002, as shown below (in millions):

Elimination of restricted stock awards	$ 1.8
Reduction in wages and discretionary benefits	1.0
Reduction in discretionary thrift plan contribution	1.0
Reduction in incentive compensation	.9
Reduction in deferred compensation expense component of G&A as the result of adjusting deferred liability accruals for market losses on invested assets held in benefit trusts	.6
All other	(.2)
Total	$ 5.1

The $400,000 reduction in G&A expenses at Service America is attributable to that segment's reduction in the number of administrative employees, necessitated

by the decline in the number of service contracts sold and serviced during the year.

Selling and marketing ("Selling") expenses for 2002 declined $2.6 million, or 5%, versus 2001. This decline is attributable to

Service America's $1.2 million reduction in Selling expenses in 2002 as a result of decreases in the number of selling employees (primarily outbound telemarketing) throughout 2002. Plumbing and Drain Cleaning Selling expenses for 2002 declined $1.4 million versus 2001. Approximately 30% of this reduction was due to lower spending on non-yellow pages advertising and most of the remainder to lower salaries and wages.

Depreciation expense for 2002 declined $808,000, or 6%, versus 2002. Of this decline, $500,000 was attributable to the decreased depreciation expense at Service America, largely related to fewer purchases of vans for service technicians in recent years. Depreciation expense for Plumbing and Drain Cleaning in 2002 declined slightly versus 2001.

Impairment, restructuring and similar expenses for 2002 included an impairment charge of $20,342,000 for the write-down of Service America's goodwill to its fair value at December 31, 2002. For 2001, these expenses included the following charges (in thousands):

	Plumbing and Drain Cleaning	Service America	Total
Restructuring expenses:			
Cost of exiting HVAC and non-Roto-Rooter-branded plumbing businesses	$11,205	$ -	$11,205
Cost of closing Service America's Tucson branch	-	1,171	1,171
Expenses not expected to recur (similar expenses):			
Charges for accelerating the vesting of restricted stock awards in connection with the anticipated revision of the Company's long-term incentive plans in 2002	5,294	146	5,440
Severance charges for 10 individuals incurred in connection with reducing administrative expenses, largely at the Plumbing and Drain Cleaning segment's corporate office	2,909	757	3,666
Resolution of overtime pay issues with the U.S. Department of Labor, relating primarily to Plumbing and Drain Cleaning's prior years' compensation expense	2,749	-	2,749
Property and equipment impairment charges	337	166	503
Total restructuring and similar expenses	$22,494	$ 2,240	$24,734

The Company's loss from operations declined from $11.6 million in 2001 to $2.7 million in 2002. Operating expenses for 2002 included an impairment charge of $20.3 million for the write-down of Service America's goodwill. Operating expenses for 2001 included pretax restructuring and similar expenses of $24.7 million and the following other unusual charges (in thousands):

	Plumbing and Drain Cleaning	Service America	Total
Amounts included in cost of services provided and goods sold:			
Additional casualty insurance expense recorded to reflect increase in valuation of insurance claims for prior years	$1,411	$ -	$1,411
Terminated lease obligations	-	69	69
All other	-	414	414
Amounts included in G&A expenses:			
Terminated lease obligations	166	-	166
All other	417	-	417
Total other unusual charges	$1,994	$ 483	$2,477

During 2002, the HVAC and non-Roto-Rooter-branded businesses that were disposed of generated $403,000 in service revenues and sales and operating losses of $106,000. During 2001, these businesses generated service revenues and sales of $6.3 million and operating losses of $754,000. Also in 2001, Service America's Tucson branch generated $1.7 million of service revenues and sales and recorded an operating loss of $430,000.

The elimination of the restricted stock awards reduced G&A expenses by approximately $1.9 million per year ($1.8 million in the Plumbing and Drain Cleaning segment and $100,000 at Service America) beginning in 2002. The cost of a replacement long-term incentive plan is not estimable at this time. The employee severance charges for Plumbing and Drain Cleaning provided approximately $600,000 in annual savings starting in 2002.

Interest expense, substantially all of which is classified as unallocated investing and financing -- net, declined from $5.4 million in 2001 to $2.9 million in 2002. This decline is attributable to lower debt levels and lower interest rates in 2002.

The pretax loss on extinguishment of debt of $2.6 million ($1.7 million aftertax or $.18 per share) in 2001 arose from the Company's decision to retire its higher interest rate debt in December 2001.

Other income--net declined from $5.0 million in 2001 to $4.3 million in 2002, primarily as a result of an impairment charge of $1.2 million, partially offset by a $441,000 increase in interest income in 2002. The impairment charge arose from the decline in value of the Company's investment in the redeemable preferred stock of Medic One, Inc. ("Medic One"), a privately held provider of ambulance and wheelchair transportation services. During 2002, Medic One violated certain of its debt covenants. As of December 31, 2002, Medic One had not cured the violations or obtained a waiver for such violations. Despite the fact that Medic One reported positive income from operations in 2002 and 2001, it would apparently be unable to continue operations without the continued forbearance of debt covenant violations. If Medic One's lender called its debt, it is likely that Medic One would be forced into bankruptcy or forced liquidation. In such circumstances, the possibility that the Company could recover any significant portion of its investment is considered small. As a result, the Company concluded that the decline in the value of its investment in Medic One was other than temporary at December 31, 2002, and wrote down its investment to its estimated net realizable value (nil).

Other income--net by reporting category is summarized below (in millions):

	2002	2001
Unallocated Investing and Financing--net	$ 4.6	$ 6.0
Plumbing and Drain Cleaning	(.7)	(1.9)
Service America	.4	.9
Total	$ 4.3	$ 5.0

The decline in other income classified as unallocated investing and financing--net is attributable to the previously mentioned investment impairment charge. The decline in the Plumbing and Drain Cleaning segment's net other expense for 2002 versus 2001 is attributable primarily to intercompany interest income of $231,000 in 2002 versus expense of $414,000 in 2001. The decline in Service America's net other income for 2002 versus 2001 is attributable to lower interest income primarily as the result of lower interest rates in 2002.

The Company's effective income tax rate for continuing operations was negative 268.5% in 2002 as compared with positive

31.7% in 2001. The negative effective rate in 2002 is caused by the nondeductibility of Service America's goodwill impairment charge in 2002.

The loss from continuing operations was $8.9 million ($.90 per share) in 2002 as compared with $10.8 million ($1.11 per share) for 2001. Significant items affecting the loss from continuing operations for 2002 included Service America's aftertax goodwill impairment charge of $20.3 million ($2.06 per share), an aftertax investment impairment charge of $780,000 ($.08 per share) and aftertax capital gains on the sales of investments of $775,000 ($.08 per share). Significant items affecting the loss from continuing operations for 2001 included the aftertax loss from extinguishment of debt ($1.7 million or $.18 per share) and aftertax restructuring and similar expenses and other unusual charges totaling $16.9 million ($1.74 per share) as summarized below (in thousands):

	Plumbing and Drain Cleaning	Service America	Total
Restructuring expenses:			
Cost of exiting HVAC and non-Roto-Rooter-branded plumbing business	$ 6,765	$ -	$ 6,765
Cost of closing Service America's Tucson branch	-	707	707
Expenses not expected to recur (similar expenses):			
Charges for accelerating the vesting of restricted stock awards in connection with the anticipated revision of the Company's long-term incentive plans in 2002	3,417	87	3,504
Severance charges for 10 individuals incurred in connection with reducing administrative expenses	2,033	489	2,522
Resolution of overtime pay issues with the U.S. Department of Labor, relating primarily to prior years' compensation expense	1,656	-	1,656
Property and equipment impairment	206	100	306
Total restructuring and similar expenses	14,077	1,383	15,460
Other unusual charges:			
Additional casualty insurance expense recorded to reflect increase in valuation of insurance claims for prior years	839	-	839
Terminated lease obligations	101	41	142
Other	254	248	502
Total restructuring and similar expenses and other unusual charges	$ 15,271	$ 1,672	$ 16,943

Also affecting the results for 2001 are aftertax goodwill amortization of $3,888,000 ($.40 per share) (amortization of goodwill ceased effective December 31, 2001) and aftertax gains on the sales of investments of $703,000 ($.07 per share).

Discontinued operations for 2002 included $3.4 million from the operations of and gain on the sale of Patient Care (sold in 2002), a $2.9 million federal income tax refund related to Omnia (sold in 1997), $744,000 additional expense ($1.1 million pretax) for the sublease related to the 1991 sale of DuBois and other adjustments aggregating $797,000. The adjustments to the sublease accrual of $1.1 million in 2002 and $1.8 million in 2001 were made to cover rental charges for vacant space previously occupied by the Company's former subsidiary, DuBois. Prior to December 31, 2002, the sublease accrual was calculated under the assumption that all of the vacant space would be subleased at various dates and at market rental rates. Although the Company was able to sublease varying amounts of space during the past two years, it has been unable to sublease one of the floors covered under its lease. The adjustments made in 2002 decreased the amount of sublease rentals that were assumed to be received to include rentals only from current sublessees. As a result,

the sublease accrual now covers the cost of all unoccupied space, plus the shortfall between current sublease rentals and contract rental rates and operating costs. No further charges for this liability are anticipated.

The net loss declined from $12.2 million ($1.25 per share) in 2001 to a loss of $2.5 million ($.26 per share) in 2002. The net losses include income from discontinued operations of $6.3 million ($.64 per share) in 2002 and a loss from discontinued operations of $1.5 million ($.15 per share) in 2001. Unusual items affecting the net loss for 2002 included Service America's aftertax goodwill impairment charge of $20.3 million ($2.06 per share), an aftertax investment impairment charge of $780,000 ($.08 per share) and aftertax capital gains on the sales of investments of $775,000 ($.08 per share). Unusual items affecting the net loss for 2001 included aftertax restructuring and similar expenses and other unusual charges totaling $16.9 million ($1.74 per share) as summarized above, aftertax goodwill amortization of $3.9 million ($.40 per share - -- amortization of goodwill ceased effective December 31, 2001) and aftertax gains on the sales of investments of $703,000 ($.07 per share).

2002 VERSUS 2001 - SEGMENT RESULTS

The aftertax earnings of the Plumbing and Drain Cleaning segment increased $18.5 million from a loss of $8.8 million in 2001 to income of $9.8 million in 2002. The loss for 2001 included the following aftertax restructuring and similar expenses and other unusual charges (in thousands):

Restructuring expenses:	
Cost of exiting HVAC and non-Roto-Rooter-branded plumbing businesses	$ 6,765
Expenses not expected to recur (similar expenses):	
Resolution of overtime pay issues with the U.S. Department of Labor, relating primarily to prior years' compensation expense	1,656
Charges for accelerating the vesting of restricted awards in connection with the anticipated revision of the Company's long-term incentive plans	3,417
Property and equipment impairment charges	206
Severance charges for 9 individuals, incurred in connection with reducing administrative expenses	2,033
Total restructuring and similar expenses	14,077
Other unusual charges:	
Additional casualty insurance expense recorded to reflect increase in valuation of insurance claims for prior years	839
Terminated lease obligations	101
Other	254
Total	$ 15,271

In addition, aftertax amortization of goodwill, which ceased effective December 31, 2001, totaled $3.1 million for 2001 versus nil for 2002.

The aftertax loss of the Service America segment increased from $686,000 in 2001 to $20.0 million in 2002, primarily due to an aftertax impairment charge of $20.3 million in 2002. The impairment charge is based on an appraisal firm's valuation of Service America's business as of December 31, 2002. The fair value of Service America was calculated using an average of the enterprise value determined under a capital markets valuation and discounted cash flows using updated income and cash flow projections for Service America's business. The capital markets method calculates an enterprise value based on valuations at which comparable businesses sold in the capital markets and based on certain financial ratios and statistics. The income and cash flow projections are updated each year as part of the Company's annual business plan process and take into consideration the changing marketplace and changing operating conditions. The decline in the overall valuation of Service America was a direct result of lower revenue, earnings and cash flow projections due to the continued decline in the contract base of the business (19% decline in 2002). These projections were adjusted to reflect that Service America missed achieving its budgeted revenues for 2002 by $8.7 million, or 13%, and missed achieving its budgeted gross margin by $4.5 million, or 26%.

Amounts for Service America for 2001 include the following restructuring and similar expenses and other unusual charges (in thousands):

Restructuring expenses:	
Cost of closing Service America's Tucson branch	$ 707
Expenses not expected to recur (similar expenses):	
Severance charges for one individual, incurred in connection with reducing administrative expenses	489
Property and equipment impairment charges	100
Charges for accelerating the vesting of restricted stock awards in connection with the anticipated revision of the Company's long-term incentive plans in 2002	87
Total restructuring and similar expenses	1,383
Other unusual charges:	
Terminated lease obligations	41
Other	248
Total	$ 1,672

In addition, aftertax amortization of goodwill, which ceased effective December 31, 2001, totaled $807,000 for 2001 versus nil for 2002.

Unallocated investing and financing--net, which includes unallocated financing costs and investment income, increased $897,000 from $414,000 aftertax in 2001 to $1,311,000 aftertax in 2002. The increase is attributable to the following (in thousands):

Lower interest expense in 2002 due to lower debt levels	$ 1,742
Interest income on tax refund in 2002	530
Impairment charge on Medic One investment in 2002	(780)
Lower intercompany interest income in 2002 (primarily Plumbing and Drain Cleaning segment)	(657)
Other	62
Total	$ 897

CRITICAL ACCOUNTING POLICIES

INSURANCE ACCRUALS

As the Company self insures for casualty insurance claims (workers' compensation, auto liability and general liability), management closely monitors and frequently evaluates its historical claims experience to estimate the appropriate level of accrual for insured claims. The Company's third-party administrator ("TPA") processes claims on behalf of the Company and reviews claims on a monthly basis. Currently, the Company's exposure on any single claim is capped at $250,000. For most of the years prior to 1999, the caps for general liability and workers compensation were $500,000 per claim.

In developing its estimates, the Company accumulates historical claims data for the previous 10 years to calculate loss development factors ("LDF") by insurance coverage type. LDFs are applied to known claims to estimate the ultimate potential liability for known and unknown claims for each open policy year. Prior to 2003, the LDFs were updated every three years and reviewed by the Company's outside professional actuaries for reasonableness in view of the Company's claims experience and insurance industry trends. Beginning in 2004, LDFs will be updated annually. The current LDFs were last updated as of March 2003 and will next be updated in March 2004. Because this methodology relies heavily on historical claims data, the key risk is whether the historical claims are an accurate predictor of future claims exposure. The risk also exists that certain claims have been incurred and not reported on a timely basis. To mitigate these risks, the Company, in conjunction with its TPA, closely monitors claims to ensure timely accumulation of data and compares its claims trends with the industry experience of its TPA. As an indication of the sensitivity of the accrued liability to reported claims, the Company's analysis indicates that a 1% across-the-board increase or decrease in the amount of reported claims would increase or decrease the accrued insurance liability at December 31, 2003, by 4.4% or $697,000.

INVESTMENTS

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

The Company also has a Patient Care common stock purchase warrant ("PC Warrant") for the purchase of up to 2% of privately held Patient Care. The PC Warrant has a carrying value of $1,445,000, which was its estimated fair value on the date of issuance in October 2002. Patient Care's operating results for 2003 have declined from 2002 levels, but Patient Care remains profitable and paid down significant amounts of bank debt in 2003. The Company views this investment as a long-term investment and believes any decline in the fair value of the PC Warrant is not "other than temporary" as of December 31, 2003. Nonetheless, market conditions could change in the coming year and cause the Company to reassess its valuation of this investment.

EQUITY INVESTMENT (VITAS)

The Company's 37% investment in Vitas common stock exceeds its share of Vitas' net book value by approximately $18.3 million. On a preliminary basis, the Company estimated that $3.7 million of this excess is attributable to the excess value o f computer software with a five-year life and the remainder to goodwill with an indefinite life. Amortization of this excess reduced the Company's equity in the earnings of Vitas by $97,000 in 2003. In 2004, as a result of completing the acquisition of the 63% of Vitas it did not own in 2003, the Company will conduct a thorough review to value all assets and liabilities of Vitas at their fair values. This, it is possible that the Company will identify other intangible assets with different useful lives.

GOODWILL

The Company annually tests the goodwill balances of its reporting units for impairment using appraisals performed by a valuation firm. The valuation of each reporting unit is dependent upon many factors, some of which are market-driven and beyond the Company's control. The valuations of goodwill for the Company's Roto-Rooter Services and Roto-Rooter Franchising and Products reporting units indicate that the fair value of goodwill for each of these units exceeds its respective book value by a significant amount. The valuations of Service America in 2003 and 2002 reduced goodwill for this reporting unit to nil.

CRITICAL ACCOUNTING POLICIES RELATED TO VITAS

ALLOWANCE FOR UNCOLLECTIBLE ACCOUNTS

Vitas' net revenue is reported at the estimated net realizable amounts due from third-party payors, primarily Medicare and Medicaid. Payors may deny payment for services in whole or in part on the basis that such services are not eligible for coverage and do not qualify for reimbursement. Vitas' management estimates denials each period and makes adequate provision for them in its financial statements. Due to the complexity of the laws and regulations affecting the Medicare and Medicaid programs, estimates can and do change by material amounts in future periods.

Vitas receives biweekly payments for patient services from the Medicare program under the Prospective Interim Payment ("PIP") System. These payments are subsequently applied against specific Medicare accounts as claims are processed by the fiscal intermediary. The unapplied portion of these biweekly PIP payments is recorded as a reduction to patient accounts receivable.

Vitas maintains a policy of providing an allowance for uncollectible accounts based on a formula tied to the aging of accounts receivable by payor class and historical write-off rates. Vitas provides allowances for specific accounts determined to be uncollectible when such determinations are made. Accounts are written off when all collection efforts are exhausted.

PURCHASE ACCOUNTING

On a preliminary basis the Company has identified the following fair value adjustments to the historical bases of Vitas' assets (in thousands):

Covenant Not to Compete with Former CEO	$ 18,000
Computer Software	10,000
Consulting Agreement with Former CEO	7,000
Total	$ 35,000

These assets are assumed to have useful lives of 8 years, 5 years and 7 years, respectively. The Company also anticipates that a significant portion of the excess of the purchase price over the book value of Vitas' assets and liabilities will be allocated to goodwill or other indefinite-lived intangible assets. Upon completion of the Company's review to value all of the assets and liabilities of Vitas at their fair values, it is possible that the Company will identify other intangible assets with different lives, and that the amount of indefinite-lived intangible assets will be significantly less than originally estimated.

RECENT ACCOUNTING STATEMENTS

SFAS NO. 143

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

SFAS NO. 145

In April 2002, the FASB approved the issuance of SFAS No. 145, Rescission of FASB Statements No. 4, 44 and 64, Amendment of FASB Statement No. 13 and Technical Corrections. It is generally effective for transactions occurring after May 15, 2002. The Company's adoption of SFAS No.145 in 2003 resulted in reclassifying its 2001 loss on early extinguishment of debt from extraordinary to a separate line within continuing operations, but did not otherwise have a material impact on its financial statements.

SFAS NO. 146

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

FIN NO. 45

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

SFAS NO. 148

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

FIN NO. 46 AND FIN NO. 46R

In January 2003, the FASB issued FIN No. 46, Consolidation of Variable Interest Entities - an interpretation of Accounting Research Bulletin No. 51. This Interpretation is intended to clarify the application of the majority voting interest requirement of ARB No. 51, Consolidated Financial Statements, to certain entities in which equity investors do not have the characteristics of a controlling financial interest or do not have sufficient equity at risk for the entity to finance its activities without additional subordinated financial support from other parties. The controlling financial interest may be achieved through arrangements that do not involve voting interests. FIN No. 46 may be applied prospectively with a cumulative-effect adjustment as of the date on which it is first applied or by restating previously issued financial statements for one or more years with a cumulative-effect adjustment as of the beginning of the first year restated. FIN No. 46 is effective immediately to variable interests in a variable interest equity ("VIE") created or obtained after January 31, 2003. As amended by FASB Staff Position ("FSP") FIN 46-6, FIN No. 46 became effective for variable interests in a VIE created before February 1, 2003 at the end of the first interim or annual period ending after December 15, 2003.

Subsequent to issuing FIN No. 46 and FSP FIN 46-6, the FASB continued to propose modifications and issue FSPs that changed and clarified FIN No. 46. These modifications and FSPs were subsequently incorporated into FIN No. 46 (revised) ("FIN No. 46R"), which replaces FIN No. 46. Among other things, relative to FIN No. 46, FIN No. 46R a) essentially excludes operating businesses from its provisions subject to four conditions, b) states the provisions of FIN No. 46R are not required to be applied if a company is unable,

subject to making an exhaustive effort, to obtain the necessary information, c) includes new definitions and examples of what variable interests are, d) clarifies and changes the definition of a variable interest entity, and e) clarifies and changes the definition and treatment of de facto agents, as that term is defined in FIN No. 46 and FIN No. 46R. FIN No. 46R was issued December 23, 2003. The Company, will apply FIN No. 46R to all variable interest entities at the end of the first quarter of 2004.

The Company has evaluated its contractual relationships with its Roto-Rooter franchisees and has concluded that its interests in the franchisees are not variable interests as defined in FIN No. 46 and FIN No. 46R. The Company maintains contractual relationships with certain independent contractors to provide plumbing and drain cleaning services in specified territories primarily using the Roto-Rooter name. The Company has no equity interest in any of the independent contractors, but in many cases, loans money to the contractor to assist in financing equipment and working capital needs. The loans are generally partially secured by the contractors' equipment and are guaranteed by the business owner. The Company's contractor agreements do not require its contractors to provide all the financial information necessary to apply the provisions of FIN No. 46R to its contractors. Furthermore, the contractors generally have not provided all the financial data they are required to provide under the contractor agreements.

The Company evaluated its contractual relationships with the four independent contractors that commenced operations in 2003 ("2003 Contractors") and determined they are potentially subject to consolidation under FIN No. 46 as a result of loans made to the contractors. The Company has been unable to obtain sufficient information necessary to determine whether the 2003 Contractors should be consolidated. The Company is in the process of evaluating the new provisions of FIN No. 46R relative to its 2003 Contractors and to its pre-February 2003 contractor arrangements. At this time, the Company does not believe that the consolidation of any of its contractors, if required under FIN No. 46 or FIN No. 46R, would materially impact its operating results. Instead, consolidation of some, if any, of these arrangements is more likely to result in a "grossing up" of amounts, such as revenues and expenses, with little or no net change to the Company's net income or cash flows. None of these entities has been consolidated in the Company's financial statements.

Under FIN No. 46, the Company is permitted to consolidate the accounts of the Chemed Capital Trust ("CCT") in its financial statements due to the existence of a call feature of the Preferred Securities whereby the Company can call the Preferred Securities for prepayment. As disclosed above, the Company currently intends to call the Preferred Securities after March 15, 2004, at which time the Preferred Securities may be prepaid without premium.

When FIN No. 46R becomes fully effective for the Company in the first quarter of 2004, the Company will be required to de-consolidate the accounts of the Chemed Capital Trust, because the call feature may no longer be considered as a condition for consolidation. As a result, the current balance sheet caption that reads "Mandatorily redeemable convertible preferred securities of the Chemed Capital Trust" will be revised to read "Convertible junior subordinated debentures" in the same dollar amount as the Preferred Securities. Within the statement of operations, the "Distributions on preferred securities" will be reclassified as interest expense.

SFAS NO. 150

In May 2003, the FASB approved the issuance of SFAS No. 150, Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity. As a result of the issuance of this pronouncement, the Company now reports the mandatorily redeemable convertible preferred securities of the Chemed Capital Trust as a noncurrent liability rather than in the "mezzanine" (i.e., between liabilities and equity) as reported prior to June 2003. This reclassification does not affect the Company's compliance with its debt covenants. The adoption of this statement did not impact the statement of operations.

SAFE HARBOR STATEMENT UNDER THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995 REGARDING FORWARD-LOOKING INFORMATION

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

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 at December 31, 2003. In connection with the Company's Vitas merger on February 24, 2004, it borrowed $185 million at variable interest rates based on LIBOR. If LIBOR fluctuates by 1/8%, the Company's interest expense on the variable rate debt will increase or decrease approximately $231,000 per annum.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The consolidated financial statements, together with the report thereon of PricewaterhouseCoopers LLP dated March 5, 2004, appearing on pages F-2 through F-33 of this Report on Form 10-K, along with the Supplementary Data (Unaudited Summary of Quarterly Results) appearing on pages F-34 - F-35, are incorporated herein by reference.

The financial statements of Vitas Healthcare Corporation, a significant investee of the Company, as of September 30, 2002 and 2003 and for the years ended September 30, 2001 through 2003, included on pages F-1 through F-32 of the Company's Report on Form 8-K/A, dated October 14, 2003 and filed on February 23, 2004 are incorporated herein by reference.

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

None.

ITEM 9A. CONTROLS & PROCEDURES

The Company maintains disclosure controls and procedures that are designed to ensure that information required to be disclosed in the Company's Exchange Act reports is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to the Company's management to allow timely decisions regarding required disclosure.

The Company recently carried out an evaluation, under the supervision of the Company's President and Chief Executive Officer, with the participation of its Vice President and Chief Financial Officer and its Vice President and Controller, of the effectiveness of the design and operation of the Company's disclosure controls and procedures pursuant to Exchange Act Rule 13a-14. Based upon this evaluation, the Company's President and Chief Executive Officer, Executive Vice President and Vice President and Controller concluded the Company's disclosure controls and procedures are effective in timely alerting them to material information relating to the Company and its consolidated subsidiaries required to be included in the Company's Exchange Act reports. There have been no significant changes in internal control over financial reporting during the year ended December 31, 2003.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

The directors of the Company are:

Edward L. Hutton
Kevin J. McNamara
Charles H. Erhart, Jr.
Joel F. Gemunder
Patrick P. Grace
Thomas C. Hutton
Sandra E. Laney
Timothy S. O'Toole
Donald E. Saunders
George J. Walsh III
Frank E. Wood

The additional information required under this Item with respect to the directors and executive officers is set forth in the Company's 2004 Proxy Statement and in Part I hereof under the caption "Executive Officers of the Registrant" and is incorporated herein by reference.

The Company has adopted a Code of Ethics that applies to the Company's principal executive officer, principal financial officer, principal accounting officer, directors and employees. A copy of this Code of Ethics is being filed with this Report as Exhibit 14 and it is also posted on the Company's Web site, www.rotorooterinc.com. Any amendment to, or waiver from, a provision of the Company's Code of Ethics shall be posted on the Company's Web site.

ITEM 11. EXECUTIVE COMPENSATION

Information required under this Item is set forth in the Company's 2004 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 2004 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 2004 Proxy Statement, which is incorporated herein by reference.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

AUDIT FEES

PricewaterhouseCoopers LLP billed the Company $536,600 and $613,500, respectively, in aggregate fees and expenses for professional services rendered for the audit of the Company's annual financial statements for the years 2002 and 2003 and the reviews of the financial statements included in the Company's Forms 10-Q for those years.

AUDIT-RELATED FEES

PricewaterhouseCoopers LLP billed the Company $50,200 and $122,400, respectively, in aggregate fees and expenses for audit-related services rendered in 2002 and 2003 and for implementation assistance with internal control provisions of the Sarbanes-Oxley Act of 2002.

TAX FEES

The Company paid PricewaterhouseCoopers LLP $17,950 in fees and expenses for tax services rendered during 2002. No such services were rendered in 2003.

ALL OTHER FEES

PricewaterhouseCoopers LLC billed the Company $2,152 and $2,172, respectively, in aggregate fees for services rendered by PricewaterhouseCoopers LLP, other than the services described above, for the years 2002 and 2003.

The Audit Committee has adopted a policy which requires the Committee's pre-approval of audit and non-audit services performed by the independent auditor to assure that the provision of such services does not impair the auditor's independence. The Audit Committee pre-approved all of the audit and non-audit services rendered by PricewaterhouseCoopers LLP as listed above.

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULE AND REPORTS ON FORM 8-K

EXHIBITS

3.1	Certificate of Incorporation of Roto-Rooter, Inc. (formerly named Chemed Corporation).*
3.2	Certificate of Amendment to Certificate of Incorporation.*
3.3	By-Laws of Roto-Rooter, Inc.*
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.*
4.4	Indenture, dated as of February 24, 2004, between Roto-Rooter, Inc. and LaSalle Bank National Association.
4.5	Indenture, dated as of February 24, 2004, among Roto-Rooter, Inc., the subsidiary guarantors listed on Schedule I thereto and Wells Fargo Bank, N.A.
10.1	Agreement and Plan of Merger among Diversey U.S. Holdings, Inc., D. C. Acquisition Inc., Chemed Corporation and DuBois Chemicals, Inc., dated as of February 25, 1991.*
10.2	Stock Purchase Agreement between Omnicare, Inc. and Chemed Corporation, dated as of August 5, 1992.*
10.3	Agreement and Plan of Merger among National Sanitary Supply Company, Unisource Worldwide, Inc. and TFBD, Inc. dated as of August 11, 1997.*
10.4	Stock Purchase Agreement dated as of May 8, 2002 by and between PCI Holding Corp. and Chemed Corporation. *
10.5	Amendment No. 1 to Stock Purchase Agreement dated as of October 11, 2002 by and among PCI Holding Corp., PCI-A Holding Corp. and Chemed Corporation. *
10.6	Senior Subordinated Promissory Note dated as of October 11, 2002 by and among PCI Holding Corp. and Chemed Corporation. *
10.7	Common Stock Purchase Warrant dated as of October 11, 2002 by and between PCI Holding Corp. and Chemed Corporation. *
10.8	1986 Stock Incentive Plan, as amended through May 20, 1991.*,**
10.9	1988 Stock Incentive Plan, as amended through May 20, 1991.*,**

10.10	1993 Stock Incentive Plan.*,**
10.11	1995 Stock Incentive Plan.*,**
10.12	1997 Stock Incentive Plan.*,**
10.13	1999 Stock Incentive Plan.*,**
10.14	1999 Long-Term Employee Incentive Plan as amended through May 20, 2002.*,**
10.15	2002 Stock Incentive Plan.*,**
10.16	2002 Executive Long-Term Incentive Plan.*,**
10.17	Employment Contracts with Executives.*,**
10.18	Amendment to Employment Agreements with Kevin J. McNamara, Thomas C. Hutton and Sandra E. Laney dated August 7, 2002.*,**
10.19	Amendment to Employment Agreements with Timothy S. O'Toole and Arthur V. Tucker dated August 7, 2002.*,**
10.20	Amendment to Employment Agreement with Spencer S. Lee dated May 19, 2003.**
10.21	Amendment to Employment Agreements with Executives dated January 1, 2002.*, **
10.22	Consulting Agreement between Timothy S. O'Toole and PCI Holding Corp. effective October 11, 2002.*,**
10.23	Amendment No. 16 to Employment Agreement with Sandra E. Laney dated March 1, 2003.*,**
10.24	Excess Benefits Plan, as restated and amended, effective June 1, 2001.**
10.25	Amendment No. 1 to Excess Benefits Plan, effective July 1, 2002.**
10.26	Amendment No. 2 to Excess Benefits Plan, effective November 7, 2003.**
10.27	Non-Employee Directors' Deferred Compensation Plan.*,**
10.28	Chemed/Roto-Rooter Savings & Retirement Plan, effective January 1, 1999.*,**
10.29	First Amendment to Chemed/Roto-Rooter Savings & Retirement Plan, effective September 6, 2000.*, **
10.30	Second Amendment to Chemed/Roto-Rooter Savings & Retirement Plan, effective January 1, 2001.*, **
10.31	Third Amendment to Chemed/Roto-Rooter Savings & Retirement Plan, effective December 12, 2001.*, **

10.32	Stock Purchase Agreement by and Among Banta Corporation, Chemed Corporation and OCR Holding Company as of September 24, 1997.*
10.33	Directors Emeriti Plan.*,**
10.34	Second Amendment to Split Dollar Agreement with Executives.*,**
10.35	Split Dollar Agreement with Sandra E. Laney.*,**
10.36	Split Dollar Agreement with Executives.*,**
10.37	Split Dollar Agreement with Edward L. Hutton.*,**
10.38	Split Dollar Agreement with Spencer S. Lee.*,**
10.39	Promissory Note under the Executive Stock Purchase Plan with Edward L. Hutton.*,**
10.40	Promissory Note under the Executive Stock Purchase Plan with Kevin J. McNamara.*,**
10.41	Schedule to Promissory Note under the Executive Stock Purchase Plan with Edward L. Hutton.**
10.42	Schedule to Promissory Note under the Executive Stock Purchase Plan with Kevin J. McNamara.**
10.43	Roto-Rooter Deferred Compensation Plan No. 1, as amended January 1,1998.*,**
10.44	Roto-Rooter Deferred Compensation Plan No. 2.*,**
10.45	Agreement and Plan of Merger, dated as of December 18, 2003, among Roto- Rooter, Inc., Marlin Merger Corp. and Vitas Healthcare Corporation.*
10.46	Credit Agreement, dated as of February 24, 2004, among Roto-Rooter, Inc., the lenders from time to time parties thereto and Bank One, NA, as Administrative Agent.
10.47	Pledge and Security Agreement, dated as of February 24, 2004, among Roto-Rooter, Inc., the subsidiaries of Roto-Rooter, Inc. listed on the signature pages thereto and Bank One, NA, as Collateral Agent.
10.48	Guaranty Agreement, dated as of February 24, 2004, among the subsidiaries of Roto-Rooter, Inc. listed on the signature pages thereto and Bank One, NA, as Administrative Agent.
13.	2003 Annual Report to Stockholders.
14.	Policies on Business Ethics of Roto-Rooter, Inc.
21.	Subsidiaries of Roto-Rooter, Inc.
23	Consent of Independent Accountants.

24	Powers of Attorney.
31.1	Certification by Kevin J. McNamara pursuant to Rule 13a-14(a)/15d-14(a) of the Exchange Act of 1934.
31.2	Certification by David P. Williams pursuant to Rule 13a-14(a)/15d-14(a) of the Exchange Act of 1934.
31.3	Certification by Arthur V. Tucker, Jr. pursuant to Rule 13a-14(a)/15d-14(a) of the Exchange Act of 1934.
32.1	Certification by Kevin J. McNamara pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification by David P. Williams pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.3	Certification by Arthur V. Tucker, Jr. pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

* This exhibit is being filed by means of incorporation by reference (see Index to Exhibits on page E-1). Each other exhibit is being filed with this Annual Report on Form 10-K.

** Management contract or compensatory plan or arrangement.

FINANCIAL STATEMENT SCHEDULE

See Index to Financial Statements and Financial Statement Schedule on page F-1.

REPORTS ON FORM 8-K

- A Current Report on Form 8-K, dated October 16, 2003, was filed October 21, 2003. The report includes the Company's earnings announcement for the third quarter.

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- A Current Report on Form 8-K, dated October 14, 2003, was filed October 29, 2003. The report disclosed the Company's exercise of Warrants A and B to purchase 4,158,000 shares of Vitas for $18.0 million in cash.

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- A Current Report on Form 8-K, dated October 31, 2003, was filed November 3, 2003. The report includes the Company's press release announcing its intent to restate earnings for the period January 1, 1998 through September 30, 2003 to recognize Yellow Pages advertising expense when the directories are first placed in circulation.

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- A Current Report on Form 8-K, dated December 18, 2003, was filed December 19, 2003. The report disclosed that the Company had entered into a definitive agreement to acquire Vitas Healthcare Corporation.

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- A Current Report on Form 8-K/A, was filed on December 19, 2003 which amended the Current Report on Form 8-K, dated October 14, 2003.

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.

ROTO-ROOTER, INC.

March 10, 2004

By /s/ Kevin J. McNamara
Kevin J. McNamara
President and Chief Executive Officer

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

Signature	Title	Date
/s/Kevin J. McNamara Kevin J. McNamara	President and Chief Executive Officer and a Director (Principal Executive Officer)	
/s/David P. Williams David P. Williams	Vice President and Chief Financial Officer (Principal Financial Officer)	
/s/Arthur V. Tucker, Jr. Arthur V. Tucker, Jr.	Vice President and Controller (Principal Accounting Officer)	March 10, 2004
Edward L. Hutton* Charles H. Erhart, Jr.* Joel F. Gemunder* Patrick P. Grace* Thomas C. Hutton*	Sandra E. Laney* Timothy S. O'Toole* Donald E. Saunders* George J. Walsh III* Frank E. Wood*	--Directors

* 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 10, 2004
Date

/s/ Naomi C. Dallob
Naomi C. Dallob
(Attorney-in-Fact)

ROTO-ROOTER, INC. AND SUBSIDIARY COMPANIES

INDEX TO FINANCIAL STATEMENTS AND FINANCIAL STATEMENT SCHEDULE

2003, 2002 AND 2001

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 because required information is shown in the financial statements or notes thereto as listed above.

REPORT OF INDEPENDENT AUDITORS

To the Stockholders and Board of Directors of Roto-Rooter, Inc.:

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of operations, cash flows, changes in stockholders' equity and comprehensive loss present fairly, in all material respects, the financial position of Roto-Rooter, Inc. ("Company") and its subsidiaries at December 31, 2003 and 2002, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2003 in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statement Schedule II, Valuation and Qualifying Accounts, listed in the accompanying index, presents fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements. These financial statements and financial statement schedule are the responsibility of the Company's management; our responsibility is to express an opinion on these financial statements and financial statement schedule based on our audits. We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States of America, which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As discussed in Notes 1 and 4, effective January 1, 2002, the Company adopted the provisions of Statement of Financial Accounting Standards No. 142, Goodwill and Other Intangible Assets.

/s/ PricewaterhouseCoopers LLP

Cincinnati, Ohio
March 5, 2004

ROTO-ROOTER, INC. AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENT OF OPERATIONS
(in thousands, except per share data)

	FOR THE YEARS ENDED DECEMBER 31,		
	2003	2002	2001
CONTINUING OPERATIONS			
Service revenues and sales	$ 308,871	$ 314,176	$ 337,908
Cost of services provided and goods sold (excluding depreciation)	182,810	186,285	205,616
General and administrative expenses	60,309	51,096	56,546
Selling and marketing expenses	45,590	45,544	48,178
Depreciation	12,054	13,587	14,395
Impairment, restructuring and similar expenses (Notes 4 and 5)	15,828	20,342	24,734
Total costs and expenses	316,591	316,854	349,469
Loss from operations	(7,720)	(2,678)	(11,561)
Interest expense	(2,140)	(2,928)	(5,423)
Distributions on preferred securities (Note 20)	(1,071)	(1,079)	(1,113)
Loss on extinguishment of debt (Note 12)	-	-	(2,617)
Other income--net (Note 8)	11,259	4,282	4,987
Income/(loss) before income taxes	328	(2,403)	(15,727)
Income taxes (Note 9)	(4,749)	(6,451)	4,989
Equity in earnings of affiliate (Note 3)	922	-	-
Loss from continuing operations	(3,499)	(8,854)	(10,738)
DISCONTINUED OPERATIONS (NOTE 6)	64	6,309	(1,447)
NET LOSS	$ (3,435)	$ (2,545)	$ (12,185)
LOSS PER SHARE			
Loss from continuing operations	$ (0.35)	$ (0.90)	$ (1.11)
Net loss	$ (0.35)	$ (0.26)	$ (1.25)
DILUTED LOSS PER SHARE (NOTE 17)			
Loss from continuing operations	$ (0.35)	$ (0.90)	$ (1.11)
Net loss	$ (0.35)	$ (0.26)	$ (1.25)
NET LOSS EXCLUDING GOODWILL AMORTIZATION			
Net loss	$ (3,435)	$ (2,545)	$ (7,564)
Loss per share	$ (0.35)	$ (0.26)	$ (0.78)
Diluted loss per share (Note 17)	$ (0.35)	$ (0.26)	$ (0.78)
AVERAGE NUMBER OF SHARES OUTSTANDING			
Loss per share	9,924	9,858	9,714
Diluted loss per share (Note 17)	9,924	9,858	9,714

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

ROTO-ROOTER, INC. AND SUBSIDIARY COMPANIES
CONSOLIDATED BALANCE SHEET
(in thousands, except shares and par value)

	DECEMBER 31, 2003	DECEMBER 31, 2002
ASSETS		
Current assets		
Cash and cash equivalents (Note 10)	$ 50,587	$ 37,731
Accounts receivable less allowances of $2,919 (2002--$3,309)	13,592	14,643
Inventories	8,256	9,493
Statutory deposits	9,358	12,323
Current deferred income taxes (Note 9)	10,056	9,894
Prepaid expenses and other current assets	10,236	9,931
Total current assets	102,085	94,015
Investments of deferred compensation plans held in trust (Note 14)	17,743	15,176
Other investments (Notes 3 and 16)	25,081	37,326
Note receivable (Note 6)	12,500	12,500
Properties and equipment, at cost, less accumulated depreciation (Note 11)	41,004	48,361
Identifiable intangible assets less accumulated amortization of $1,704 (2002--$7,167) (Note 4)	592	2,889
Goodwill less accumulated amortization (Note 4)	105,335	110,843
Other assets	24,729	17,034
Total Assets	$ 329,069	$ 338,144
LIABILITIES		
Current liabilities		
Accounts payable	$ 7,120	$ 5,686
Current portion of long-term debt (Note 12)	448	409
Income taxes (Note 9)	26	369
Deferred contract revenue	14,362	17,321
Accrued insurance	16,013	17,448
Other current liabilities (Note 13)	21,123	23,513
Total current liabilities	59,092	64,746
Long-term debt (Note 12)	25,931	25,603
Mandatorily Redeemable Convertible Preferred Securities of the Chemed Capital Trust (Note 20)	14,126	-
Deferred compensation liabilities (Note 14)	17,733	15,196
Other liabilities (Note 13)	19,494	19,991
Commitments and Contingencies (Notes 13, 15, 19, 22 and 23)		
Total Liabilities	136,376	125,536
MANDATORILY REDEEMABLE CONVERTIBLE PREFERRED SECURITIES OF THE CHEMED CAPITAL TRUST (NOTE 20)	-	14,186
STOCKHOLDERS' EQUITY		
Capital stock--authorized 15,000,000 shares $1 par; issued 13,452,907 shares (2002--13,448,475 shares)	13,453	13,448
Paid-in capital	170,501	168,299
Retained earnings	119,746	127,938
Treasury stock--3,508,663 shares (2002--3,630,689 shares), at cost	(109,427)	(111,582)
Unearned compensation (Note 14)	(2,954)	(4,694)
Deferred compensation payable in Company stock (Note 14)	2,308	2,280
Notes receivable for shares sold (Note 18)	(934)	(952)
Accumulated other comprehensive income	-	3,685
Total Stockholders' Equity	192,693	198,422
Total Liabilities and Stockholders' Equity	$ 329,069	$ 338,144

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

ROTO-ROOTER, INC. AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENT OF CASH FLOWS
(in thousands)

	FOR THE YEARS ENDED DECEMBER 31,		
	2003	2002	2001
CASH FLOWS FROM OPERATING ACTIVITIES			
Net loss	$ (3,435)	$ (2,545)	$(12,185)
Adjustments to reconcile net loss to net cash provided by operations			
Depreciation and amortization	12,809	14,356	21,273
Noncash restructuring and impairment charges	15,828	21,542	15,150
Gains on redemption and sales of available-for-sale investments	(5,390)	(1,141)	(993)
Provision for uncollectible accounts receivable	2,019	1,808	2,866
Provision for deferred income taxes	(501)	459	(6,173)
Discontinued operations (Note 6)	(64)	(6,309)	1,447
Changes in operating assets and liabilities, excluding amounts acquired in business combinations			
Increase in accounts receivable	(968)	(2,351)	(411)
Decrease in statutory reserve requirements	2,965	1,008	715
Decrease in inventories	1,237	931	79
Decrease/(increase) in prepaid expenses and other current assets	(746)	(666)	990
Increase/(decrease) in accounts payable, deferred contract revenue and other current liabilities	(5,253)	(6,724)	7,059
Increase/(decrease) in income taxes	2,732	4,096	(5,535)
Decrease/(increase) in other assets	(2,243)	(1,253)	233
Increase/(decrease) in other liabilities	2,937	(621)	(96)
Noncash expense of internally financed ESOPs	1,740	2,742	4,109
Equity in earnings of affiliate	(922)	-	-
Other sources/(uses)	(155)	1,562	(1,405)
Net cash provided by continuing operations	22,590	26,894	27,123
Net cash provided by discontinued operations (Note 6)	-	2,629	7,258
Net cash provided by operating activities	22,590	29,523	34,381
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from redemption of available-for-sale investments (Notes 3 and 16)	27,270	-	-
Purchase of equity investment in affiliate (Notes 3 and 16)	(17,999)	-	-
Capital expenditures	(11,178)	(11,855)	(14,457)
Deposit to secure merger offer (Note 23)	(10,000)	-	-
Proceeds from sales of available-for-sale investments (Note 16)	4,493	1,917	1,377
Business combinations, net of cash acquired (Note 7)	(3,850)	(1,236)	(1,555)
Proceeds from sales of property and equipment	2,747	2,479	3,676
Net proceeds/(uses) from sale of discontinued operations (Note 6)	1,091	50,676	(6,332)
Investing activities of discontinued operations (Note 6)	-	(469)	(900)
Purchase of Roto-Rooter minority interest	-	(83)	(820)
Other uses	(356)	(413)	(78)
Net cash provided /(used) by investing activities	(7,782)	41,016	(19,089)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid	(4,761)	(4,438)	(4,384)
Issuance of capital stock	3,287	1,547	735
Purchases of treasury stock	(637)	(3,214)	(1,226)
Repayment of long-term debt (Note 12)	(409)	(40,378)	(46,377)
Proceeds from issuance of long-term debt (Note 12)	-	5,000	35,000
Other sources/(uses)	568	(50)	(293)
Net cash used by financing activities	(1,952)	(41,533)	(16,545)
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	12,856	29,006	(1,253)
Cash and cash equivalents at beginning of year	37,731	8,725	9,978
Cash and cash equivalents at end of year	$ 50,587	$ 37,731	$ 8,725

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

ROTO-ROOTER, INC. AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY
(in thousands, except per share data)

	CAPITAL STOCK	PAID-IN CAPITAL	RETAINED EARNINGS	TREASURY STOCK- AT COST	UNEARNED COMPENSATION
Balance at December 31, 2000	$ 13,318	$ 162,618	$ 151,596	$(105,249)	$ (16,683)
Net loss	-	-	(12,185)	-	-
Dividends paid ($.44 per share)	-	-	(4,384)	-	-
Stock awards and exercise of stock options (Note 18)	119	5,055	-	(3,654)	5,138
Decrease in unearned compensation (Note 14)	-	-	-	-	4,109
Transfer of deferred compensation payable to other liabilities	-	14	-	(14)	-
Other comprehensive income	-	-	-	-	-
Purchases of treasury stock	-	-	-	(219)	-
Payments on notes receivable (Note 18)	-	-	-	(1,288)	-
Other	1	(145)	13	-	-
Balance at December 31, 2001	13,438	167,542	135,040	(110,424)	(7,436)
Net loss	-	-	(2,545)	-	-
Dividends paid ($.45 per share)	-	-	(4,438)	-	-
Decrease in unearned compensation (Note 14)	-	-	-	-	2,742
Stock awards and exercise of stock options (Note 18)	23	974	-	(2,114)	-
Other comprehensive loss	-	-	-	-	-
Payments on notes receivable (Note 18)	-	-	-	(338)	-
Purchases of treasury stock	-	-	-	(51)	-
Distribution of assets to settle deferred compensation liabilities	-	-	-	1,066	-
Other	(13)	(217)	(119)	279	-
Balance at December 31, 2002	13,448	168,299	127,938	(111,582)	(4,694)
NET LOSS	-	-	(3,435)	-	-
DIVIDENDS PAID ($.48 PER SHARE)	-	-	(4,761)	-	-
DECREASE IN UNEARNED COMPENSATION (NOTE 14)	-	-	-	-	1,740
STOCK AWARDS AND EXERCISE OF STOCK OPTIONS (NOTE 18)	3	1,620	-	2,216	-
OTHER COMPREHENSIVE LOSS	-	-	-	-	-
PAYMENTS ON NOTES RECEIVABLE (NOTE 18)	-	-	-	(23)	-
PURCHASES OF TREASURY STOCK	-	-	-	(69)	-
DISTRIBUTION OF ASSETS TO SETTLE DEFERRED COMPENSATION LIABILITIES	-	-	-	31	-
OTHER	2	582	4	-	-
BALANCE AT DECEMBER 31, 2003	$ 13,453	$ 170,501	$ 119,746	$(109,427)	$ (2,954)

	DEFERRED COMPENSATION PAYABLE IN CAPITAL STOCK	ACCUMULATED OTHER COMPREHENSIVE INCOME	NOTES RECEIVABLE FOR SHARES SOLD	TOTAL
Balance at December 31, 2000	$ 5,500	$ 3,237	$ (2,886)	$ 211,451
Net loss	-	-	-	(12,185)
Dividends paid ($.44 per share)	-	-	-	(4,384)
Stock awards and exercise of stock options (Note 18)	-	-	-	6,658
Decrease in unearned compensation (Note 14)	-	-	-	4,109
Transfer of deferred compensation payable to other liabilities	(2,293)	-	-	(2,293)
Other comprehensive income	-	977	-	977
Purchases of treasury stock	-	-	-	(219)
Payments on notes receivable (Note 18)	-	-	1,484	196
Other	81	-	(100)	(150)
Balance at December 31, 2001	3,288	4,214	(1,502)	204,160
Net loss	-	-	-	(2,545)
Dividends paid ($.45 per share)	-	-	-	(4,438)
Decrease in unearned compensation (Note 14)	-	-	-	2,742
Stock awards and exercise of stock options (Note 18)	-	-	-	(1,117)
Other comprehensive loss	-	(529)	-	(529)
Payments on notes receivable (Note 18)	-	-	576	238
Purchases of treasury stock	-	-	-	(51)
Distribution of assets to settle deferred compensation liabilities	(1,066)	-	-	-
Other	58	-	(26)	(38)
Balance at December 31, 2002	2,280	3,685	(952)	198,422
NET LOSS	-	-	-	(3,435)
DIVIDENDS PAID ($.48 PER SHARE)	-	-	-	(4,761)
DECREASE IN UNEARNED COMPENSATION (NOTE 14)	-	-	-	1,740

STOCK AWARDS AND EXERCISE OF STOCK OPTIONS (NOTE 18)	-	-	-	3,839
OTHER COMPREHENSIVE LOSS	-	(3,685)	-	(3,685)
PAYMENTS ON NOTES RECEIVABLE (NOTE 18)	-	-	34	11
PURCHASES OF TREASURY STOCK	-	-	-	(69)
DISTRIBUTION OF ASSETS TO SETTLE DEFERRED COMPENSATION LIABILITIES	(31)	-	-	-
OTHER	59	-	(16)	631
BALANCE AT DECEMBER 31, 2003	$ 2,308	$ -	$ (934)	$ 192,693

CONSOLIDATED STATEMENT OF COMPREHENSIVE LOSS
(in thousands)

	FOR THE YEARS ENDED DECEMBER 31,		
	2003	2002	2001
Net loss	$ (3,435)	$ (2,545)	$(12,185)
Other comprehensive income/(loss), net of income tax			
Unrealized holding gains/(losses) on available-for-sale investments arising during the period	(334)	246	1,680
Less: Reclassification adjustment for gains on available-for-sale investments arising during the period	(3,351)	(775)	(703)
Total	(3,685)	(529)	977
Comprehensive loss	$ (7,120)	$ (3,074)	$(11,208)

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

ROTO-ROOTER, INC. AND SUBSIDIARY COMPANIES
NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF ACCOUNTING POLICIES

PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include the accounts of Roto-Rooter, Inc., its wholly owned subsidiaries and the accounts of the Chemed Capital Trust ("CCT"). All significant intercompany transactions have been eliminated. Long-term investments in affiliated companies representing ownership interests of 20% to 50% are accounted for using the equity method.

Under current accounting rules, the accounts of the CCT are consolidated and the Mandatorily Redeemable Preferred Securities ("Preferred Securities") of the CCT are classified as a noncurrent liability on the Company's consolidated balance sheet. Distributions on the Preferred Securities are classified on a separate line as a nonoperating expense on the consolidated statement of operations. Under accounting rules that become effective for the quarter ending March 31, 2004, the CCT will be deconsolidated and the Company's Junior Subordinated Debentures due 2030 ("JSD"), all of which are held by the CCT, will be shown as a liability on the Company's balance sheet in the face amount equal to the value of the Preferred Securities outstanding. Interest expense of the JSD will be classified as interest expense on the consolidated statement of operations.

CASH EQUIVALENTS

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

ACCOUNTS AND LOANS RECEIVABLE

Trade accounts receivables and loans are recorded at the principal balance outstanding less estimated allowance for uncollectible accounts. Generally, allowances for trade accounts receivable are provided for accounts more than 90 days past due, although collection efforts continue beyond that time. Due to the small number of loans receivable outstanding, allowances for loan losses are determined on a case-by-case basis. Final write-off of overdue accounts or loans receivable is made when all reasonable collection efforts have been made and payment is not forthcoming. Management closely monitors its receivables and periodically reviews procedures for the granting of credit to ensure losses are held to a minimum.

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.

STATUTORY DEPOSITS

Statutory deposits are funds held in a segregated account in the Company's name as security for revenue collected for prepaid home service warranty contracts by Service America. A minimum of 10% of the required balance must be deposited directly with the State of Florida. The amount of the deposits is calculated quarterly and equals 25% of total service contract revenue represented by service contracts in force at the end of the quarter. As the amount of the required deposit increases or decreases, cash is transferred to or from unrestricted cash to the segregated statutory deposit accounts on the consolidated balance sheet.

OTHER INVESTMENTS

At December 31, 2003, other investments, all of which are classified as available-for-sale, include a 37% equity ownership interest in the common stock of privately held Vitas Healthcare Corporation ("Vitas"), one common stock purchase warrant of Vitas, a common stock purchase warrant in privately held Patient Care, Inc. ("Patient Care"), a former subsidiary of the Company, and the redeemable preferred stock of privately held Medic One, Inc. ("Medic One").

At December 31, 2002, other investments, all of which are classified as available-for-sale, include the redeemable preferred stock of Vitas, three common stock purchase warrant of Vitas, a common stock purchase warrant in Patient Care, the redeemable preferred stock of Medic One and several publicly traded common stocks.

Equity investments that are publicly traded are recorded at their fair value with unrealized gains and losses, net of taxes, included in other comprehensive income on the balance sheet. The Company's equity investment in the common stock of Vitas and other privately held investments are carried at cost, subject to write-down for impairment. The Company's equity investment in Vitas is accounted for using the equity method of accounting.

All investments are reviewed periodically for impairment based on available market and financial data. For its investment in Vitas, the Company reviews Vitas' unaudited monthly operating data and audited annual financial statements on a timely basis. In addition, the Company's treasurer sits on the Vitas Board of Directors. If the market value or net realizable value of the investment is less than the Company's cost and this decline is determined to be other than temporary, a write-down to fair value is made, and a realized loss is recorded in the statement of operations.

In calculating realized gains and losses on the sales of investments,

the specific-identification method is used to determine the cost of investments sold.

DEPRECIATION AND PROPERTIES AND EQUIPMENT

Depreciation of properties and equipment is computed using the straight-line method over the estimated useful lives of the assets. Expenditures for maintenance, repairs, renewals and betterments that do not materially prolong the useful lives of the assets are expensed as incurred. The cost of property retired or sold and the related accumulated depreciation are removed from the accounts, and the resulting gain or loss is reflected currently in income.

The weighted average lives of the Company's gross properties and equipment at December 31, 2003, were:

	LIFE
Computer equipment	2.3 yrs.
Machinery and equipment	6.3
Furniture and fixtures	8.0
Transportation equipment	5.9
Computer software	7.5
Buildings	23.4

INTANGIBLE ASSETS

Identifiable intangible assets arise from purchase business combinations and are amortized using the straight-line method over the estimated useful lives of the assets. In accordance with Financial Accounting Standards Board ("FASB") Statement No. 142, Goodwill and Other Intangible Assets, amortization of goodwill ceased effective December 31, 2001. Beginning January 1, 2002, goodwill is tested at least annually for impairment. For 2001 and earlier years, goodwill acquired prior to July 1, 2001, was amortized using the straight-line method over the estimated useful life, but not in excess of 40 years. The weighted average lives of the Company's gross identifiable intangible assets at December 31, 2003, were:

	LIFE
Covenants not to compete	5.0 yrs.
Customer lists	12.7

LONG-LIVED ASSETS

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

REVENUE RECOGNITION

Revenues received under prepaid contractual service agreements are recognized on a straight-line basis over the life of the contract. All other service revenues and sales are recognized when the services are provided or the products are delivered.

GUARANTEES

In the normal course of business the Company enters into various guarantees and indemnifications in its relationships with customers and others. Examples of these arrangements include guarantees of service and product performance. The Company's experience indicates guarantees and indemnifications do not materially impact the Company's financial condition or results of operations.

OPERATING EXPENSES

Cost of services provided and goods sold (excluding depreciation) includes salaries, wages and benefits of service technicians and field personnel, material costs, insurance costs, service vehicle costs and other expenses directly related to providing service revenues or generating sales. General and administrative expenses include salaries, wages and benefits of administrative employees, office rent and operating costs, legal, banking and professional fees and other administrative costs. Selling and marketing expenses include salaries, wages and benefits of selling and marketing employees, advertising expenses, communications and branch telephone expenses and other selling and customer-related expenses.

ADVERTISING

The Company expenses the production costs of advertising the first time the advertising takes place. Costs of yellow pages listings are expensed when the directories are placed in circulation. Other advertising costs are expensed as incurred. Advertising expense for the year ended December 31, 2003, was $17,087,000 (2002 -- $17,520,000; 2001 -- $18,362,000).

DIVIDEND INCOME

Dividends on redeemable preferred stock investments are cumulative and are recorded during the quarter they are earned. All other dividends are recognized when declared.

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 Preferred Securities into capital stock only when the impact is dilutive on earnings per share from continuing operations.

EMPLOYEE STOCK OWNERSHIP PLANS

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

STOCK-BASED COMPENSATION PLANS

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

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

	FOR THE YEARS ENDED DECEMBER 31,		
	2003	2002	2001
Net loss	$ (3,435)	$ (2,545)	$ (12,185)
Add: stock-based compensation expense included in net income as reported, net of income tax effects	95	120	4,113
Deduct: total stock-based employee compensation determined under a fair-value-based method for all stock options and awards, net of income tax effects	(952)	(767)	(4,444)
Pro forma net loss	$ (4,292)	$ (3,192)	$ (12,516)
Loss per share			
As reported	$ (0.35)	$ (0.26)	$ (1.25)
Pro forma	$ (0.43)	$ (0.32)	$ (1.29)
Diluted loss per share			
As reported	$ (0.35)	$ (0.26)	$ (1.25)
Pro forma	$ (0.43)	$ (0.32)	$ (1.29)

The above pro forma data were calculated using the Black-Scholes option-valuation method to value the Company's stock options granted in 2003 and prior years. Key assumptions include:

	FOR THE YEARS ENDED DECEMBER 31,	
	2003	2002
Weighted average grant-date fair value of options granted	$10.14	$11.18
Risk-free interest rate	3.2%	4.8%
Expected volatility	27.8	25.1
Expected life of options	6 YRS.	6 yrs.

No options were granted in 2001; however, for 2002 and 2003, it was assumed that the annual dividend would be increased $.01 per share per quarter biannually in the fourth quarter. This assumption was based on the facts and circumstances that existed at the time options were granted and should not be construed to be an indication of future dividend amounts to be paid.

INSURANCE ACCRUALS

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

ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States 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

In April 2002, the FASB approved the issuance of Statement of Financial Accounting Standards ("SFAS") No. 145, Rescission of FASB Statements No. 4, 44 and 64, Amendment of FASB Statement No. 13 and Technical Corrections. It is generally effective for transactions occurring after May 15, 2002. The Company's adoption of SFAS No.145 in 2003 resulted in reclassifying its 2001 loss on early extinguishment of debt from extraordinary to a separate line within continuing operations, but did not otherwise have a material impact on its financial statements.

In May 2003, the FASB approved the issuance of SFAS No. 150, Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity. As a result of the issuance of this pronouncement, the Company now reports the mandatorily redeemable convertible preferred securities of the Chemed Capital Trust as a noncurrent liability rather than in the "mezzanine" (i.e., between liabilities and equity) as reported prior to June 2003. This reclassification does not affect the Company's compliance with its debt covenants. The adoption of this statement did not impact the statement of operations.

For 2003 and 2002, the Company reclassified its noncurrent income taxes from income taxes payable (within current liabilities) to other liabilities (within noncurrent liabilities). In addition, certain other amounts in prior years' financial statements have been reclassified to conform to the 2003 presentation.

RECENT ACCOUNTING STATEMENTS

In January 2003, the FASB issued FASB Interpretation ("FIN") No. 46, Consolidation of Variable Interest Entities - an interpretation of Accounting Research Bulletin No. 51. This Interpretation is intended to clarify the application of the majority voting interest requirement of ARB No. 51, Consolidated Financial Statements, to certain entities in which equity investors do not have the characteristics of a controlling financial interest or do not have sufficient equity at risk for the entity to finance its activities without additional subordinated financial support from other parties. The controlling financial interest may be achieved through arrangements that do not involve voting interests. FIN No. 46 may be applied prospectively with a cumulative-effect adjustment as of the date on which it is first applied or by restating previously issued financial statements for one or more years with a cumulative-effect adjustment as of the beginning of the first year restated. FIN No. 46 is effective immediately to variable interests in a variable interest equity ("VIE") created or obtained after January 31, 2003. As amended by FASB Staff Position ("FSP") FIN 46-6, FIN No. 46 became effective for variable interests in a VIE created before February 1, 2003, at the end of the first interim or annual period ending after December 15, 2003.

Subsequent to issuing FIN No. 46 and FSP FIN No. 46-6, the FASB continued to propose modifications and issue FSPs that changed and clarified FIN No. 46. These modifications and FSPs were subsequently incorporated into FIN No. 46 (revised) ("FIN No. 46R"), which replaces FIN No. 46. Among other things, relative to FIN No. 46, FIN No. 46R a) essentially excludes operating businesses from its provisions subject to four conditions, b) states the provisions of FIN No. 46R are not required to be applied if a company is unable, subject to making an exhaustive effort, to obtain the necessary information, c) includes new definitions and examples of what variable interests are, d) clarifies and changes the definition of a variable interest entity, and e) clarifies and changes the definition and treatment of de facto agents, as that term is defined in FIN No. 46 and FIN No. 46R. FIN No. 46R was issued December 23, 2003. The Company will apply FIN No. 46R to all variable interest entities at the end of the first quarter of 2004.

The Company has evaluated its contractual relationships with its Roto-Rooter franchisees and has concluded that its interests in the franchisees are not variable interests as defined in FIN No. 46 and FIN No. 46R. The Company maintains contractual relationships with certain independent contractors to provide plumbing and drain cleaning services in specified territories primarily using the Roto-Rooter name. The Company has no equity interest in any of the independent contractors, but in many cases, loans money to the contractor to assist in financing equipment and working capital needs. The loans are generally partially secured by the contractors' equipment and are guaranteed by the business owner. The Company's contractor agreements do not require its contractors to provide all the financial information necessary to apply the provisions of FIN No. 46R to its contractors. Furthermore, the contractors generally have not provided all the financial data they are required to provide under the contractor agreements.

The Company has evaluated its contractual relationships with the four independent contractors that commenced operations in 2003 ("2003 Contractors") and determined they are potentially subject to consolidation under FIN No. 46 as a result of loans made to them. The Company has been unable to obtain sufficient information necessary to determine whether the 2003 Contractors should be consolidated. The Company is in the process of evaluating the new provisions of FIN No. 46R relative to its 2003 Contractors and to its pre-February 2003

contractor arrangements. At this time, the Company does not believe that the consolidation of any of its contractors, if required under FIN No. 46 or FIN No. 46R, would materially impact its operating results. Instead, consolidation of some, if any, of these arrangements is more likely to result in a "grossing up" of amounts such as revenues and expenses with little or no net change to the Company's net income or cash flows. None of these entities has been consolidated in the Company's financial statements.

Under FIN No. 46, the Company is permitted to consolidate the accounts of the Chemed Capital Trust in its financial statements due to the existence of a call feature of the Preferred Securities whereby the Company can call the Preferred Securities for prepayment. As disclosed above, the Company currently intends to call the Preferred Securities after March 15, 2004, at which time the Preferred Securities may be prepaid without premium.

When FIN No. 46R becomes fully effective for the Company in the first quarter of 2004, the Company will be required to de-consolidate the accounts of the Chemed Capital Trust, because the call feature may no longer be considered as a condition for consolidation. As a result, the current balance sheet caption that reads "Mandatorily redeemable convertible preferred securities of the Chemed Capital Trust" will be revised to read "Convertible junior subordinated debentures" in the same dollar amount as the Preferred Securities. Within the statement of operations, the "Distributions on preferred securities" will be reclassified as interest expense.

2. SEGMENTS AND NATURE OF THE BUSINESS

During the second quarter of 2003, the corporate-office administrative functions for employee benefits, retirement services, risk management, public relations, cash management and taxation were combined with the Plumbing and Drain Cleaning business to enable the Company to benefit from economies of scale. In May 2003, the shareholders of the Company approved changing the corporation's name from Chemed Corporation to Roto-Rooter, Inc. ("Roto-Rooter"). Due to these changes and the changing composition of businesses comprising the Company over the past several years, management re-evaluated the Company's segment reporting as it relates to corporate-office administrative expenses. The discontinuance of businesses in 1997 [the Omnia Group ("Omnia") and National Sanitary Supply Company ("National")], 2001 [Cadre Computer Resources, Inc. ("Cadre Computer")] and 2002 (Patient Care) results in more than 80% of the Company's business being represented by Roto-Rooter's Plumbing and Drain Cleaning business.

To better reflect how executive management evaluates its operations, the costs of the administrative functions of the corporate office were combined with the operating results of the Plumbing and Drain Cleaning business (formerly the Roto-Rooter Group) to form the Plumbing and Drain Cleaning segment, effective in the second quarter of 2003. The Service America segment remains essentially unchanged.

The Plumbing and Drain Cleaning segment provides plumbing and draining cleaning services, and Service America Network Inc. ("Service America") provides major-appliance and heating/air-conditioning ("HVAC") repair, maintenance and replacement services. Relative contributions of each segment to service revenues and sales were 84% and 16%, respectively, in 2003.

The reportable segments have been defined along service lines, consistent with the way the businesses are managed. In determining reportable segments, the Roto-Rooter Services, Roto-Rooter Franchising and Products and Roto-Rooter HVAC and non-Roto-Rooter brand operating segments of the Plumbing and Drain Cleaning segment have been aggregated on the basis of possessing similar operating and financial characteristics. The characteristics of these operating segments and the basis for aggregation are reviewed annually. Accordingly, the reportable segments are defined as follows:

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

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

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

Segment data for the Company's continuing operations are set forth below (in thousands, except footnote data):

	FOR THE YEARS ENDED DECEMBER 31,		
	2003	2002	2001
REVENUES BY TYPE OF SERVICE			
Plumbing and Drain Cleaning			
Sewer and drain cleaning	$ 106,127	$ 106,125	$ 109,250
Plumbing repair and maintenance	101,590	98,812	105,803
Industrial and municipal sewer and drain cleaning	15,876	14,660	14,526
Contractors	14,125	12,350	11,873
HVAC repair and maintenance	3,044	3,746	9,859
Other products and services	20,013	17,994	18,042
Total Plumbing and Drain Cleaning	260,775	253,687	269,353
Service America			
Repair services under contracts	36,384	45,182	51,299
Demand repair services	11,712	15,307	17,256
Total Service America	48,096	60,489	68,555
Total service revenues and sales	$ 308,871	$ 314,176	$ 337,908
AFTERTAX SEGMENT EARNINGS/(LOSS)			
Plumbing and Drain Cleaning (a)	$ 6,528	$ 9,796	$ (8,765)
Service America (b)	(14,687)	(19,961)	(686)
Total segment loss	(8,159)	(10,165)	(9,451)
Unallocated investing and financing--net (c)	4,660	1,311	414
Loss on extinguishment of debt	-	-	(1,701)
Discontinued operations	64	6,309	(1,447)
Net loss	$ (3,435)	$ (2,545)	$ (12,185)

	FOR THE YEARS ENDED DECEMBER 31,		
	2003	2002	2001
INTEREST INCOME			
Plumbing and Drain Cleaning	$ 817	$ 549	$ 243
Service America	294	413	799
Subtotal	1,111	962	1,042
Unallocated investing and financing--net	2,187	2,644	2,010
Intercompany eliminations	(581)	(298)	(180)
Total interest income	$ 2,717	$ 3,308	$ 2,872
INTEREST EXPENSE			
Plumbing and Drain Cleaning	$ 210	$ 153	$ 223
Service America	34	59	-
Subtotal	244	212	223
Unallocated investing and financing--net	1,896	2,716	5,614
Intercompany eliminations	-	-	(414)
Total interest expense	$ 2,140	$ 2,928	$ 5,423
INCOME TAX PROVISION			
Plumbing and Drain Cleaning	$ 4,645	$ 6,535	$ (3,380)
Service America	(1,431)	418	437
Subtotal	3,214	6,953	(2,943)
Unallocated investing and financing--net	1,535	(502)	(2,046)
Total income tax provision	$ 4,749	$ 6,451	$ (4,989)
IDENTIFIABLE ASSETS			
Plumbing and Drain Cleaning	$ 172,380	$ 166,308	$ 174,083
Service America	25,655	49,729	71,399
Total identifiable assets	198,035	216,037	245,482
Unallocated investing and financing--net(d)	131,034	122,107	74,665
Discontinued operations	-	-	81,310
Total assets	$ 329,069	$ 338,144	$ 401,457
ADDITIONS TO LONG-LIVED ASSETS (e)			
Plumbing and Drain Cleaning	$ 12,610	$ 9,433	$ 10,892
Service America	797	3,414	4,696
Subtotal	13,407	12,847	15,588
Unallocated investing and financing--net(d)	1,621	184	424
Total additions	$ 15,028	$ 13,031	$ 16,012
DEPRECIATION AND AMORTIZATION (f)			
Plumbing and Drain Cleaning	$ 9,388	$ 10,214	$ 14,128
Service America	2,965	3,633	4,951
Subtotal	12,353	13,847	19,079
Unallocated investing and financing--net(d)	456	509	2,194
Total depreciation and amortization	$ 12,809	$ 14,356	$ 21,273

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(a) Amount for 2003 includes aftertax severance charges of $2,358,000. Amount for 2001 includes aftertax restructuring and similar expenses and other charges totaling $15,271,000.

(b) Amounts for 2003 and 2002 include aftertax impairment charges aggregating $14,363,000 and $20,342,000, respectively. Amount for 2001 includes aftertax restructuring and similar expenses and other charges of $1,672,000.

(c) Amount for 2002 includes a $780,000 aftertax investment impairment charge. Amounts for 2003, 2002 and 2001 include aftertax capital gains on the sales and redemption of investments of $3,351,000, $775,000 and $703,000, respectively.

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

(e) Long-lived assets include goodwill, identifiable intangible assets and property and equipment.

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

3. EQUITY INTEREST IN AFFILIATE (VITAS)

At December 31, 2003, the Company held a 37% interest in privately held Vitas, which provides palliative and medical care and related services to terminally ill patients. On August 18, 2003, Vitas retired the Company's investment in the 9% Redeemable Preferred Stock of Vitas. Cash proceeds to the Company totaled $27.3 million, and the Company realized a pretax gain of $1,846,000 ($1,200,000 aftertax or $.12 per share) on the redemption of preferred stock in the third quarter of 2003. During 2003, the dividends and amortization of preferred stock discount on this investment contributed $1,585,000 to the aftertax earnings of the Company. Dividends ceased to accrue on August 17, 2003. On October 14, 2003, the Company exercised two of its three warrants (Warrants A and B) to purchase 4,158,000 common shares of Vitas, or 37%, for $18.0 million in cash. At December 31, 2003, the Company's common stock ownership in Vitas has a carrying value of $21.0 million, and the Company's investment exceeded its share of Vitas' net book value by approximately $16.6 million. On a preliminary basis, the Company estimates that $3.7 million of this excess is attributable to the excess value of computer software with a 5-year life and the remainder to goodwill with an indefinite life. Amortization of this excess reduced the Company's equity in the earnings of Vitas by $97,000 in 2003. In 2004, as a result of completing the acquisition of the 63% of Vitas it did not own in 2003, the Company will conduct a thorough review to value all assets and liabilities of Vitas at their fair values. Thus, it is possible that the Company may identify other intangible assets with different useful lives.

Summarized financial data for Vitas follow (in thousands):

	AS OF AND FOR THE THREE MONTHS ENDED DECEMBER 31,	AS OF AND FOR THE YEARS ENDED SEPTEMBER 30,		
	2003	2003	2002	2001
Income Statement				
Revenues	$ 121,062	$ 420,074	$ 359,200	$319,517
Gross profit	27,515	88,254	77,841	69,973
Income from operations	10,727	32,022	28,019	23,814
Net income	5,396	13,689	13,789	12,311
Net income available for common stockholders	5,396	5,678	9,727	6,112
Financial Position				
Current assets	$ 79,619	$ 69,891	$ 51,780	
Noncurrent assets	63,746	62,660	59,687	
Current liabilities	62,963	54,046	46,881	
Noncurrent liabilities	68,553	90,053	59,006	
Redeemable preferred stock	-	-	22,006	
Stockholders' equity/(deficit)	11,849	(11,548)	(16,426)	

4. INTANGIBLE ASSETS

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

	FOR THE YEARS ENDED DECEMBER 31,		
	2003	2002	2001
Identifiable intangible assets	$ 560	$ 621	$ 680
Goodwill	-	-	4,102
Total	$ 560	$ 621	$4,782

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

2004	$116
2005	88
2006	73
2007	54
2008	50

The changes in the carrying amount of goodwill for the years ended December 31, 2002 and 2003, are as follows (in thousands):

	PLUMBING AND DRAIN CLEANING	SERVICE AMERICA	TOTAL
December 31, 2001	$ 100,023	$ 30,379	$ 130,402
Acquired in business combinations	1,110	-	1,110
Impairment losses	-	(20,342)	(20,342)
Other adjustments	(327)	-	(327)
DECEMBER 31, 2002	100,806	10,037	110,843
ACQUIRED IN BUSINESS COMBINATIONS	4,246	-	4,246
IMPAIRMENT LOSSES	-	(10,037)	(10,037)
OTHER ADJUSTMENTS	283	-	283
DECEMBER 31, 2003	$ 105,335	$ -	$ 105,335

During the fourth quarter of 2003, the Company recognized a $10,037,000 impairment loss on the goodwill (fourth quarter of 2002 -- $20,342,000) included in the Service America segment. The goodwill impairment charges are based on an appraisal firm's valuation of Service America's business as of December 31, 2003 and 2002. The fair value of Service America was calculated using an average of the enterprise value determined under a capital markets valuation and discounted cash flows using updated income and cash flow projections for Service America's business. The capital markets method calculates an enterprise value based on valuations at which comparable businesses sold in the capital markets and based on certain financial ratios and statistics. The income and cash flow projections are updated each year as a part of the Company's annual business plan process and take into consideration the changing marketplace and changing operating conditions. The decline in the overall valuations of Service America in 2003 and 2002 were a direct result of lower revenue, earnings and cash flow projections due to the continued decline in the contract base of the business (23% decline in 2003; 19% decline in 2002). These projections were adjusted to reflect that Service America missed achieving its budgeted revenues by $6.0 million, or 11%, in 2003 ($8.7 million, or 13%, for 2002) and missed achieving its budgeted gross margin by $2.8 million, or 19%, for 2003 ($4.5 million or 26% for 2002).

As required by SFAS No. 142, the Company performed goodwill impairment tests for all of its reporting units as of December 31, 2003 and 2002. These tests indicated that none of the reporting units' goodwill, other than Service America's, is impaired.

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

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

The loss for 2001 excluding the amortization of goodwill is presented below (in thousands):

Reported loss from continuing operations	$(10,738)
Aftertax amortization of goodwill	4,621
Adjusted loss	$ (6,117)
Reported net loss	$(12,185)
Aftertax amortization of goodwill	4,621
Adjusted net loss	$ (7,564)

5. IMPAIRMENT, RESTRUCTURING AND SIMILAR EXPENSES

In addition to the goodwill impairment charges discussed above, the Service America segment recognized asset impairment charges in 2003 under FASB

Statement No. 144, Accounting for the Impairment or Disposal of Long-Lived Assets, comprising $4,052,000 for property and equipment (primarily capitalized software) and $1,739,000 for identifiable intangible assets (primarily customer contracts).

The property and equipment and identifiable intangible asset impairment charges for 2003 are based on an analysis of undiscounted cash flows that indicated that the book value of the net assets of Service America exceeded the projected cash flows of the business over the life of the noncurrent assets. Accordingly, the carrying values of the noncurrent assets that exceeded their fair values were written down to their fair values, based largely on a recent appraisal of assets by a professional valuation firm. Substantially all of the property and equipment impairment charge related to computer software costs. The large majority of the identifiable intangible asset charge related to capitalized customer contracts, acquired in 1991 and 1993, which, in the opinion of management, have no future value.

Total impairment charges recognized by Service America in the fourth quarters of 2003 and 2002 are (in thousands):

	2003	2002
Goodwill	$10,037	$20,342
Identifiable intangible assets	1,739	-
Properties and equipment (primarily capitalized software)	4,052	-
Total	$15,828	$20,342

The aftertax cost of these impairment charges was $14,363,000 in 2003 and $20,342,000 in 2002.

In the third quarter of 2001, the Company decided to close Service America's Tucson branch, which was acquired in 1999, due to its operating performance. The branch failed to achieve the level of profitability that had been anticipated upon acquisition.

In the fourth quarter of 2001, the Company decided to exit the HVAC and non-Roto-Rooter-branded plumbing businesses by selling them or closing them or transferring their operations to Roto-Rooter branches. The decision to dispose of these operations was made because they failed to improve profitability in recent years and were requiring the use of resources which management believed could be better used elsewhere in the Plumbing and Drain Cleaning segment.

In the third quarter of 2002, management decided to retain the largest of the HVAC and non-Roto-Rooter-branded plumbing businesses, as it remained profitable throughout the period and the majority of its revenue was from plumbing operations. Additionally, management determined there was sufficient synergism between this non-Roto-Rooter-branded operation and the nearby Roto-Rooter branch to justify retaining it. The decision to retain this business did not have a material impact on the results of operations for 2002 and would not have materially changed the restructuring charges recorded in 2001 for the cost of exiting HVAC and non-Roto-Rooter-branded businesses.

The closing of Service America's Tucson branch was completed in 2001, and the restructuring of Roto-Rooter's HVAC and non-branded plumbing businesses was completed in the third quarter of 2002. Since most of the restructuring expenses arose from noncash asset impairment charges, the restructuring plans did not consume a significant amount of the Company's resources.

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

	Plumbing and Drain Cleaning	Service America	Total
Restructuring expenses:			
Cost of exiting HVAC and non-Roto-Rooter-branded plumbing businesses (a)	$11,205	$ -	$11,205
Cost of closing Service America's Tucson branch (b)	-	1,171	1,171
Expenses not expected to recur (similar expenses):			
Charges for accelerating the vesting of restricted stock awards in connection with the anticipated revision of the Company's long-term incentive plans in 2002 (c)	5,294	146	5,440
Severance charges for 10 individuals incurred in connection with reducing administrative expenses, largely at the corporate office (d)	2,909	757	3,666
Resolution of overtime pay issues with the U.S. Department of Labor ("DOL") , relating primarily to prior years' compensation expense (e)	2,749	-	2,749
Property and equipment impairment charges (f)	337	166	503
Total restructuring and similar expenses	22,494	2,240	24,734
Other unusual charges:			
Additional casualty insurance expense recorded to reflect increase in valuation of insurance claims for prior years	1,411(g)	-	1,411
Terminated lease obligations	166(h)	69(g)	235
All other	417(h)	414(g)	831
Total restructuring and similar expenses and other unusual charges	$24,488	$ 2,723	$27,211

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(a) Amount includes a charge of $9,793,000 for the reduction in the carrying value of goodwill and $477,000 for the reduction in the carrying value of identifiable intangible assets.

(b) Amount includes a charge of $833,000 for the reduction in the carrying value of goodwill and $50,000 for the reduction in the carrying value of identifiable intangible assets.

(c) In the fourth quarter of 2001, the Board of Directors of the Company approved accelerating the vesting of all outstanding restricted stock awards as a result of its decision to terminate this long-term incentive program. In May 2002, the shareholders of the Company approved the adoption of the 2002 Executive Long-Term Incentive Plan to replace the restricted stock award program (see Note 19). Stock award expense is typically classified as general and administrative expense in the statement of operations. This charge is included in the "restructuring and similar expense" category because this type of expense is not expected to recur in the foreseeable future. The accrual balance related to these charges was nil at December 31, 2002 ($ 1,177,000 at December 31, 2001).

(d) These charges are included in the "restructuring and similar expense" category as the charges relate primarily to personnel who are not expected to be replaced. Severance expense is typically classified as general and administrative expense in the statement of operations. The accrual balance related to these charges totaled $3,489,000 at December 31, 2002 ($3,666,000 at December 31, 2001).

(e) This charge represents the cost of the nationwide settlement between Roto-Rooter and the DOL for wages and benefits of prior periods. The charge is included in the "restructuring and similar expense" category as it is not expected to recur in the foreseeable future. Wages and related benefits are typically classified as cost of services provided and goods sold in the statement of operations. The accrual balance related to this charge totaled nil at December 31, 2002 ($250,000 at December 31, 2001).

(f) The fixed asset impairment charges are included in the "restructuring and similar expense" category because they are not expected to recur in the foreseeable future. The depreciation of property and equipment is typically included in a separate line (depreciation) in the statement of operations.

(g) Amounts are included in cost of services provided and goods sold in the consolidated statement of operations.

(h) Amounts are included in general and administrative expenses in the consolidated statement of operations.

These costs were charged to the following accounts in the consolidated statement of operations in 2001 (in thousands):

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

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

During 2002, the Company decided to retain several of Plumbing and Drain Cleaning's non-branded plumbing and HVAC businesses. In the aggregate, the retained operations generated $16,162,000 of net revenues and $241,000 of operating profit in 2002. For 2003, these businesses have been assimilated into the Plumbing and Drain Cleaning segment.

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

	FOR THE YEARS ENDED DECEMBER 31,	
	2002	2001
Service revenues and sales:		
Non-Roto-Rooter-branded businesses	$ 403	$ 6,275
Service America's Tucson branch	-	1,664
Operating loss:		
Non-Roto-Rooter-branded businesses	(106)	(754)
Service America's Tucson branch	-	(430)

Accruals related to restructuring charges recorded in 2001 are summarized below (in thousands):

Cost of exiting HVAC and non-Roto-Rooter-branded plumbing businesses	$ 11,205
Cost of closing Service America's Tucson branch	1,171
Total restructuring expenses for 2001	12,376
Less: noncash charge for reduction in carrying value of goodwill	(10,626)
Less: noncash charge for reduction in carrying value of identifiable intangible assets	(527)
Less: noncash charge for property and equipment impairment	(380)
Less: noncash charge for reduction in carrying value of other tangible assets	(288)
Accrual balance at December 31, 2001	555
Plus: Proceeds from HVAC operation disposed of in 2002 in excess of adjusted book value	(400)
Less: Accrual of additional expenses and exposure on disposal of HVAC operation in 2002	377
Less: Cash payments during the year	(255)
Accrual balance at December 31, 2002	277
Less: Accrual adjustment for property and equipment impairment	(117)
Less: Noncash charge for property and equipment impairment	(39)
Less: Cash payments during the year	(51)
Accrual balance at December 31, 2003	$ 70

Management believes that these accrual balances are adequate and justifiable as of December 31, 2003.

6. DISCONTINUED OPERATIONS

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

	FOR THE YEARS ENDED DECEMBER 31,		
	2003	2002	2001
Patient Care (2002):			
Income before income taxes	$ -	5,233	262
Income taxes	-	(2,142)	264
Income from operations, net of income taxes	-	3,091	526
Gain on disposal, net of income taxes of $594	-	304	-
Total Patient Care	-	3,395	526
Cadre Computer (2001):			
Loss before income taxes	-	-	(734)
Income tax benefit	-	-	255
Minority interest	-	-	46
Loss from operations, net of income taxes	-	-	(433)
Loss on disposal, net of income tax benefit of $829	-	-	(1,540)
Total Cadre Computer	-	-	(1,973)
Adjustment to accruals of operations discontinued in prior years:			
Sublease accrual (1991)	-	(1,145)	(1,700)
Allowance for uncollectible notes receivable (2001)	99	477	-
Severance and other accruals (1997)	-	180	(170)
Gain/(loss) before income taxes	99	(488)	(1,870)
Income tax refund (1997)	-	2,861	-
State income tax accrual (1997)	-	-	1,700
All other income taxes	(35)	541	170
Total adjustments	64	2,914	-
Total discontinued operations	$ 64	$ 6,309	$(1,447)
Earnings/(loss) per share	$ -	$ 0.64	$ (0.15)
Diluted earnings/(loss) per share	$ -	$ 0.64	$ (0.15)

The $99,000 and $477,000 reductions to the allowance for uncollectible notes receivable from Cadre Computer (sold in 2001) are attributable to Cadre Computer's experiencing better than anticipated financial results and to the expiration and nonuse of $350,000 of Cadre Computer's line of credit with the Company. In anticipation that Cadre Computer would draw down the full $500,000 line of credit to finance operating losses, this line of credit had been fully reserved in 2001 when Cadre Computer was sold to its employees. The remainder of the adjustment in 2002 ($127,000) and 2003 ($99,000) was recorded because Cadre Computer began making payments on its existing notes that previously were fully reserved.

During 2002, the Company sold Patient Care to an investor group that included Schroder Ventures Life Sciences Group, Oak Investment Partners, Prospect Partners and Salix Ventures. Patient Care provides home-healthcare services primarily in the New York-New Jersey-Connecticut area. The proceeds to the Company from the sale of Patient Care comprised the following (in thousands):

Cash	$52,500
Note receivable	12,500
Cash placed in escrow	5,000
Common stock purchase warrant	1,445
Purchase price adjustment due to seller	1,251
Total	$72,696

The note receivable is a senior subordinated note ("Note") due October 11, 2007, that bears interest at the annual rate of 7.5% through September 30, 2004, 8.5% from October 1, 2004 through September 30, 2005, and 9.5% thereafter. The Note is presented on a separate line in the consolidated balance sheet. The $5,000,000 cash placed in escrow is subject to the collection of Patient Care's receivables with third party payers. Of this amount, $2,500,000 (included in prepaid expenses and other current assets in 2002) was

distributed as of October 2003 and $2,500,000 (included in prepaid expenses and other current assets in 2003 and in other assets in 2002) is expected to be distributed as of October 2004. Based on the collection history of Patient Care, the Company expects to collect the funds held in escrow in full. The common stock purchase warrant permits the Company to purchase up to 2% of Patient Care. The warrant is recorded at its estimated fair value on the date acquired and is included in other investments in the consolidated balance sheet. The final value of the estimated balance sheet valuation is expected to be determined in 2004, based on Patient Care's closing balance sheet, and could impact the amount of the gain recorded on the sale of Patient Care.

The adjustments to the sublease accrual ($1,145,000 in 2002 and $1,700,000 in 2001) were made to cover rental charges for vacant space previously occupied by the Company's former subsidiary, DuBois Chemicals, Inc. ("DuBois"), sold in 1991. The adjustments made in 2001 moved the dates the floor space was assumed to be sublet further into the future, but assumed all unoccupied space would be sublet at market rental rates. Although the Company was able to sublease varying amounts of space during the past two years, as of December 31, 2003, the Company was unable to sublease one of the floors covered under its lease. The adjustments made in 2002 decreased the amount of sublease rentals that were assumed to be received to include rentals only from current sublessees. As a result, the sublease accrual will now cover the cost of all unoccupied space and the shortfall of current subleased rentals versus lease rental rates and operating costs.

The $2,861,000 federal income tax refund received in 2002 related to the tax provision recorded as a part of the sale of Omnia in 1997. As a result of a tax case settled in 2001, the Company filed an amended 1997 federal income tax return in August 2001 and claimed a tax benefit on its loss on the sale of Omnia -- a loss previously treated as nondeductible.

During 2001, the Company discontinued its Cadre Computer segment and on August 31, 2001, completed the sale of the business and assets of Cadre Computer to a company owned by the former Cadre Computer employees for a note receivable that was fully reserved on the date of sale. During 2002, Cadre Computer borrowed an additional $150,000 from the Company and made principal payments of $31,000 on the first note. During 2003, Cadre made principal payments of $96,000 on the first note. As of December 31, 2003, the Company's notes receivable from Cadre Computer totaled $422,000, against which the Company has an allowance for uncollectible notes totaling $323,000. The balances in the allowances for uncollectible notes receivable from Cadre Computer are considered adequate at December 31, 2003 and 2002.

Revenues generated by discontinued operations comprise (in thousands):

	FOR THE YEARS ENDED DECEMBER 31,	
	2002	2001
Patient Care	$116,191	$139,208
Cadre Computer	-	5,089
Total	$116,191	$144,297

The $1,700,000 reduction of the state income tax accrual in 2001 relates to the tax provision recorded on the 1997 sale of National. During 2001, the statutes of limitations on various Company 1997 state returns expired, with the result being that the Company's state income tax accrual exceeded its estimated exposures. The accrual was reduced and credited to the income tax provision in 2001.

At December 31, 2003, other current liabilities include accruals of $3,731,000 and other liabilities include accruals of $3,142,000 for costs related to discontinued operations. The estimated timing of payments of these liabilities, relating primarily to sublease and environmental liabilities, follows (in thousands):

2004	$ 3,731
2005	1,791
2006	731
2007	200
2008	200
AFTER 2008	220
TOTAL	$ 6,873

The Company's chairman, president and chief executive officer and the former chief administrative officer (currently a director of the Company) are directors of Cadre Computer. In addition, the former chief administrative officer holds a 40% equity ownership interest in and is chairman and chief executive officer of Cadre Computer.

7. BUSINESS COMBINATIONS

During 2003, six purchase business combinations were completed within the Plumbing and Drain Cleaning segment for a total of $3.9 million in cash. During 2002, one purchase business combination was completed within the Plumbing and Drain Cleaning segment for a purchase price of $1.2 million in cash. During 2001, two purchase business combinations were completed within the Plumbing and Drain Cleaning segment for an aggregate purchase price of $1.6 million in cash.

All of the aforementioned business combinations involved operations primarily in the business of providing plumbing repair and drain cleaning services. The unaudited pro forma results of operations, assuming purchase business combinations completed in 2003, 2002 and 2001 were completed on January 1 of the preceding year, are presented below (in thousands, except per share data):

	FOR THE YEARS ENDED DECEMBER 31,		
	2003	2002	2001
Service revenues and sales	$310,669	$ 317,010	$338,714
Net loss	(3,298)	(2,204)	(12,057)
Loss per share and loss per diluted share	(0.33)	(0.22)	(1.24)

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,		
	2003	2002	2001
Working capital	$ (114)	$ 60	$ -
Identifiable intangible assets	-	50	90
Goodwill	4,246	1,110	1,428
Other assets and liabilities--net	(282)	16	37
Total net assets	$ 3,850	$ 1,236	$ 1,555

All of the goodwill related to business combinations completed in 2003, 2002 and 2001 is expected to be deductible for income tax purposes. Since these transactions occurred after June 30, 2001, the related goodwill is not being amortized. The weighted average lives of the identifiable intangible assets acquired in 2002 and 2001 are 7.0 years and 6.1 years, respectively.

8. OTHER INCOME -- NET

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

	FOR THE YEARS ENDED DECEMBER 31,		
	2003	2002	2001
Interest income	$ 2,717	$ 3,308	$ 2,872
Dividend income	1,540	2,461	2,548
Market value gains/(losses) on trading investments of employee benefit trusts	1,600	(1,401)	(820)
Investment impairment charge	-	(1,200)	-
Gains on sales and redemption of investments	5,390	1,141	993
Other--net	12	(27)	(606)
Total other income--net	$11,259	$ 4,282	$ 4,987

9. INCOME TAXES

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

	FOR THE YEARS ENDED DECEMBER 31,		
	2003	2002	2001
Continuing Operations:			
Current			
U.S. federal	$ 3,818	$ 3,938	$ 1,196
U.S. state and local	1,179	1,913	59
Foreign	253	141	(71)
Deferred			

U.S. federal	(485)	475	(6,139)
Foreign	(16)	(16)	(34)
Total	$ 4,749	$ 6,451	$(4,989)
Discontinued Operations:			
Current U.S. federal	$ (649)	$(2,954)	$(4,242)
Current U.S. state and local	-	794	(1,454)
Deferred U.S. federal	684	1,494	2,478
Total	$ 35	$ (666)	$(3,218)

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

	DECEMBER 31,	
	2003	2002
Deferred compensation	$ 7,015	$ 6,117
Accrued insurance expense	6,091	5,987
Accruals related to discontinued operations	2,872	3,556
Severance payments	1,779	1,380
Allowances for uncollectible accounts receivable	1,052	1,184
Accrued state taxes	974	1,047
Market valuation of investments	475	-
Amortization of intangibles	-	314
Other	2,463	2,527
Gross deferred income tax assets	22,721	22,112
Accelerated tax depreciation	(2,631)	(4,388)
Investment basis difference	(2,050)	(248)
Amortization of intangibles	(619)	-
Market valuation of investments	-	(960)
Other	(1,776)	(2,096)
Gross deferred income tax liabilities	(7,076)	(7,692)
Net deferred income tax assets	$ 15,645	$ 14,420

Included in other assets at December 31, 2003, are deferred income tax assets of $5,589,000 (December 31, 2002 -- $4,526,000). Based on the Company's history of prior operating earnings and its expectations for future growth, management has determined that the operating income of the Company will, more likely than not, be sufficient to ensure the full realization of the deferred income tax assets. The difference between the actual income tax provision/(benefit) for continuing operations and the income tax provision/(benefit) calculated at the statutory U.S. federal tax rate is explained as follows (in thousands):

	FOR THE YEARS ENDED DECEMBER 31,		
	2003	2002	2001
Income tax provision/(benefit) calculated using the statutory rate of 35%	$ 115	$ (841)	$(5,504)
Nondeductible goodwill impairment charge	3,513	7,120	-
Nondeductible intangibles impairment charge	562	-	-
State and local income taxes, less federal income tax effect	767	1,243	39
Domestic dividend exclusion	(441)	(686)	(706)
Unfavorable/(favorable) federal adjustments	103	(314)	337
Foreign income taxes, less federal income tax effect	26	(85)	(277)
Nondeductible amortization of goodwill	-	-	1,203
Other--net	104	14	(81)
Actual income tax provision/(benefit)	$ 4,749	$ 6,451	$(4,989)
Effective tax rate	1,447.9%	(268.5)%	31.7%

Income tax benefits attributable to the exercise of non-qualified employee stock options were $960,000 during the year ended December 31, 2003 (2002 - $122,000; 2001 - $219,000) and were credited directly to additional paid-in capital.

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

	FOR THE YEARS ENDED DECEMBER 31,		
	2003	2002	2001
Unrealized holding gains/(losses)	$ (180)	$ 132	$ 905
Reclassification adjustment	(2,039)	(366)	(290)

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

2003	$ 2,715
2002	(910)
2001	5,772

10. CASH EQUIVALENTS

Included in cash and cash equivalents at December 31, 2003, are cash equivalents in the amount of $49,356,000 (2002 -- $37,075,000). 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 0.9% in 2003 and 1.1% in 2002.

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

11. PROPERTIES AND EQUIPMENT

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

	DECEMBER 31,	
	2003	2002
Land	$ 2,238	$ 2,538
Buildings	16,423	18,310
Transportation equipment	22,061	26,185
Machinery and equipment	36,281	34,440
Computer software	6,947	4,327
Furniture and fixtures	19,700	18,354
Projects under construction	-	6,577
Total properties and equipment	103,650	110,731
Less accumulated depreciation	(62,646)	(62,370)
Net properties and equipment	$ 41,004	$ 48,361

12. LONG-TERM DEBT AND LINES OF CREDIT

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

	DECEMBER 31,	
	2003	2002
Senior notes, due 2005-2009	$ 25,000	$ 25,000
Other	1,379	1,012
Subtotal	26,379	26,012
Less: current portion	(448)	(409)
Long-term debt, less current portion	$ 25,931	$ 25,603

LINES OF CREDIT

The Company had approximately $51,357,000 of unused short-term lines of credit with various banks at December 31, 2003.

SENIOR NOTES

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

On December 31, 2001, the Company prepaid the outstanding balances of its 8.15% senior notes due 2002 through 2004 and its 10.67% senior notes due in 2002 and 2003. The principal balances outstanding at the time of prepayment were $30,000,000 and $2,000,000, respectively. Pretax penalties incurred on these prepayments aggregated $2,617,000 ($1,701,000 aftertax or $.18 per share) and are presented as a loss on extinguishment of debt in the statement of operations.

OTHER

Other long-term debt has arisen from loans in connection with acquisitions of various businesses and properties. Interest rates range from 7.3% to 8.0%, and the obligations are due on various dates through December 2010.

The following is a schedule by year of required long-term debt payments as of December 31, 2003 (in thousands):

2004	$ 448
2005	5,190
2006	5,200
2007	5,210
2008	5,162
AFTER 2008	5,169
TOTAL LONG-TERM DEBT	$ 26,379

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

2003	$ 3,197
2002	3,979
2001	7,007

No interest was capitalized during the years ended December 31, 2003, 2002 and 2001.

NEW CREDIT AGREEMENTS

On February 24, 2004, in conjunction with the Company's acquisition of the Vitas shares not previously owned, the Company retired its senior notes due 2005 through 2009 and cancelled its revolving credit agreement with Bank One, N.A. ("Bank One"). To fund this acquisition, the Company issued 2 million shares of capital stock in a private placement and borrowed $335 million as follows:

- $75 million drawn down under a $135 million secured revolving credit/term loan facility ("New Credit Facility") with Bank One. The facility comprises a $35 million term loan and $100 million revolving credit facility, including up to $40 million in letters of credit. For the term loan, principal payments of $1,250,000 plus interest (LIBOR + 3.50%) are due quarterly beginning in May 2004. For the revolving line of credit, interest payments (LIBOR + 3.25%) are due quarterly beginning in May 2004. Payment of unpaid principal and interest is due February 2009.

- $110 million from the issuance of privately placed floating rate senior secured notes ("Floating Rate Notes") due 2010. Interest payments (LIBOR + 3.75%) are due quarterly beginning in May 2004, and payment of unpaid principal and interest is due February 2010.

- $150 million from the issuance of privately placed 8.75% senior notes ("Fixed Rate Notes") due 2011. Quarterly interest payments are due beginning in May 2004 and payment of unpaid principal and interest is due February 2011.

In addition, the Company anticipates drawing down approximately $26 million of letters of credit under the New Credit Facility in March 2004. After these borrowings and letters of credit, the Company will have $34 million of unused lines of credit under the New Credit Facility. Combined payments for the New Credit Facility, the Floating Rate Notes and the Fixed Rate Notes are summarized as follows (in thousands):

2004	$ 3,750
2005	5,000
2006	5,000
2007	5,000
2008	5,000
2009 AND LATER	311,250
TOTAL	$ 335,000

Collectively, the New Credit Facility, the Floating Rate Notes and the Fixed Rate Notes provide for affirmative and restrictive covenants including, without limitation, requirements or restrictions (subject to exceptions) related to the following:

- use of proceeds of loans,
- restricted payments, including payments of dividends and retirement of stock (permitting $.48 per share dividends so long as the aggregate amount of dividends in any fiscal year does not exceed $7.0 million and providing for additional principal prepayments to the extent dividends exceed $5.0 million in any fiscal year), with exceptions for existing employee benefit plans and stock option plans,
- mergers and dissolutions,
- sales of assets,
- investments and acquisitions,
- liens,
- transactions with affiliates,
- hedging and other financial contracts,
- restrictions on subsidiaries,
- contingent obligations,
- operating leases,
- guarantors,
- collateral,
- sale and leaseback transactions,
- prepayments of indebtedness, and
- maximum annual capital expenditures of $20 million subject to one-year carry-forwards on amounts not used during the previous year.

In addition, the credit agreements provide that the Company will be required to meet the following financial covenants, to be tested quarterly, beginning with the quarter ending June 30, 2004:

- a minimum net worth requirement, which requires a net worth of at least (i) $232 million plus (ii) 50% of consolidated net income (if positive) beginning with the quarter ending June 30, 2004, plus (iii) the net cash proceeds from issuance of the Company's capital stock or the capital stock of the Company's subsidiaries;
- a maximum leverage ratio, calculated quarterly, based upon the ratio of consolidated funded debt to consolidated EBITDA, which will require maintenance of a ratio of 5.5 to 1.00 through December 31, 2004, a ratio of 4.75 to 1.00 from January 1 through December 31, 2005, and 4.25 to 1.00 thereafter;
- a maximum senior leverage ratio, calculated quarterly, based upon the ratio of senior consolidated funded debt to consolidated EBITDA (which ratio excludes indebtedness in respect of the Fixed Rate Notes), which will require maintenance of a ratio of 3.375 to 1.00 through December 31, 2004, a ratio of 2.875 to 1.00 from January 1 through December 31, 2005, and 2.625 to 1.00 thereafter; and
- a minimum fixed charge coverage ratio, based upon the ratio of consolidated EBITDA minus capital expenditures to consolidated interest expense plus consolidated current maturities (including capitalized lease obligations) plus cash dividends paid on equity securities plus expenses for taxes, which will require maintenance of a ratio of 1.15 to 1.00 through December 31, 2004, 1.375 to 1.00 from January 1 through December 31, 2005, and 1.50 to 1.00 thereafter.

13. OTHER LIABILITIES

At December 31, 2003, other current liabilities comprised the following (in thousands):

	DECEMBER 31,	
	2003	2002
Accrued incentive compensation	$ 4,140	$ 3,738
Accrued divestiture expenses	3,731	3,661
Accrued savings and retirement contribution	3,338	3,642
Accrued advertising	1,103	3,195
Other	8,811	9,277

Total other current liabilities	$21,123	$23,513

Other liabilities at December 31, 2003, included income tax liabilities totaling $10,215,000 (2002 -- $9,194,000).

At December 31, 2003, the Company's accrual for its estimated liability for potential environmental cleanup and related costs arising from the sale of DuBois amounted to $2,070,000. Of this balance, $870,000 is included in other liabilities and $1,200,000 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 $18,036,000. On the basis of a continuing evaluation of the Company's potential liability, management believes it is not probable this additional liability will be paid. Accordingly, no provision for this contingent liability has been recorded. The potential liability is not insured, and the recorded liability does not assume the recovery of insurance proceeds. Also, the environmental liability has not been discounted because it is not possible to reliably project the timing of payments. It is currently expected that approximately $1,200,000 of the liability will be paid out in 2004; the timing of the remainder of the payments is not currently estimable. Management believes that any adjustments to its recorded liability will not materially adversely affect its financial position or results of operations.

At December 31, 2003, the Company's accrual for losses on subleases of office space formerly occupied by DuBois amounted to $2,847,000 (2002 -- $4,017,000), of which, $1,200,000 (2002 -- $1,200,000) is included in other current liabilities. The accrual is based on the expectation that space currently unoccupied will not be sublet during the remainder of the lease term, which ends April 2006.

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

14. PENSION AND RETIREMENT PLANS

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

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

Substantially all eligible employees of the Plumbing and Drain Cleaning segment participate in the ESOPs. Eligible employees of the Company 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,		
	2003	2002	2001
Compensation cost of ESOPs	$1,138	$1,746	$2,144
Pension, profit-sharing and other similar plans	3,837	3,312	3,934
Total	$4,975	$5,058	$6,078
Dividends on ESOP shares used for debt service	$ 138	$ 197	$ 280

At December 31, 2003, there were 227,346 allocated shares (2002 -- 212,712 shares) and 52,212 unallocated shares (2002 -- 83,653 shares) in the ESOP trusts.

The Company has excess benefit plans for key employees whose participation in the qualified plans is limited by ERISA rules. Benefits are determined based on theoretical participation in the qualified ESOPs. Prior to September 1, 1998, the value of these benefits was invested in shares of the Company's stock and in mutual funds, which were held by grantor trusts. Currently, benefits are invested in only mutual funds, and participants are not permitted to diversify accumulated benefits invested in shares of the Company's stock. Trust assets invested in shares of the Company's capital stock are included in treasury stock, and the corresponding liability is included in a separate component of shareholders' equity. At December 31, 2003, these trusts held 67,174 shares or $2,328,000 of the Company's stock (December 31, 2002 -- 66,141 shares or $2,290,000). The diversified assets of the Company's excess benefit and deferred compensation plans, all of which are invested in various mutual funds, totaled $17,743,000 at December 31, 2003 (December 31, 2002 -- $15,176,000), and are included in other assets. The corresponding liabilities are included in other liabilities.

15. LEASE ARRANGEMENTS

The Company, as lessee, has operating leases that cover its corporate office headquarters, various warehouse and office facilities, office equipment and transportation equipment. The remaining terms of these leases range from one year to 15 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 noncancellable terms in excess of one year at December 31, 2003 (in thousands):

2004	$ 6,064
2005	5,532
2006	2,570
2007	792
2008	21
AFTER 2008	205
TOTAL MINIMUM RENTAL PAYMENTS	15,184
LESS MINIMUM SUBLEASE RENTALS	(3,526)
NET MINIMUM RENTAL PAYMENTS	$ 11,658

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

	FOR THE YEARS ENDED DECEMBER 31,		
	2003	2002	2001
Total rental payments	$ 6,371	$ 6,037	$ 6,716
Less: sublease rentals	(1,602)	(1,196)	(929)
Net rental expense	$ 4,769	$ 4,841	$ 5,787

16. 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, which provides palliative and medical care and related services to terminally ill patients. In connection with Vitas' refinancing its debt obligations in April 2001, the Company and Vitas agreed to extend the maturity of the Vitas 9% Cumulative Preferred Stock ("Preferred") to April 1, 2007. In addition, Vitas issued a Common Stock Purchase Warrant ("Warrant C") to the Company for approximately 1,636,000 common shares and extended the expiration dates of the Company's other Vitas Common Stock Purchase Warrants ("Other Warrants") to December 31, 2007. Warrant C was recorded at its estimated fair value of $2,601,000, and at the same time, a discount of $2,601,000 to the Preferred was recorded. The appraised value of the Other Warrants was estimated to be $4,048,000 in 2001 (versus a carrying value of $1,500,000). The value of the Preferred for 2002 was 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.

  On August 18, 2003, Vitas retired the Company's investment in the 9% Redeemable Preferred Stock of Vitas. Cash proceeds to the Company totaled $27,270,000, and the Company realized a pretax gain of $1,846,000 ($1,200,000 aftertax or $.12 per share) on the redemption. On October 14, 2003, the Company exercised two of its three warrants (Warrants A and B) to purchase 4,158,000 common shares of Vitas for $18.0 million in cash. At December 31, 2003, the Company's common stock ownership in Vitas had a carrying value of $21.0 million. The estimated fair value of the Company's common stock ownership and Warrant C at December 31, 2003, assumes a $30 share price based on the Company's offer to purchase Vitas common stock.

- 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 ("Preferred Securities") is based on the quoted market value at the end of the period.

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

	DECEMBER 31,			
	2003		2002	
	CARRYING AMOUNT	FAIR VALUE	CARRYIN AMOUNT	FAIR VALUE
OTHER INVESTMENTS:				
EQUITY INVESTMENT IN VITAS	$ 21,035	$124,747	$ -	$ -
OTHER (a)	4,046	41,536	37,326	39,874
TOTAL	$ 25,081	$166,283	$ 37,326	$ 39,874
LONG-TERM DEBT	$ 26,379	$ 28,307	$ 26,012	$ 28,622
PREFERRED SECURITIES	14,126	17,657	14,186	14,112

(a) Amounts for 2002 include $27,243,000 invested in the Preferred.

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

	DECEMBER 31,	
	2003	2002
Aggregate fair value:		
Equity investment in Vitas	$ 124,747	$ -
Other	41,536	39,874
Total	$ 166,283	$ 39,874
Gross unrealized holding gains	$ -	$ 8,239
Gross unrealized holding losses	-	(1,223)
Amortized cost:		
Equity investment in Vitas	$ 21,035	$ -
Other	4,046	32,858
Total	$ 25,081	$ 32,858

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

	FOR THE YEARS ENDED DECEMBER 31,		
	2003	2002	2001
Proceeds from redemption and sales	$ 31,763	$ 1,917	$ 1,377
Gross realized gains	7,157	1,223	1,112
Gross realized losses	1,767	82	119

17. DILUTED LOSS PER SHARE

Due to the Company's losses from continuing operations in 2003, 2002 and 2001, all potentially dilutive securities were antidilutive for these years. Therefore, the diluted losses per share were the same as the losses per share in 2003, 2002 and 2001.

During 2003, 2002 and 2001, all options were excluded from the computation of diluted loss per share since their impact on the loss per share was antidilutive. Those options comprise the following:

		NUMBER OF OPTIONS OUTSTANDING AT DECEMBER 31,		
GRANT DATE	EXERCISE PRICE	2003	2002	2001
May 2002	$ 36.90	256,800	265,600	-
May 2003	35.85	236,138	-	-
May 1999	32.19	234,577	371,625	429,250
March 1998	39.13	130,700	153,250	155,550
May 1997	35.94	123,650	152,600	159,413
May 1996	38.75	117,625	159,275	159,425

February 1995	33.63	44,750	67,250	68,000
May 1995	32.19	13,950	35,300	39,950
April 1998	40.53	12,000	12,000	12,000
March 1994	32.13	2,675	24,825	24,825
February 1992	25.38	-	-	3,050
February 1993	28.56	-	1,875	6,875
May 1998	37.78	-	-	750
Total		1,172,865	1,243,600	1,059,088

Due to the Company's loss from continuing operations in 2003, 2002 and 2001, the dilution from the potential conversion of the Preferred Securities was excluded from the computation of diluted earnings per share. During these periods, the Preferred Securities were convertible into an average of 383,035 shares, 383,686 shares and 392,704 shares of capital stock, respectively.

18. STOCK INCENTIVE PLANS

The Company has eight Stock Incentive Plans under which 3,150,000 shares of Roto-Rooter Capital Stock are issued to key employees pursuant to the grant of stock awards and/or options to purchase such shares. All options granted under these plans provide for a purchase price equal to the market value of the stock at the date of grant. The latest plan, covering a total of 450,000 shares, was adopted in May 2002.

Under the plan adopted in 1983, both nonstatutory and incentive stock options have been granted. Incentive stock options granted under the 1983 plan become exercisable in full six months following the date of grant; nonstatutory options granted under the 1983 plan become exercisable in four annual installments commencing six months after the date of grant. Under the Long-Term Incentive Plan, adopted in 1999, up to 250,000 shares may be issued to employees who are not officers or directors of the Company or its subsidiaries.

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

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

	2003		2002		2001	
	NUMBER OF SHARES	WEIGHTED AVERAGE PRICE	NUMBER OF SHARES	WEIGHTED AVERAGE PRICE	NUMBER OF SHARES	WEIGHTED AVERAGE PRICE
Stock options:						
Outstanding at January 1	1,243,600	$ 35.50	1,059,088	$ 34.91	1,194,756	$ 34.62
Granted	241,100	35.85	268,600	36.90	-	-
Exercised	(245,184)	33.10	(66,738)	31.87	(103,538)	31.74
Forfeited	(300)	28.56	(17,350)	34.76	(25,725)	34.43
Expired	(66,351)	38.23	-	-	(6,405)	34.60
Outstanding at December 31	1,172,865	35.92	1,243,600	35.50	1,059,088	34.91
Exercisable at December 31	860,187	35.79	1,037,771	35.23	941,149	35.25
Stock awards issued	4,606	34.72	9,034	37.51	17,073	37.73

Options outstanding at December 31, 2003, comprise the following:

	Range of Exercise Prices	
	$32.13 to $35.94	$36.90 to $40.53
Options outstanding	419,602	753,263
Average exercise price of options outstanding	$ 33.45	$ 37.30
Average contractual life	4.2 yrs.	7.0 yrs.
Options exercisable	419,602	440,585
Average exercise price of options exercisable	$ 33.45	$ 33.50

There were 142,311 shares available for granting of stock options and awards at December 31, 2003.

Total compensation cost recognized for stock awards for continuing operations was $147,000 in 2003 (2002 -- $184,000; 2001 -- $6,328,000). The expense for 2001 included $4,263,000 resulting from the acceleration of vesting of restricted stock awards in connection with the restructuring of the Company's long-term incentive plans, effective December 31, 2001. The shares of capital stock were issued to key employees and directors at no cost and generally were previously restricted as to the transfer of ownership.

During 1999, the Company purchased 101,500 shares of its capital stock in open-market transactions and sold these shares to certain employees at fair market value in exchange for interest-bearing notes secured by the shares. Interest rates on these notes are set at the beginning of each year based on rates used by the Internal Revenue Service for demand loans (1.80% for 2003; 2.73% for 2002; 5.88% for 2001).

The notes receivable have no maturity date but become immediately due and payable at the option of the Company upon the occurrence of any of the following: (a) the Company, as note holder, deems itself insecure, (b) the death, insolvency, assignment for the benefit of creditors, or the commencement

of any bankruptcy or insolvency proceedings of, or against, the employee, (c) any attempted transfer by the employee of the shares of capital stock purchased by the employee with the notes, or (d) termination of employment. The terms of the notes receivable place restrictions upon the sale of the underlying shares of stock, but the shares of stock are not physically restricted from sale. Should the Company demand payment of the notes and the value of the underlying

shares be insufficient to satisfy the remaining note liability, the employee would be required to pay the Company the difference in cash.

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

Balance at December 31, 2000	$ 2,886
Accrual of interest	100
Cash payments	(196)
Value of shares surrendered	(1,288)
Balance at December 31, 2001	1,502
Accrual of interest	26
Cash payments	(239)
Value of shares surrendered	(337)
BALANCE AT DECEMBER 31, 2002	952
ACCRUAL OF INTEREST	16
CASH PAYMENTS	(11)
VALUE OF SHARES SURRENDERED	(23)
BALANCE AT DECEMBER 31, 2003	$ 934

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

19. EXECUTIVE LONG-TERM INCENTIVE PLAN

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

As of December 31, 2003, no accrual for awards under the LTIP was made since it was not possible to estimate the amount of such awards, if any, which was earned.

During January 2004, the price of the Company's stock exceeded $50 per share for more than 10 consecutive trading days. In February 2004, the CIC approved a payout under the LTIP in the aggregate amount of $7.8 million ($2.8 million in cash and 84,633 shares of capital stock). The pretax expense of this award, including payroll taxes and benefit costs, totaled $9.1 million ($5.9 million aftertax) and will be recorded in the operating results for the first quarter of 2004.

20. PREFERRED SECURITIES

Effective February 1, 2000, the Company completed an Exchange Offer whereby stockholders exchanged 575,503 shares of capital stock for shares of Preferred Securities of the wholly owned Chemed Capital Trust ("CCT") on a one-for-one basis. The Preferred 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 Preferred Securities mature 30 years from date of issuance and are callable beginning March 15, 2003, at a price of $27.27 for each $27.00 principal amount. On March 15, 2004, and later, the Preferred Securities are callable without premium. At December 31, 2003, there were 523,172 shares of the Preferred Securities outstanding (December 31, 2002 -- 525,401 shares). The number of Preferred Securities purchased and converted and shares of capital stock issued upon conversion are summarized below:

	FOR THE YEARS ENDED DECEMBER 31,		
	2003	2002	2001
Number of Preferred Securities purchased	-	1,533	13,720
Number of Preferred Securities converted	2,229	432	1,200
Shares of capital stock issued upon conversion of Preferred Securities	1,626	315	876

The sole assets of the CCT are Junior Subordinated Debentures ("JSD") of the Company in the principal amount of $14,126,000. The JSD mature March 15, 2030, and the interest rate of the JSD is $2.00 per annum per $27.00 principal amount. In February 2000, the Company executed an Indenture relating to the JSD,

an Amended and Restated Declaration of Trust relating to the Preferred Securities and a Guarantee Agreement for the benefit of the holders of the Preferred Securities (collectively "Back-up Undertakings"). Considered together, the Back-up Undertakings constitute a full and unconditional guarantee by the Company of the CCT's obligations under the Preferred Securities.

The Company intends to call all of the Preferred Securities as soon after March 15, 2004 as practicable. Management anticipates that most of the securities will be redeemed for capital stock rather than cash. However, were all the Preferred Securities redeemed for cash, the Company would be obligated to pay approximately $14.1 million.

21. LOANS RECEIVABLE FROM INDEPENDENT CONTRACTORS

The Plumbing and Drain Cleaning segment subcontracts with independent contractors to operate plumbing repair and drain cleaning businesses in lesser-populated areas of the country. At December 31, 2003, the Company has notes receivable from 37 of its 60 independent contractors totaling $2,599,000 (December 31, 2002 -- $2,127,000). In most cases these loans are partially secured by equipment owned by the contractor. The interest rates on the loans range from 5% to 8% per annum and the remaining terms of the loans range from one month to 7.7 years at December 31, 2003. During 2003, the Company recorded revenues of $14,125,000 (2002 -- $12,350,000; 2001 -- $11,873,000) and pretax profits of $4,356,000 (2002 -- $4,866,000; 2001 -- $3,980,000) from all of its independent contractors.

The arrangements give the contractors the right to conduct a plumbing and drain cleaning business using the Roto-Rooter name in a specified territory in exchange for a royalty based on a percentage of cash labor sales, generally approximately 40%. The Company also pays for yellow pages advertising in these areas and provides operating manuals to be used as guidelines for operating a plumbing and drain cleaning business. The contracts are generally cancellable upon 90 days' written notice (without cause) or upon a few days' notice (with cause). The independent contractors are responsible for running the businesses as they believe best.

The Company has four contractors that entered into independent contractor agreements with the Company during 2003, subsequent to January 31 ("2003 Contractors"). The Company has loans totaling $238,000 receivable from the 2003 Contractors that are secured by equipment with an estimated value of $99,000. Information to determine whether the Company's contractual interests, including the loans receivable, are variable interests that are required to be consolidated under FIN No. 46, Consolidation of Variable Interest Entities and Interpretation of ARB No. 51, is not available. Based on an analysis of Roto-Rooter's operating results relative to these operations, management believes that consolidation of these four businesses would not yield materially different results for the Company. During 2003, the Company recorded $528,000 of service revenues and a combined operating loss of $3,000 related to the 2003 Contractors.

22. LITIGATION

The Company is party to a class action lawsuit filed in the Third Judicial Circuit Court of Madison County, Illinois in June of 2000 by Robert Harris, alleging certain Roto-Rooter plumbing was performed by unlicensed employees. The Company contests these allegations and believes them without merit. Plaintiff moved for certification of a class of customers in 32 states who allegedly paid for plumbing work performed by unlicensed employees. Plaintiff also moved for a partial summary judgment on grounds the licensed apprentice plumber who installed his faucet did not work under the direct personal supervision of a licensed master plumber. On June 19, 2002, the trial judge certified an Illinois-only plaintiffs class and granted summary judgment for the named party Plaintiff on the issue of liability, finding violation of the Illinois Plumbing License Act and the Illinois Consumer Fraud Act, through Roto-Rooter's representation of the licensed apprentice as a plumber. The court has not yet ruled on certification of a class in the remaining 31 states. Due to complex legal and other issues involved, it is not presently possible to estimate the amount of liability, if any, related to this matter.

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

However, management cannot provide assurance the Company will ultimately prevail in either of the above two cases. Regardless of outcome, such litigation can adversely affect the Company through defense costs, diversion of management's time, and related publicity.

23. ACQUISITION OF VITAS

On December 18, 2003, the Company and Marlin Merger Corp., a wholly owned indirect subsidiary ("Marlin"), entered into a merger agreement with Vitas. The merger agreement provided for the merger of Marlin into Vitas, with Vitas surviving the merger as an indirect wholly owned subsidiary of the Company (the "Acquisition"). To secure its interest in the merger, the Company placed a $10 million deposit in escrow (included in other assets at December 31, 2003).

In connection with the completion of the Acquisition on February 24, 2004, the Company paid to the holders of the 63% of Vitas common stock the Company did not own consideration of approximately $313.9 million. In addition, the Company paid the former chairman and chief executive officer of Vitas $25.0 million pursuant to a noncompetition and consulting agreement and made severance payments totaling $2.3 million to two other officers of Vitas. The total purchase price, including $5.5 million of estimated expenses and the Company's $23.6 million previous investment in Vitas, was $370.3 million. Based on Vitas' balance sheet at December 31, 2003, the preliminary allocation of the purchase price to Vitas' assets and liabilities is estimated to be (in thousands):

Cash and cash equivalents	$ 25,115
Other current assets	62,557
Property and equipment	22,613
Consulting agreement	7,000
Covenant not to compete	18,000
Goodwill	361,228
Other assets	6,074
Current liabilities	(60,191)
Long-term debt	(67,625)
Other liabilities	(4,428)
Net assets acquired	370,343
Less: cash and cash equivalents acquired	(25,115)
Net outlay	$ 345,228

As of February 24, 2004, the Company will consolidate Vitas' assets and liabilities and begin consolidating Vitas' operating results.

To fund the Acquisition and retire Vitas' and the Company's long-term debt, the Company completed the following transactions ("Financing") on February 24, 2004:

- The Company borrowed $75.0 million under a new $135 million revolving credit/term loan agreement at an initial weighted average interest rate of 4.50%. Principal payments of $1.25 million are due quarterly under the term loan. The term loan/revolving credit agreement matures in five years.

- The Company sold 2,000,000 shares of its capital stock in a private placement at price of $50 per share, before expenses.

- The Company issued $110 million principal amount of floating rate senior secured notes due 2010 at an initial interest rate of 4.88%.

- The Company issued $150 million principal amount of 8.75% senior notes due 2011.

- The Company incurred estimated financing transaction fees and expenses of approximately $14.5 million.

The unaudited pro forma operating data of the Company for the year ended December 31, 2003, giving effect to the Acquisition and Financing as if they had occurred on January 1, 2003, follow (in thousands):

Service revenues and sales	$ 749,888
Net loss	$ (4,070)
Net loss per share	$ (0.34)
Average shares outstanding	11,924

The Acquisition is being accounted for using the purchase method of accounting. The fair values of Vitas' assets and related liabilities are based on preliminary estimates. Additional analysis will be required to determine the fair values of Vitas' assets and liabilities, including the identification and valuation of intangible assets acquired. Additional intangible assets acquired may include customer contracts and related customer relationships and other contract-based intangibles such as lease agreements and service contracts. Should the Company identify and value additional intangible assets, everything else being equal, goodwill will be reduced. In addition, such additional intangible assets may have finite lives and be subject to amortization. The final allocation of the Acquisition consideration may result in significant differences from the preliminary amounts reflected in the above financial information.

The unaudited pro forma operating data are for informational purposes only and do not purport to represent what the Company's results of operations would actually have been had the Acquisition and the Financing occurred as of the date indicated, nor does the unaudited pro forma operating data purport to project the Company's results for any future date or any future period.

The unaudited pro forma operating data reflect pro forma adjustments that are based on available information and certain assumptions management believes are reasonable, but are subject to change. Such adjustments include an increase in the average shares of capital stock outstanding and in interest expense from the Financing, elimination of interest expense on existing debt, elimination of dividend income from Vitas and reduction of interest income on cash used for the Acquisition. Management has made, in its opinion, all adjustments that are necessary to present fairly the pro forma information.

ROTO-ROOTER, INC. AND SUBSIDIARY COMPANIES
UNAUDITED SUMMARY OF QUARTERLY RESULTS
FOR THE YEAR ENDED DECEMBER 31, 2003
(IN THOUSANDS, EXCEPT PER SHARE AND FOOTNOTE DATA)

	FIRST QUARTER	SECOND QUARTER	THIRD QUARTER	FOURTH QUARTER	TOTAL YEAR
Continuing Operations					
Total service revenues and sales	$ 77,645	$ 77,271	$ 75,172	$ 78,783	$ 308,871
Gross profit	$ 31,493	$ 31,660	$ 30,957	$ 31,951	$ 126,061
Income/(loss) from operations (a,d)	$ 2,384	$ 3,580	$ 2,367	$ (16,051)	$ (7,720)
Interest expense	(539)	(599)	(487)	(515)	(2,140)
Distributions on preferred securities	(268)	(268)	(268)	(267)	(1,071)
Other income--net (b,c)	4,262	2,455	3,049	1,493	11,259
Income before income taxes (a,b,c,d)	5,839	5,168	4,661	(15,340)	328
Income taxes	(2,282)	(1,868)	(1,748)	1,149	(4,749)
Equity in earnings of affiliate (e)	-	-	-	922	922
Income/(loss) from continuing operations (a,b,c,d)	3,557	3,300	2,913	(13,269)	(3,499)
Discontinued Operations	-	-	-	64	64
Net Income/(Loss) (a,b,c,d)	$ 3,557	$ 3,300	$ 2,913	$ (13,205)	$ (3,435)
Earnings Per Share (a,b,c,d)					
Income/(loss) from continuing operations	$ 0.36	$ 0.33	$ 0.29	$ (1.33)	$ (0.35)
Net income/(loss)	$ 0.36	$ 0.33	$ 0.29	$ (1.33)	$ (0.35)
Diluted Earnings Per Share (a,b,c,d)					
Income/(loss) from continuing operations	$ 0.36	$ 0.33	$ 0.29	$ (1.33)	$ (0.35)
Net income/(loss)	$ 0.36	$ 0.33	$ 0.29	$ (1.33)	$ (0.35)
Average number of shares outstanding					
Earnings/(loss) per share	9,890	9,908	9,941	9,954	9,924
Diluted earnings/(loss) per share	9,903	9,942	9,988	9,954	9,924

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

(a) Amounts include a pretax charge of $3,627,000 ($2,358,000 aftertax or $.24 per share) from severance charges in the first quarter and for the year.

(b) Amounts include a pretax gain of $1,846,000 ($1,200,000 aftertax or $.12 per share) from the redemption of Vitas preferred stock in the third quarter and for the year.

(c) Amounts include a pretax capital gain of $3,544,000 ($2,151,000 aftertax or $.22 per share) from the sales of investments in the first quarter and for the year.

(d) Amounts include pretax asset impairment charges of $15,828,000 ($14,363,000 aftertax or $1.44 per share) in the fourth quarter and for the year.

(e) Amount represents equity in earnings of Vitas.

ROTO-ROOTER, INC. AND SUBSIDIARY COMPANIES
UNAUDITED SUMMARY OF QUARTERLY RESULTS
FOR THE YEAR ENDED DECEMBER 31, 2002
(IN THOUSANDS, EXCEPT PER SHARE AND FOOTNOTE DATA)

	FIRST QUARTER	SECOND QUARTER	THIRD QUARTER	FOURTH QUARTER	TOTAL YEAR
Continuing Operations					
Total service revenues and sales	$ 80,853	$ 79,082	$ 75,322	$ 78,919	$ 314,176
Gross profit	$ 32,345	$ 32,458	$ 31,008	$ 32,080	$ 127,891
Income/(loss) from operations (a)	$ 5,593	$ 6,306	$ 5,370	$ (19,947)	$ (2,678)
Interest expense	(773)	(763)	(709)	(683)	(2,928)
Distributions on preferred securities	(270)	(271)	(268)	(270)	(1,079)
Other income--net (b)	2,589	953	268	472	4,282
Income before income taxes (a,b)	7,139	6,225	4,661	(20,428)	(2,403)
Income taxes	(2,432)	(2,370)	(1,725)	76	(6,451)
Income/(loss) from continuing operations (a,b)	4,707	3,855	2,936	(20,352)	(8,854)
Discontinued Operations	867	1,124	3,929	389	6,309
Net Income/(Loss) (a,b)	$ 5,574	$ 4,979	$ 6,865	$ (19,963)	$ (2,545)
Earnings Per Share (a,b)					
Income/(loss) from continuing operations	$ 0.48	$ 0.39	$ 0.30	$ (2.06)	$ (0.90)
Net income/(loss)	$ 0.57	$ 0.51	$ 0.70	$ (2.02)	$ (0.26)
Diluted Earnings Per Share (a,b)					
Income/(loss) from continuing operations	$ 0.48	$ 0.39	$ 0.30	$ (2.06)	$ (0.90)
Net income/(loss)	$ 0.56	$ 0.50	$ 0.70	$ (2.02)	$ (0.26)
Average number of shares outstanding					
Earnings/(loss) per share	9,843	9,857	9,861	9,872	9,858
Diluted earnings/(loss) per share	10,267	9,898	9,867	9,872	9,858

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

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

SCHEDULE II

ROTO-ROOTER, INC. AND SUBSIDIARY COMPANIES
VALUATION AND QUALIFYING ACCOUNTS
(IN THOUSANDS)
DR/(CR)

DESCRIPTION	BALANCE AT BEGINNING OF PERIOD	ADDITIONS (CHARGED) CREDITED TO COSTS AND EXPENSES	ADDITIONS (CHARGED) CREDITED TO OTHER ACCOUNTS	ADDITIONS APPLICABLE TO COMPANIES ACQUIRED IN PERIOD	DEDUCTIONS (a)	BALANCE AT END OF PERIOD
Allowances for doubtful accounts (b)						
For the year 2003	$(3,309)	$ (2,019)	$ -	$ -	$ 2,409	$(2,919)
For the year 2002	$(4,091)	$ (1,808)	$ -	$ -	$ 2,590	$(3,309)
For the year 2001	$(3,637)	$ (2,866)	$ -	$ -	$ 2,412	$(4,091)
Allowances for doubtful accounts - notes receivable (c)						
For the year 2003	$ (422)	$ 99	$ -	$ -	$ -	$ (323)
For the year 2002	$ (900)	$ 478	$ -	$ -	$ -	$ (422)
For the year 2001	$ (23)	$ (900)	$ -	$ -	$ 23	$ (900)
Valuation allowance for available-for-sale securities (d)						
For the year 2003	$ 5,668	$ -	$ (278)	$ -	$ (5,390)	$ -
For the year 2002	$ 6,483	$ -	$ 326	$ -	$ (1,141)	$ 5,668
For the year 2001	$ 4,980	$ -	$ 2,496	$ -	$ (993)	$ 6,483

(a) 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.

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

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

(d) 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.

INDEX TO EXHIBITS

Exhibit Number		Page Number or Incorporation by Reference: File No. and Filing Date	Previous Exhibit No.
3.1	Certificate of Incorporation of Chemed Corporation	Form S-3 Reg. No. 33-44177 11/26/91	4.1
3.2	Certificate of Amendment to Certificate of Incorporation	Form S-8 Reg. No. 333-109104 9/25/03	E-1
3.3	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)
4.4	Indenture, dated as of February 24, 2004, between Roto-Rooter, Inc. and LaSalle Bank National Association	*	
4.5	Indenture, dated as of February 24, 2004, among Roto-Rooter, Inc., the subsidiary guarantors listed on Schedule I thereto and Wells Fargo Bank, N.A.	*	
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

Exhibit Number		Page Number or Incorporation by Reference: File No. and Filing Date	Previous Exhibit No.
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	Stock Purchase Agreement dated as of May 8, 2002 by and between PCI Holding Corp. and Chemed Corporation	Form 8-K 10/11/02	2.1
10.5	Amendment No. 1 to Stock Purchase Agreement dated as of October 11, 2002 by and among PCI Holding Corp., PCI-A Holding Corp. and Chemed Corporation	Form 8-K 10/11/02	2.2
10.6	Senior Subordinated Promissory Note dated as of October 11, 2002 by and among PCI Holding Corp. and Chemed Corporation	Form 8-K 10/11/02	2.3
10.7	Common Stock Purchase Warrant dated as of October 11, 2002 by and between PCI Holding Corp. and Chemed Corporation	Form 8-K 10/11/02	2.4
10.8	1986 Stock Incentive Plan, as amended through May 20, 1991	Form 10-K 3/27/92, **	9
10.9	1988 Stock Incentive Plan, as amended through May 20, 1991	Form 10-K 3/27/92, **	10
10.10	1993 Stock Incentive Plan	Form 10-K 3/29/94, **	10.8
10.11	1995 Stock Incentive Plan	Form 10-K 3/28/96, **	10.14
10.12	1997 Stock Incentive Plan	Form 10-K 3/27/98, **	10.10

Exhibit Number		Page Number or Incorporation by Reference: File No. and Filing Date	Previous Exhibit No.
10.13	1999 Stock Incentive Plan	Form 10-K 3/29/00, **	10.11
10.14	1999 Long-Term Employee Incentive Plan as amended through May 20, 2002	Form 10-K 3/28/03, **	10.16
10.15	2002 Stock Incentive Plan	Form 10-K 3/28/03, **	10.17
10.16	2002 Executive Long-Term Incentive Plan	Form 10-K 3/28/03, **	10.18
10.17	Employment Contracts with Executives	Form 10-K 3/28/89, **	10.12
10.18	Amendment to Employment Agreements with Kevin J. McNamara, Thomas C. Hutton and Sandra E. Laney dated August 7, 2002	Form 10-K 3/28/03, **	10.20
10.19	Amendment to Employment Agreements with Timothy S. O'Toole and Arthur V. Tucker dated August 7, 2002	Form 10-K 3/28/03, **	10.21
10.20	Amendment to Employment Agreement with Spencer S. Lee dated May 19, 2003	*, **	
10.21	Amendment to Employment Agreement with Executives dated January 1, 2002	Form 10-K 3/28/02, **	10.16
10.22	Consulting Agreement between Timothy S. O'Toole and PCI Holding Corp effective October 11, 2002.	Form 10-K 3/28/03, **	10.26

Exhibit Number		Page Number or Incorporation by Reference: File No. and Filing Date	Previous Exhibit No.
10.23	Amendment No. 16 to Employment Agreement with Sandra E. Laney dated March 1, 2003	Form 10-K 3/28/03, **	10.27
10.24	Excess Benefits Plan, as restated and amended, effective June 1, 2001	*,**	
10.25	Amendment No. 1 to Excess Benefits Plan, effective July 1, 2002	*,**	
10.26	Amendment No. 2 to Excess Beneifts Plan, effective November 7, 2003	*,**	
10.27	Non-Employee Directors' Deferred Compensation Plan	Form 10-K 3/24/88, **	10.10
10.28	Chemed/Roto-Rooter Savings & Retirement Plan, effective January 1, 1999	Form 10-K 3/25/99, **	10.25
10.29	First Amendment to Chemed/ Roto-Rooter Savings & Retirement Plan effective September 6, 2000	Form 10-K 3/28/02, **	10.22
10.30	Second Amendment to Chemed/ Roto-Rooter Savings & Retirement Plan effective January 1, 2001	Form 10-K 3/28/02, **	10.23
10.31	Third Amendment to Chemed/ Roto-Rooter Savings & Retirement Plan effective December 12, 2001	Form 10-K 3/28/02, **	10.24
10.32	Stock Purchase Plan by and among Banta Corporation, Chemed Corporation and OCR Holding Company	Form 8-K 10/13/97	10.21
10.33	Directors Emeriti Plan	Form 10-Q 5/12/88, **	10.11
10.34	Second Amendment to Split Dollar Agreement with Executives	Form 10-K 3/29/00, **	10.26

Exhibit Number		Page Number or Incorporation by Reference: File No. and Filing Date	Previous Exhibit No.
10.35	Split Dollar Agreement with Sandra E. Laney	Form 10-K 3/25/99, **	10.27
10.36	Split Dollar Agreements with Executives	Form 10-K 3/28/96, **	10.15
10.37	Split Dollar Agreement with Edward L. Hutton	Form 10-K 3/28/96, **	10.16
10.38	Split Dollar Agreement with Spencer S. Lee	Form 10-K 3/29/00, **	10.33
10.39	Promissory Note under the Executive Stock Purchase Plan with Edward L. Hutton	Form 10-K 3/28/01, **	10.40
10.40	Promissory Note under the Executive Stock Purchase Plan with Kevin J. McNamara	Form 10-K 3/28/01, **	10.41
10.41	Schedule to Promissory Note under the Executive Stock Purchase Plan with Edward L. Hutton	*,**	
10.42	Schedule to Promissory Note under the Executive Stock Purchase Plan with Kevin J. McNamara	*,**	
10.43	Roto-Rooter Deferred Compensation Plan No. 1, as amended January 1, 1998	Form 10-K 3/28/01, **	10.37
10.44	Roto-Rooter Deferred Compensation Plan No. 2	Form 10-K 3/28/01, **	10.38
10.45	Agreement and Plan of Merger, dated as of December 18, 2003, among Roto-Rooter, Inc., Marlin Merger Corp. and Vitas Healthcare Corporation	Form 8-K 12/19/03	99.2

Exhibit Number		Page Number or Incorporation by Reference: File No. and Filing Date	Previous Exhibit No.
10.46	Credit Agreement, dated as of February 24, 2004, among Roto-Rooter, Inc., the lenders from time to time parties thereto and Bank One, NA, as Administrative Agent.	*	
10.47	Pledge and Security Agreement, dated as of February 24, 2004, among Roto-Rooter, Inc., the subsidiaries of Roto-Rooter, Inc. listed on the signature pages thereto and Bank One, NA, as Collateral Agent.	*	
10.48	Guaranty Agreement, dated as of February 24, 2004, among the subsidiaries of Roto-Rooter, Inc. listed on the signature pages thereto and Bank One, NA, as Administrative Agent.	*	
13.	2003 Annual Report to Stockholders	*	
14.	Policies on Business Ethics of Roto-Rooter, Inc.	*	
21	Subsidiaries of Roto-Rooter, Inc.	*	
23	Consent of Independent Accountants	*	
24	Powers of Attorney	*	
31.1	Certification by Kevin J. McNamara Pursuant to Rule 13a-14(a)/15d-14(a) of the Exchange Act of 1934.	*	
31.2	Certification by David P. Williams Pursuant to Rule 13a-14(a)/15d-14(a) of the Exchange Act of 1934.	*	
31.3	Certification by Arthur V. Tucker, Jr. Pursuant to Rule 13a-14(a)/15d-14(a) of the Exchange Act of 1934.	*	

Exhibit Number		Page Number or Incorporation by Reference: File No. and Filing Date	Previous Exhibit No.
32.1	Certification by Kevin J. McNamara pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	*	
32.2	Certification by David P. Williams pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	*	
32.3	Certification by Arthur V. Tucker, Jr. pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	*	

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* Filed herewith.

**Management contract or compensatory plan or arrangement.

EXHIBIT 4.4

EXECUTION COPY

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ROTO-ROOTER, INC.

8-3/4% Senior Notes Due 2011

INDENTURE

Dated as of February 24, 2004

LaSalle Bank National Association,
as Trustee

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CROSS-REFERENCE TABLE

TIA Section		Indenture Section
310(a)(1)	.....	7.10
(a)(2)	.....	7.10
(a)(3)	.....	N.A.
(a)(4)	.....	N.A.
(b)	.....	7.08; 7.10
(c)	.....	N.A.
311(a)	.....	7.11
(b)	.....	7.11
(c)	.....	N.A.
312(a)	.....	2.05
(b)	.....	10.03
(c)	.....	10.03
313(a)	.....	7.06
(b)(1)	.....	7.06
(b)(2)	.....	7.06
(c)	.....	10.02
(d)	.....	7.06
314(a)	.....	4.02; 4.10; 10.02
(b)	.....	N.A.
(c)(1)	.....	10.04
(c)(2)	.....	10.04
(c)(3)	.....	N.A.
(d)	.....	N.A.
(e)	.....	10.05
(f)	.....	4.10
315(a)	.....	7.01
(b)	.....	7.05; 10.02
(c)	.....	7.01
(d)	.....	7.01
(e)	.....	6.11
316(a)(last sentence)	.....	10.06
(a)(1)(A)	.....	6.05
(a)(1)(B)	.....	6.04
(a)(2)	.....	N.A.
(b)	.....	6.07
317(a)(1)	.....	6.08
(a)(2)	.....	6.09
(b)	.....	2.04
318(a)	.....	10.01

N.A. means Not Applicable.

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Note: This Cross-Reference Table shall not, for any purpose, be deemed to be part of the Indenture.

TABLE OF CONTENTS

ARTICLE 7

Trustee

ARTICLE 8

Discharge of Indenture; Defeasance

ARTICLE 9

Amendments

ARTICLE 10

Miscellaneous

INDENTURE dated as of February 24, 2004 between Roto-Rooter, Inc., a Delaware corporation (the "Company"), and LaSalle Bank National Association, a national banking association (the "Trustee").

Each party agrees as follows for the benefit of the other parties and for the equal and ratable benefit of the Holders of (a) the Company's 8-3/4% Senior Notes Due 2011 issued on the date hereof (the "Original Securities"), (b) any Additional Securities (as defined herein) that may be issued (all such Securities in clauses (a) and (b) being referred to collectively as the "Initial Securities") and (c) if and when issued pursuant to a registered exchange for Initial Securities, the Company's 8-3/4% Senior Notes Due 2011 (the "Exchange Securities", and together with the Initial Securities, the "Securities"):

ARTICLE 1

DEFINITIONS AND INCORPORATION BY REFERENCE

SECTION 1.01. DEFINITIONS.

"Additional Assets" means:

(1) any property or assets (other than Indebtedness and Capital Stock) to be used by the Company or a Restricted Subsidiary in a Permitted Business;

(2) the Capital Stock of a Person that becomes a Restricted Subsidiary as a result of the acquisition of such Capital Stock by the Company or another Restricted Subsidiary; or

(3) Capital Stock constituting a minority interest in any Person that at such time is a Restricted Subsidiary;

provided, however, that any such Restricted Subsidiary described in clauses (2) or (3) above is primarily engaged in a Permitted Business.

"Additional Securities" means, subject to the Company's compliance with Section 4.03, 8-3/4% Senior Notes Due 2011 issued from time to time after the Issue Date under the terms of this Indenture (other than pursuant to Section 2.06, 2.07, 2.09 or 3.06 of this Indenture and other than Exchange Securities issued pursuant to an exchange offer for other Securities outstanding under this Indenture).

"Adjusted Consolidated Leverage Ratio" as of any date of determination means the Consolidated Leverage Ratio, calculated on a pro forma basis after giving effect to the designation of the Specified Subsidiary Group as Unrestricted Subsidiaries (including for purposes of calculating Consolidated Indebtedness and EBITDA) and to any sales of Capital Stock, refinancings of Indebtedness or other transactions consummated concurrently with such designation.

"Affiliate" of any specified Person means any other Person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified Person. For the purposes of this definition, "control" when used with respect to any Person means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing. For purposes of Sections 4.06 and 4.07 only, "Affiliate" shall also mean any beneficial owner of Capital Stock representing 5% or more of the total voting power of the Voting Stock (on a fully diluted basis) of the Company or of rights or warrants to purchase such Voting Stock (whether or not currently exercisable) and any Person who would be an Affiliate of any such beneficial owner pursuant to the first sentence hereof.

"Applicable Premium" means, with respect to any Security on any redemption date, the excess (but not less than zero) of (i) the present value at such redemption date of all remaining scheduled payments of interest (excluding accrued interest) and principal on such Security (discounted at the equivalent of the Treasury Rate plus 50 basis points over (ii) the then outstanding principal amount of such Security.

"Asset Disposition" means any sale, lease, transfer or other disposition (or series of related sales, leases, transfers or dispositions) by the Company or any Restricted Subsidiary, including any disposition by means of a merger, consolidation or similar transaction (each referred to for the purposes of this definition as a "disposition"), of:

(1) any shares of Capital Stock of a Restricted Subsidiary (other than directors' qualifying shares or shares required by applicable law to be held by a Person other than the Company or a Restricted Subsidiary)

(2) all or substantially all the assets of any division or line of business of the Company or any Restricted Subsidiary or

(3) any other assets of the Company or any Restricted Subsidiary (other than Capital Stock of Unrestricted Subsidiaries) outside of the ordinary course of business of the Company or such Restricted Subsidiary

other than, in the case of (1), (2) and (3) above,

(A) disposition by a Restricted Subsidiary to the Company or by the Company or a Restricted Subsidiary to a Restricted Subsidiary,

(B) a disposition of directors' qualifying shares or shares required by applicable law to be held by a Person other than the Company or a Restricted Subsidiary,

(C) a disposition of capital stock of the Specified Subsidiary pursuant to a Qualifying Subsidiary Stock Sale or Qualifying Subsidiary Stock Distribution if (x) the Net Cash Proceeds thereof are used to redeem Securities pursuant to the third paragraph of paragraph 5 of the Securities or (y) the Specified Subsidiary Group is then or has been designated as Unrestricted Subsidiaries in accordance with Section 4.13(b); provided that, notwithstanding the foregoing, if VHC is the Specified Subsidiary, any sale of Capital Stock of VHC following an initial Qualifying Subsidiary Stock Sale shall constitute an Asset Disposition to the extent that the aggregate Net

Cash Proceeds of all such sales of Capital Stock of VHC (following such initial sale) exceed $25.0 million, unless at such time (x) the Company owns less than 50% of the Voting Stock of VHC or (y) the Company would own less than 50% of the Voting Stock as a result of such sale and the provisions set forth in Section 4.10 are complied with,

(D) for purposes of Section 4.06 only, a disposition subject to Section 4.04, and

(E) a disposition of assets with a Fair Market Value of less than $100,000.

"Attributable Debt" in respect of a Sale/Leaseback Transaction means, as at the time of determination, the present value (discounted at the interest rate borne by the Securities, compounded annually) of the total obligations of the lessee for rental payments during the remaining term of the lease included in such Sale/Leaseback Transaction (including any period for which such lease has been extended).

"Average Life" means, as of the date of determination, with respect to any Indebtedness or Preferred Stock, the quotient obtained by dividing:

(1) the sum of the products of the numbers of years from the date of determination to the dates of each successive scheduled principal payment of such Indebtedness or scheduled redemption or similar payment with respect to such Preferred Stock multiplied by the amount of such payment by

(2) the sum of all such payments.

"Board of Directors" means the Board of Directors of the Company or any committee thereof duly authorized to act on behalf of the Board of Directors of the Company.

"Business Day" means each day which is not a Legal Holiday.

"Capital Expenditures" means, without duplication, any expenditures for any purchase or other acquisition of any asset which would be classified as a fixed or capital asset on a consolidated balance sheet of

the Company and its Consolidated Restricted Subsidiaries prepared in accordance with GAAP.

"Capital Stock" of any Person means any and all shares, interests, rights to purchase, warrants, options, participations or other equivalents of or interests in (however designated) equity of such Person, including any Preferred Stock, but excluding any debt securities convertible into such equity.

"Capitalized Lease Obligations" means an obligation that is required to be classified and accounted for as a capitalized lease for financial reporting purposes in accordance with GAAP, and the amount of Indebtedness represented by such obligation shall be the capitalized amount of such obligation determined in accordance with GAAP; and the Stated Maturity thereof shall be the date of the last payment of rent or any other amount due under such lease prior to the first date upon which such lease may be prepaid by the lessee without payment of a penalty.

"Change of Control" means the occurrence of any of the following events:

(1) any "person" or "group" (as such terms are used in Sections 13(d) and 14(d) of the Exchange Act), is or becomes the beneficial owner (as defined in Rules 13d-3 and 13d-5 under the Exchange Act, except that, for purposes of this clause, such person or group shall be deemed to have "beneficial ownership" of all shares that any such person or group has the right to acquire, whether such right is exercisable immediately or only after the passage of time), directly or indirectly, of more than 50% of the total voting power of the Voting Stock of the Company;

(2) the Company ceasing to be the beneficial owner (as defined in Rules 13(d)(3) and 13(d)(5) under the Exchange Act), directly or indirectly, of more than 50% of (i) the total voting power of the Voting Stock of Vitas or (ii) the total number of outstanding shares of Capital Stock of Vitas; or

(3) during any period of two consecutive years, individuals who at the beginning of such period constituted the Board of Directors of the Company (together with any new directors whose election by the Board of Directors or whose nomination for election by

the shareholders of the Company was approved by a vote of 66 2/3% of the directors of the Company then still in office who were either directors at the beginning of such period or whose election or nomination for election was previously so approved) cease for any reason to constitute a majority of the applicable board of directors then in office;

(4) the adoption of a plan relating to the liquidation or dissolution of the Company; or

(5) the merger or consolidation of the Company with or into another Person or the merger of another Person with or into the Company, or the sale, lease, transfer, conveyance or other disposition of all or substantially all the assets of the Company, to another Person and, in the case of any such merger or consolidation, other than a transaction following which holders of securities that represented 100% of the Voting Stock of the Company outstanding immediately prior to such transaction (or other securities into which such securities are converted as part of such merger or consolidation transaction) own directly or indirectly at least a majority of the voting power of the Voting Stock of the surviving Person in such merger or consolidation transaction immediately after such transaction and in substantially the same proportion as before the transaction.

"Chemed Capital Trust" means Chemed Capital Trust, a Delaware statutory business trust.

"Chemed Preferred Securities" means the convertible trust preferred securities of Chemed Capital Trust issued in exchange for shares of Company capital stock pursuant to an exchange offer completed on February 1, 2000. As of January 31, 2004, 522,149 Chemed Preferred Securities were outstanding.

"Closing Date" means the date of this Indenture.

"Closing Date Stock Award Plan" means the Company's employee stock award plan in existence on the Closing Date.

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

"Company" means the party named as such in this Indenture until a successor replaces it and, thereafter, means the successor and, for purposes of any provision contained herein and required by the TIA, each other obligor on the indenture securities.

"Consolidated Capital Expenditures" means, with reference to any period, the Capital Expenditures of the Company and its Consolidated Restricted Subsidiaries calculated on a consolidated basis for such period.

"Consolidated Current Maturities" means, with reference to any period, all payments of principal due within twelve (12) calendar months on and after the last day of such period with respect to all Consolidated Indebtedness of the Company.

"Consolidated Fixed Charge Coverage Ratio" for any period shall mean the ratio of (i) EBITDA minus Consolidated Capital Expenditures to (ii) Consolidated Interest Expense plus Consolidated Current Maturities during such period plus cash dividends paid on the equity interests of the Company during such period plus expenses for taxes paid or taxes accrued during such period, all calculated for the Company and its Consolidated Restricted Subsidiaries on a consolidated basis.

"Consolidated Indebtedness" means, as of any date of determination, the total Indebtedness of the Company and its Consolidated Restricted Subsidiaries, without duplication, other than, at any time prior to January 1, 2005, the Trust Securities.

"Consolidated Interest Expense" means, for any period, the total interest expense of the Company and its Consolidated Restricted Subsidiaries, plus, to the extent Incurred by the Company and its Consolidated Restricted Subsidiaries in such period but not included in such interest expense, without duplication:

(1) interest expense attributable to Capitalized Lease Obligations and the interest expense attributable to leases constituting part of a Sale/Leaseback Transaction,

(2) amortization of debt discount and debt issuance costs, provided that the fees paid by the Company to the lenders under the Credit Agreement and

to the placement agent in connection with the offering and sale, on the Issue Date, of the Original Securities and the Floating Rate Notes shall not be included,

(3) capitalized interest,

(4) noncash interest expense,

(5) commissions, discounts and other fees and charges attributable to letters of credit and bankers' acceptance financing,

(6) interest accruing on any Indebtedness of any other Person to the extent such Indebtedness is Guaranteed by the Company or any Restricted Subsidiary,

(7) net costs associated with Hedging Obligations (including amortization of fees),

(8) dividends in respect of all Disqualified Stock of the Company and all Preferred Stock of any of the Subsidiaries of the Company, to the extent held by Persons other than the Company or a Wholly Owned Subsidiary; provided that regular, scheduled dividends on the Trust Securities declared or paid prior to January 1, 2005, shall not be included, and

(9) the cash contributions to any employee stock ownership plan or similar trust to the extent such contributions are used by such plan or trust to pay interest or fees to any Person (other than the Company) in connection with Indebtedness Incurred by such plan or trust.

Notwithstanding anything to the contrary herein, any premium paid in connection with the repayment of Indebtedness of the Company in connection with the Transactions and interest on the Trust Securities paid on or prior to January 1, 2005 shall not be included in Consolidated Interest Expense.

"Consolidated Leverage Ratio" as of any date of determination means the ratio of:

(1) Consolidated Indebtedness at such time to

(2) the aggregate amount of EBITDA for the period of the most recent four consecutive fiscal quarters ending at least 45 days prior to the date of such determination;

provided, however, that:

(A) if the Company or any Restricted Subsidiary has Incurred any Indebtedness since the beginning of such period that remains outstanding on such date of determination or if the transaction giving rise to the need to calculate the Consolidated Leverage Ratio is an Incurrence of Indebtedness, EBITDA for such period shall be calculated after giving effect on a pro forma basis to such Indebtedness as if such Indebtedness had been Incurred on the first day of such period and the discharge of any other Indebtedness repaid, repurchased, defeased or otherwise discharged with the proceeds of such new Indebtedness as if such discharge had occurred on the first day of such period,

(B) if the Company or any Restricted Subsidiary has repaid, repurchased, defeased or otherwise discharged any Indebtedness since the beginning of such period or if any Indebtedness is to be repaid, repurchased, defeased or otherwise discharged (in each case other than Indebtedness Incurred under any revolving credit facility unless such Indebtedness has been permanently repaid and has not been replaced) on the date of the transaction giving rise to the need to calculate the Consolidated Leverage Ratio, EBITDA for such period shall be calculated on a pro forma basis as if such discharge had occurred on the first day of such period and as if the Company or such Restricted Subsidiary has not earned the interest income actually earned during such period in respect of cash or Temporary Cash Investments used to repay, repurchase, defease or otherwise discharge such Indebtedness,

(C) if since the beginning of such period the Company or any Restricted Subsidiary shall have made any Asset Disposition, the EBITDA for such period shall be reduced by an amount equal

to the EBITDA (if positive) directly attributable to the assets that are the subject of such Asset Disposition for such period or increased by an amount equal to the EBITDA (if negative) directly attributable thereto for such period,

(D) if since the beginning of such period the Company or any Restricted Subsidiary (by merger or otherwise) shall have made an Investment in any Restricted Subsidiary (or any Person that becomes a Restricted Subsidiary) or an acquisition of assets, including any acquisition of assets occurring in connection with a transaction causing a calculation to be made hereunder, which constitutes all or substantially all of an operating unit of a business, EBITDA for such period shall be calculated after giving pro forma effect thereto (including the Incurrence of any Indebtedness) as if such Investment or acquisition occurred on the first day of such period,

(E) if since the beginning of such period any Person (that subsequently became a Restricted Subsidiary or was merged with or into the Company or any Restricted Subsidiary since the beginning of such period) shall have Incurred any Indebtedness or discharged any Indebtedness or made any Asset Disposition or any Investment or acquisition of assets that would have required an adjustment pursuant to clause (C) or (D) above if made by the Company or a Restricted Subsidiary during such period, EBITDA for such period shall be calculated after giving pro forma effect thereto as if such Incurrence, discharge, Asset Disposition, Investment or acquisition of assets occurred on the first day of such period, and

(F) if since the beginning of such period, the Specified Subsidiary Group has been designated as Unrestricted Subsidiaries, EBITDA for such period shall be calculated after giving pro forma effect thereto as if such designation occurred on the first day of such period.

For purposes of this definition, whenever pro forma effect is to be given to any calculation under this definition, the pro forma calculations shall be determined

in good faith by a responsible financial or accounting Officer of the Company and (i) shall comply, to the extent not inconsistent with the provisions of this Indenture, with the requirements of Rule 11-02 of Regulation S-X of the SEC and (ii) may include adjustments for operating expense reductions that would be permitted by such Rule.

If any Indebtedness bears a floating rate of interest and is being given pro forma effect, the interest expense on such Indebtedness shall be calculated as if the rate in effect on the date of determination had been the applicable rate for the entire period (taking into account any Interest Rate Agreement applicable to such Indebtedness if such Interest Rate Agreement has a remaining term as at the date of determination in excess of 12 months).

"Consolidated Net Income" means, for any period, the net income (loss) of the Company and its Consolidated Subsidiaries for such period; provided, however, that there shall not be included in such Consolidated Net Income:

(1) any net income of any Person (other than the Company) if such Person is not a Restricted Subsidiary, except that:

(A) subject to the limitations contained in clause (4) below, the Company's equity in the net income of any such Person for such period shall be included in such Consolidated Net Income up to the aggregate amount of cash actually distributed by such Person during such period to the Company or a Restricted Subsidiary as a dividend or other distribution (subject, in the case of a dividend or other distribution made to a Restricted Subsidiary, to the limitations contained in clause (3) below) and

(B) the Company's equity in a net loss of any such Person for such period shall be included in determining such Consolidated Net Income;

(2) any net income (or loss) of any Person acquired by the Company or a Subsidiary of the Company in a pooling of interests transaction for any period prior to the date of such acquisition;

(3) any net income (or loss) of any Restricted Subsidiary if such Restricted Subsidiary is subject to

restrictions, directly or indirectly, on the payment of dividends or the making of distributions by such Restricted Subsidiary, directly or indirectly, to the Company, except that:

(A) subject to the limitations contained in clause (4) below, the Company's equity in the net income of any such Restricted Subsidiary for such period shall be included in such Consolidated Net Income up to the aggregate amount of cash permitted to be distributed by such Restricted Subsidiary during such period to the Company or another Restricted Subsidiary as a dividend or other distribution (subject, in the case of a dividend or other distribution made to another Restricted Subsidiary, to the limitation contained in this clause) and

(B) the Company's equity in a net loss of any such Restricted Subsidiary for such period shall be included in determining such Consolidated Net Income;

(4) any gain (but not loss) realized upon the sale or other disposition of any asset of the Company or its Consolidated Subsidiaries (including pursuant to any Sale/Leaseback Transaction) that is not sold or otherwise disposed of in the ordinary course of business and any gain (but not loss) realized upon the sale or other disposition of any Capital Stock of any Person;

(5) the net after tax effect of any extraordinary gain or loss (including all fees and expenses related to such extraordinary gain or loss) or of any impairment loss on or writedown of goodwill; and

(6) the cumulative effect of a change in accounting principles.

Notwithstanding the foregoing, for the purpose of Sections 4.04 and 4.13 only, there shall be excluded from Consolidated Net Income any dividends, repayments of loans or advances or other transfers of assets from Unrestricted Subsidiaries to the Company or a Restricted Subsidiary to the extent such dividends, repayments or transfers increase

the amount of Restricted Payments permitted under Section 4.04(a)(4)(C)(iv).

"Consolidated Net Worth" means the total of the amounts shown on the balance sheet of the Company and its Restricted Subsidiaries, determined on a Consolidated basis, as of the end of the most recent fiscal quarter of the Company ending at least 45 days prior to the taking of any action for the purpose of which the determination is being made, as

(1) the par or stated value of all outstanding Capital Stock of the Company plus,

(2) paid-in capital or capital surplus relating to such Capital Stock plus,

(3) any retained earnings or earned surplus less,

(A) any accumulated deficit, and

(B) any amounts attributable to Disqualified Stock.

"Consolidation" means the consolidation of the accounts of each of the Restricted Subsidiaries with those of the Company in accordance with GAAP consistently applied; provided, however, that "Consolidation" will not include consolidation of the accounts of any Unrestricted Subsidiary, but the interest of the Company or any Restricted Subsidiary in an Unrestricted Subsidiary will be accounted for as an investment. The term "Consolidated" has a correlative meaning.

"Credit Agreement" means the credit agreement dated as of February 24, 2004, among the Company, Bank One, NA and others, together with any guarantees, collateral documents, instruments and agreements executed in connection therewith, in each case, as amended, restated, supplemented, waived, replaced (whether or not upon termination, and whether with the original lenders or otherwise), refinanced, restructured or otherwise modified from time to time (except to the extent that any such amendment, restatement, supplement, waiver, replacement, refinancing, restructuring or other modification thereto would be prohibited by the terms of this Indenture, unless otherwise agreed to by the Holders of at least a majority

in aggregate principal amount of Securities at the time outstanding).

"Currency Agreement" means with respect to any Person any foreign exchange contract, currency swap agreements or other similar agreement or arrangement to which such Person is a party or of which it is a beneficiary.

"Customary Transition Agreement" means any agreement to which both (x) the Company or any of its Restricted Subsidiaries and (y) any Person that is part of the Specified Subsidiary Group (or any director or officer of any such Person) is a party, which is entered into in connection with the carve out, spin off or split off of the Specified Subsidiary Group from the Company, including any agreement that provides for the sale, transfer, disposition or allocation of assets and liabilities (including contingent and tax liabilities and including indemnification arrangements in connection therewith), the sale or disposition of capital stock of the Specified Subsidiary Group (including underwriting agreements), the provision of transition services (including administrative, tax, accounting and insurance services) or the licensing or leasing of property (such as intellectual property or real property); provided that:

(1) the Specified Subsidiary Group is (or has been) designated as Unrestricted Subsidiaries as permitted by Section 4.13;

(2) such agreements are customary in carve out, spin off or split off transactions; and

(3) the terms of such agreements, taken as a whole, are fair to the Company and its Restricted Subsidiaries.

"Default" means any event which is, or after notice or passage of time or both would be, an Event of Default.

"Disqualified Stock" means, with respect to any Person, any Capital Stock which by its terms (or by the terms of any security into which it is convertible or for which it is exchangeable or exercisable) or upon the happening of any event:

(1) matures or is mandatorily redeemable pursuant to a sinking fund obligation or otherwise,

(2) is convertible or exchangeable for Indebtedness or Disqualified Stock (excluding Capital Stock convertible or exchangeable solely at the option of the Company or a Restricted Subsidiary; provided, however, that any such conversion or exchange shall be deemed an Incurrence of Indebtedness or Disqualified Stock, as applicable) or

(3) is redeemable at the option of the holder thereof, in whole or in part,

in the case of each of clauses (1), (2) and (3), on or prior to the first anniversary of the Stated Maturity of the Securities; provided, however, that any Capital Stock that would not constitute Disqualified Stock but for provisions thereof giving holders thereof the right to require such Person to repurchase or redeem such Capital Stock upon the occurrence of an "asset sale" or "change of control" occurring prior to the first anniversary of the Stated Maturity of the Securities shall not constitute Disqualified Stock if the "asset sale" or "change of control" provisions applicable to such Capital Stock are not more favorable to the holders of such Capital Stock than the provisions applicable to the Securities in Sections 4.06 and 4.10.

"EBITDA" for any period means the Consolidated Net Income for such period, plus, without duplication, the following to the extent deducted in calculating such Consolidated Net Income:

(1) income tax expense of the Company and its Consolidated Restricted Subsidiaries,

(2) Consolidated Interest Expense,

(3) depreciation expense of the Company and its Consolidated Restricted Subsidiaries,

(4) amortization expense of the Company and its Consolidated Restricted Subsidiaries (including amortization recorded in connection with the application of Financial Accounting Standard No. 142 (Goodwill and Other Intangibles)),

(5) payments made in connection with the Non-Competition and Consulting Agreement dated as of December 18, 2003, between the Company and Hugh Westbrook (the "Westbrook Agreement") in the amount of $25.0 million and transaction fees and expenses paid in connection with the Transactions,

(6) any severance payments related to the acquisition of Vitas, as contemplated by the Private Placement Memorandum and not to exceed $14.5 million, plus any related employment taxes and employee benefit charges,

(7) dividends, distributions and payments not in excess of $2.8 million under the Closing Date Stock Award Plan, and

(8) all other noncash charges of the Company and its Consolidated Restricted Subsidiaries (excluding any such noncash charge to the extent it represents an accrual of or reserve for cash expenditures in any future period) less all non-cash items of income of the Company and its Consolidated Restricted Subsidiaries,

in each case for such period.

Notwithstanding the foregoing, the provision for taxes based on the income or profits of, and the depreciation and amortization and noncash charges of, a Restricted Subsidiary of the Company shall be added to Consolidated Net Income to compute EBITDA only to the extent (and in the same proportion) that the net income (loss) of such Restricted Subsidiary was included in calculating Consolidated Net Income and only if a corresponding amount would be permitted at the date of determination to be dividended to the Company by such Restricted Subsidiary without prior approval (that has not been obtained), pursuant to the terms of its charter and all agreements, instruments, judgments, decrees, orders, statutes, rules and governmental regulations applicable to such Restricted Subsidiary or its stockholders.

"Equity Offering" means a public or private offering of Capital Stock of the Company pursuant to an effective registration statement under the Securities Act or pursuant to an exemption to the registration requirements under the Securities Act.

"Exchange Act" means the Securities Exchange Act of 1934, as amended.

"Exchange Securities" means the debt securities of the Company issued pursuant to this Indenture in exchange for, and in an aggregate principal amount equal to, the Initial Securities, in compliance with the terms of the Registration Rights Agreement.

"Fair Market Value" means, with respect to any asset or property, the price which could be negotiated in an arm's-length, free market transaction, for cash, between a willing seller and a willing and able buyer, neither of whom is under undue pressure or compulsion to complete the transaction. For all purposes of this Indenture, the Fair Market Value of property or assets which involve an aggregate amount in excess of $25.0 million shall be set forth in a resolution approved by the Board of Directors in good faith; provided that for property or assets, other than cash, Indebtedness or readily marketable securities, in an aggregate amount in excess of $50.0 million, Fair Market Value shall be determined in writing by a nationally recognized appraisal or investment banking firm.

"Floating Rate Notes" means the Floating Rate Senior Secured Notes due 2010 issued by the Company under the Indenture dated as of February 24, 2004, between the Company, certain of its subsidiaries and Wells Fargo Bank, N.A., as trustee, and any exchange notes issued under such indenture.

"GAAP" means generally accepted accounting principles in the United States of America as in effect as of the Closing Date, including those set forth in:

(1) the opinions and pronouncements of the Accounting Principles Board of the American Institute of Certified Public Accountants,

(2) statements and pronouncements of the Financial Accounting Standards Board,

(3) such other statements by such other entities as approved by a significant segment of the accounting profession, and

(4) the rules and regulations of the SEC governing the inclusion of financial statements

(including pro forma financial statements) in periodic reports required to be filed pursuant to Section 13 of the Exchange Act, including opinions and pronouncements in staff accounting bulletins and similar written statements from the accounting staff of the SEC.

All ratios and computations based on GAAP contained in this Indenture shall be computed in conformity with GAAP.

"Guarantee" means any obligation, contingent or otherwise, of any Person directly or indirectly guaranteeing any Indebtedness or other obligation of any other Person and any obligation, direct or indirect, contingent or otherwise, of such Person:

(1) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness or other obligation of such other Person (whether arising by virtue of partnership arrangements, or by agreements to keep-well, to purchase assets, goods, securities or services, to take-or-pay, or to maintain financial statement conditions or otherwise) or

(2) entered into for purposes of assuring in any other manner the obligee of such Indebtedness or other obligation of the payment thereof or to protect such obligee against loss in respect thereof (in whole or in part);

provided, however, that the term "Guarantee" shall not include endorsements for collection or deposit in the ordinary course of business. The term "Guarantee" used as a verb has a corresponding meaning. The term "Guarantor" shall mean any Person Guaranteeing any obligation.

"Hedging Obligations" of any Person means the obligations of such Person pursuant to any Interest Rate Agreement or Currency Agreement.

"Holder" or "Securityholder" means the Person in whose name a Security is registered on the Registrar's books.

"Incur" means issue, assume, Guarantee, incur or otherwise become liable for; provided, however, that any

Indebtedness or Capital Stock of a Person existing at the time such Person becomes a Subsidiary (whether by merger, consolidation, acquisition or otherwise) shall be deemed to be Incurred by such Person at the time it becomes a Subsidiary. The term "Incurrence" when used as a noun shall have a correlative meaning. Solely for purposes of determining compliance with Section 4.03:

(1) amortization of debt discount or the accretion of principal with respect to a non-interest bearing or other discount security;

(2) the payment of regularly scheduled interest in the form of additional Indebtedness of the same instrument or the payment of regularly scheduled dividends on Capital Stock (other than Disqualified Stock) in the form of additional Capital Stock of the same class and with the same terms; and

(3) the obligation to pay a premium in respect of Indebtedness arising in connection with the issuance of a notice of redemption or the making of a mandatory offer to purchase such Indebtedness

will not be deemed to be the Incurrence of Indebtedness.

"Indebtedness" means, with respect to any Person on any date of determination, without duplication:

(1) the principal of and premium (if any) in respect of indebtedness of such Person for borrowed money;

(2) the principal of and premium (if any) in respect of obligations of such Person evidenced by bonds, debentures, notes or other similar instruments;

(3) all obligations of such Person in respect of letters of credit or other similar instruments (including reimbursement obligations with respect thereto but excluding obligations in respect of letters of credit securing obligations (other than obligations in clauses (1), (2), (4) or (5) hereof) entered into in the ordinary course of business of such Person to the extent such letters of credit are not drawn upon or, if and to the extent drawn upon, such drawing is reimbursed no later than the tenth

Business Day following payment on the letter of credit);

(4) all obligations of such Person to pay the deferred and unpaid purchase price of property or services (except Trade Payables or other obligations arising in the ordinary course of business), which purchase price is due more than six months after the date of placing such property in service or taking delivery and title thereto or the completion of such services;

(5) all Capitalized Lease Obligations and all Attributable Debt of such Person;

(6) the amount of all obligations of such Person with respect to the redemption, repayment or other repurchase of any Disqualified Stock or, with respect to any Subsidiary of such Person, any Preferred Stock (but excluding, in each case, any accrued dividends);

(7) all Indebtedness of other Persons secured by a Lien on any asset of such Person, whether or not such Indebtedness is assumed by such Person; provided, however, that the amount of Indebtedness of such Person shall be the lesser of:

(A) the Fair Market Value of such asset at such date of determination and

(B) the amount of such Indebtedness of such other Persons;

(8) all net obligations of such person in respect of Interest Rate Agreements or Currency Agreements; and

(9) all obligations of the type referred to in clauses (i) through (viii) of other Persons and all dividends of other Persons for the payment of which, in either case, such Person is responsible or liable, directly or indirectly, as obligor, guarantor or otherwise, including by means of any Guarantee.

The amount of Indebtedness of any Person at any date shall be the outstanding balance at such date of all unconditional obligations as described above and the maximum liability, upon the occurrence of the contingency

giving rise to the obligation, of any contingent obligations at such date.

"Interest Period" means, for any interest payment date, a period from and including the preceding interest payment date to but excluding such interest payment date, provided, however, that the initial Interest Period will be the period from and including the series issuance date to but excluding the August 15, 2004 interest payment date.

"Interest Rate Agreement" means with respect to any Person any interest rate protection agreement, interest rate future agreement, interest rate option agreement, interest rate swap agreement, interest rate cap agreement, interest rate collar agreement, interest rate hedge agreement or other similar agreement or arrangement to which such Person is party or of which it is a beneficiary.

"Investment" in any Person means any direct or indirect advance, loan (other than advances to customers in the ordinary course of business that are recorded as accounts receivable on the balance sheet of the lender) or other extension of credit (including by way of Guarantee or similar arrangement) or capital contribution to (by means of any transfer of cash or other property to others or any payment for property or services for the account or use of others), or any purchase or acquisition of Capital Stock, Indebtedness or other similar instruments issued by such Person. Except as otherwise provided for herein, the amount of an Investment shall be its fair value at the time the Investment is made and without giving effect to subsequent changes in value. For purposes of the definition of "Unrestricted Subsidiary" and Section 4.04:

(1) "Investment" shall include the portion (proportionate to the Company's equity interest in such Subsidiary) of the Fair Market Value of the net assets of any Subsidiary of the Company at the time that such Subsidiary is designated an Unrestricted Subsidiary; provided, however, that upon a redesignation of such Subsidiary as a Restricted Subsidiary, the Company shall be deemed to continue to have a permanent "Investment" in an Unrestricted Subsidiary in an amount (if positive) equal to:

(A) the Company's "Investment" in such Subsidiary at the time of such redesignation less

(B) the portion (proportionate to the Company's equity interest in such Subsidiary) of the Fair Market Value of the net assets of such Subsidiary at the time of such redesignation; and

(2) any property transferred to or from an Unrestricted Subsidiary shall be valued at its Fair Market Value at the time of such transfer.

"Issue Date" means February 24, 2004.

"Legal Holiday" means a Saturday, Sunday or other day on which banking institutions are not required by law or regulation to be open in the State of Illinois.

"Lien" means any mortgage, pledge, security interest, encumbrance, lien or charge of any kind (including any conditional sale or other title retention agreement or lease in the nature thereof).

"Net Available Cash" from an Asset Disposition means cash payments received (including any cash payments received by way of deferred payment of principal pursuant to a note or installment receivable or otherwise and proceeds from the sale or other disposition of any securities received as consideration, but only as and when received, but excluding any other consideration received in the form of assumption by the acquiring Person of Indebtedness or other obligations relating to the properties or assets that are the subject of such Asset Disposition or received in any other noncash form) therefrom, in each case net of:

(1) all legal, accounting, investment, banking, title and recording tax expenses, commissions and other fees and expenses incurred, and all Federal, state, provincial, foreign and local taxes required to be paid or accrued as a liability under GAAP, as a consequence of such Asset Disposition,

(2) all payments made on any Indebtedness other than Indebtedness under the indenture for the Floating Rate Notes and the Credit Agreement which is secured by any assets subject to such Asset Disposition, in accordance with the terms of any Lien upon or other security agreement of any kind with respect to such assets, or which must by its terms, or in order to obtain a consent to such Asset Disposition, or by

applicable law be repaid out of the proceeds from such Asset Disposition,

(3) all distributions and other payments required to be made to minority interest holders in Subsidiaries or joint ventures as a result of such Asset Disposition and

(4) appropriate amounts to be provided by the seller as a reserve, in accordance with GAAP, against any liabilities associated with the property or other assets disposed of in such Asset Disposition and retained by the Company or any Restricted Subsidiary after such Asset Disposition or liabilities under indemnification obligations associated with such Asset Disposition or any purchase price adjustments.

"Net Cash Proceeds", with respect to any issuance or sale of Capital Stock, means the cash proceeds of such issuance or sale net of attorneys' fees, accountants' fees, underwriters' or placement agents' fees, discounts or commissions and brokerage, consultant and other fees actually incurred in connection with such issuance or sale and net of taxes paid or payable as a result thereof.

"Non-Recourse Debt" means Indebtedness as to which neither the Company nor any Restricted Subsidiary (a) provides any Guarantee or credit support of any kind (including any undertaking, guarantee, indemnity, agreement or instrument that would constitute Indebtedness) or (b) is directly or indirectly liable (as guarantor or otherwise); and (c) as to which there is no recourse against any of the assets of the Company or its Restricted Subsidiaries (other than assets or Capital Stock of Unrestricted Subsidiaries, provided however, that Indebtedness of an Unrestricted Subsidiary which consists of a Guarantee of Indebtedness of the Company or a Restricted Subsidiary to a Person other than an Unrestricted Subsidiary, or a lien on property or stock of an Unrestricted Subsidiary that secures Indebtedness of the Company or a Restricted Subsidiary to a Person other than an Unrestricted Subsidiary, shall be deemed to constitute Non-Recourse Debt as long as the Unrestricted Subsidiary does not have recourse against the Company or a Restricted Subsidiary under such Indebtedness.

"Officer" means the Chairman of the Board, the Chief Executive Officer, the Chief Financial Officer, the

President, any Vice President, the Treasurer or the Secretary of the Company.

"Officers' Certificate" means a certificate signed by two Officers.

"Opinion of Counsel" means a written opinion from legal counsel who is acceptable to the Trustee. The counsel may be an employee of or counsel to the Company or the Trustee.

"Permitted Business" means any business engaged in by the Company or any Restricted Subsidiary on the Closing Date and any related, ancillary or complementary business.

"Permitted Investment" means an Investment by the Company or any Restricted Subsidiary in:

(1) the Company, a Restricted Subsidiary or a Person that will, upon the making of such Investment, become a Restricted Subsidiary; provided, however, that the primary business of such Restricted Subsidiary is a Permitted Business;

(2) another Person if as a result of such Investment such other Person is merged or consolidated with or into, or transfers or conveys all or substantially all its assets to, the Company or a Restricted Subsidiary; provided, however, that such Person's primary business is a Permitted Business;

(3) Temporary Cash Investments;

(4) receivables owing to the Company or any Restricted Subsidiary if created or acquired in the ordinary course of business and payable or dischargeable in accordance with customary trade terms; provided, however, that such trade terms may include such concessionary trade terms as the Company or any such Restricted Subsidiary deems reasonable under the circumstances;

(5) payroll, travel and similar advances to cover matters that are expected at the time of such advances ultimately to be treated as expenses for accounting purposes and that are made in the ordinary course of business;

(6) loans or advances to employees made in the ordinary course of business consistent with prudent practices and applicable law and not exceeding $2 million at any time outstanding;

(7) stock, obligations or securities received in settlement of debts created in the ordinary course of business and owing to the Company or any Restricted Subsidiary or in satisfaction of judgments;

(8) any Person to the extent such Investment represents the noncash portion of the consideration received for an Asset Disposition that was made pursuant to and in compliance with Section 4.06;

(9) the Specified Subsidiary Group following any designation of the Specified Subsidiary Group as Unrestricted Subsidiaries pursuant to Section 4.13;

(10) any Person; provided, that the payment for such Investments consists solely of Capital Stock of the Company (other than Disqualified Stock);

(11) any Person consisting of the licensing of intellectual property pursuant to joint ventures, strategic alliances or joint marketing arrangements with such Person, in each case made in the ordinary course of business;

(12) a vendor or supplier consisting of loans or advances to such vendor or supplier in connection with any guarantees to the Company or any Restricted Subsidiary of supply by, or to fund the supply capacity of, such vendor or supplier, in any case not to exceed $2.0 million at any one time outstanding;

(13) loans and other Investments in independent contractors and subcontractors of the Company or its Restricted Subsidiaries, not to exceed $4.0 million at any one time outstanding; or

(14) any other Investments to the extent such Investments, when taken together with all other Investments made pursuant to this clause (14) outstanding on the date such Investment is made, do not exceed $5.0 million.

"Permitted Liens" means, with respect to any Person:

(1) pledges or deposits by such Person under worker's compensation laws, unemployment insurance laws or similar legislation, or good faith deposits in connection with bids, tenders, contracts (other than for the payment of Indebtedness) or leases to which such Person is a party, or deposits to secure public or statutory obligations of such Person or deposits of cash or United States government bonds to secure surety or appeal bonds to which such Person is a party, or deposits as security for contested taxes or import duties or for the payment of rent, in each case Incurred in the ordinary course of business;

(2) Liens imposed by law, such as landlords', carriers', warehousemen's and mechanics' Liens, in each case for sums not yet due or being contested in good faith by appropriate proceedings or other Liens arising out of judgments or awards against such Person with respect to which such Person shall then be proceeding with an appeal or other proceedings for review;

(3) Liens for taxes, assessments or governmental charges or levies either not yet due or payable or subject to penalties for non-payment or which are being contested in good faith by appropriate proceedings;

(4) Liens in favor of issuers of surety bonds or letters of credit issued pursuant to the request of and for the account of such Person in the ordinary course of its business; provided, however, that such letters of credit do not constitute Indebtedness;

(5) minor survey exceptions, minor encumbrances, easements or reservations of, or rights of others for, licenses, rights-of-way, sewers, electric lines, telegraph and telephone lines and other similar purposes, or zoning or other restrictions as to the use of real property or Liens incidental to the conduct of the business of such Person or to the ownership of its properties which were not Incurred in connection with Indebtedness and which do not in the aggregate materially adversely affect the value of

said properties or materially impair their use in the operation of the business of such Person;

(6) Liens securing Indebtedness permitted to be Incurred pursuant to Section 4.03(b)(8); provided, however, that the Lien may not extend to any other property owned by such Person or any of its Subsidiaries at the time the Lien is Incurred;

(7) Liens to secure Indebtedness permitted pursuant to paragraph (a) or clauses (1), (3)(B), (9) or (13) of Section 4.03(b) and other Credit Agreement Obligations;

(8) Liens existing on the Closing Date;

(9) Liens on property or shares of stock of another Person at the time such other Person becomes a Subsidiary of such Person; provided, however, that such Liens are not created, Incurred or assumed in connection with, or in contemplation of, such other Person becoming such a Subsidiary; provided further, however, that such Liens do not extend to any other property owned by such Person or any of its Subsidiaries;

(10) Liens on property at the time such Person or any of its Subsidiaries acquires the property, including any acquisition by means of a merger or consolidation with or into such Person or any Subsidiary of such Person; provided, however, that such Liens are not created, Incurred or assumed in connection with, or in contemplation of, such acquisition; provided further, however, that the Liens do not extend to any other property owned by such Person or any of its Subsidiaries;

(11) Liens securing obligations under Hedging Obligations so long as such obligations relate to Indebtedness permitted to be Incurred pursuant to Section 4.03 that is, and is permitted under this Indenture to be, secured by a Lien on the same property securing such obligations;

(12) Liens to secure any Refinancing (or successive Refinancings) as a whole, or in part, of any Indebtedness secured by any Lien referred to in

the foregoing clauses (6), (7), (8), (9) or (10); provided, however, that:

(A) such new Lien shall be limited to all or part of the same property that secured the original Lien (plus improvements to or on such property) and

(B) the Indebtedness secured by such Lien at such time is not increased to any amount greater than the sum of:

(x) the outstanding principal amount or, if greater, committed amount of the Indebtedness secured by Liens described under clauses (6), (7), (8), (9) or (10) at the time the original Lien became a Permitted Lien under this Indenture and

(y) an amount necessary to pay any fees and expenses, including premiums, related to such Refinancings; and

(13) Liens to secure Indebtedness permitted to be Incurred pursuant to Section 4.03 or other obligations in an aggregate principal amount which, when taken together with all other Indebtedness and obligations secured by Liens pursuant to this clause (13) and remaining outstanding, does not exceed $10.0 million at any time.

"Person" means any individual, corporation, partnership, limited liability company, joint venture, association, joint-stock company, trust, unincorporated organization, government or any agency or political subdivision thereof or any other entity.

"Preferred Stock", as applied to the Capital Stock of any Person, means Capital Stock of any class or classes (however designated) that is preferred as to the payment of dividends, or as to the distribution of assets upon any voluntary or involuntary liquidation or dissolution of such Person, over shares of Capital Stock of any other class of such Person.

"principal" of a Security means the principal of the Security plus the premium, if any, payable on the

Security which is due or overdue or is to become due at the relevant time.

"Private Placement Memorandum" means the Private Placement Memorandum dated February 24, 2004, relating to the issuance by Roto-Rooter, Inc. of (i) 2,000,000 shares of Capital Stock, par value $1.00 per share, (ii) $110.0 million of Floating Rate Notes and (iii) $150.0 million of Securities.

"Purchase Money Indebtedness" means Indebtedness:

(1) consisting of the deferred purchase price of property, conditional sale obligations, obligations under any title retention agreement, other purchase money obligations and obligations in respect of industrial revenue bonds, in each case where the maturity of such Indebtedness does not exceed the anticipated useful life of the property being financed, and

(2) Incurred to finance the acquisition, construction or lease by the Company or a Restricted Subsidiary of the property, including additions and improvements thereto;

provided, however, that the Indebtedness is Incurred within 180 days after the acquisition, construction or lease of the property by the Company or Restricted Subsidiary.

"Qualifying Subsidiary Stock Distribution" means a distribution by the Company to its shareholders of the Capital Stock of RRM (if RRM is the Specified Subsidiary) if after giving effect thereto (and to any transactions consummated in connection therewith) (x) at least 10% of such Capital Stock (calculated on a fully diluted basis) would be held by persons other than the Company, any Subsidiary of the Company, any director or officer of any of the foregoing or any employee stock ownership plan or other trust established by the Company or any of its Subsidiaries; and (y) the Company has designated, or would then be permitted to designate, the Specified Subsidiary Group as Unrestricted Subsidiaries pursuant to the conditions set forth in Section 4.13.

"Qualifying Subsidiary Stock Sale" means a sale of Capital Stock of the Specified Subsidiary pursuant to an underwritten public offering or private sale, whether by

means of a primary offering or a sale by the Company or any subsidiary thereof, after which at least 10% of such Capital Stock (calculated on a fully diluted basis) is held by persons other than the Company, a subsidiary of the Company, a director or officer of any of the foregoing or any employee stock ownership plan or other trust established by the Company or any of its Subsidiaries. The exercise of an underwriter's overallotment option shall be construed as part of the same Qualifying Subsidiary Stock Sale with respect to which such option was granted.

"Refinance" means, in respect of any Indebtedness, to refinance, extend, renew, refund, repay, prepay, redeem, defease or retire, or to issue other Indebtedness exchange or replacement for, such Indebtedness. "Refinanced" and "Refinancing" shall have correlative meanings.

"Refinancing Indebtedness" means Indebtedness that is Incurred to Refinance any Indebtedness of the Company or any Restricted Subsidiary existing on the Closing Date or Incurred in compliance with this Indenture (including Indebtedness of the Company that Refinances Refinancing Indebtedness); provided, however, that:

(1) the Refinancing Indebtedness has a Stated Maturity no earlier than the Stated Maturity of the Indebtedness being Refinanced;

(2) the Refinancing Indebtedness has an Average Life at the time such Refinancing Indebtedness is Incurred that is equal to or greater than the Average Life of the Indebtedness being Refinanced;

(3) such Refinancing Indebtedness is Incurred in an aggregate principal amount (or if issued with original issue discount, an aggregate issue price) that is equal to or less than the aggregate principal amount (or if issued with original issue discount, the aggregate accreted value) then outstanding of the Indebtedness being Refinanced; and

(4) if the Indebtedness being Refinanced is contractually subordinated in right of payment to the Securities, such Refinancing Indebtedness is contractually subordinated in right of payment to the Securities at least to the same extent as the Indebtedness being Refinanced;

provided further, however, that Refinancing Indebtedness shall not include:

(A) Indebtedness of a Restricted Subsidiary that Refinances Indebtedness of the Company or

(B) Indebtedness of the Company or a Restricted Subsidiary that Refinances Indebtedness of an Unrestricted Subsidiary.

"Registration Rights Agreement" means the Registration Rights Agreement dated as of February 24, 2004, among the Company, the initial Holders, the initial holders of the Floating Rate Notes and certain other Persons.

"Restricted Subsidiary" means any Subsidiary of the Company other than an Unrestricted Subsidiary.

"RRM" means Roto-Rooter Management Company or any successor thereto by any merger or consolidation which is permitted under this Indenture ("RR Management") or, at the election of the Company (which shall be specified in writing to the Trustee) for purposes of the designation of the Specified Subsidiary, RRM shall mean any Subsidiary of the Company of which RR Management is a Wholly Owned Subsidiary and which owns no other assets other than assets incidental to the ownership of RR Management.

"Sale/Leaseback Transaction" means an arrangement relating to property now owned or hereafter acquired by the Company or a Restricted Subsidiary whereby the Company or a Restricted Subsidiary transfers such property to a Person and the Company or such Restricted Subsidiary leases it from such Person, other than leases between the Company and a Wholly Owned Subsidiary or between Wholly Owned Subsidiaries.

"SEC" means the Securities and Exchange Commission.

"Secured Indebtedness" means any Indebtedness of the Company secured by a Lien.

"Senior Indebtedness" of the Company or any Subsidiary means the principal of, premium (if any) and accrued and unpaid interest on (including interest accruing on or after the filing of any petition in bankruptcy or for

reorganization of the Company or any Subsidiary, regardless of whether or not a claim for post-filing interest is allowed in such proceedings), and fees and other amounts owing in respect of, Indebtedness of the Company or any Subsidiary, as applicable, whether outstanding on the Closing Date or thereafter Incurred, unless in the instrument creating or evidencing the same or pursuant to which the same is outstanding it is provided that such obligations are subordinated in right of payment to the Securities; provided, however, that Senior Indebtedness of the Company or any Subsidiary shall not include:

(1) any obligation of the Company to any Subsidiary of the Company or of such Subsidiary to the Company or any other Subsidiary of the Company;

(2) any liability for Federal, state, local or other taxes owed or owing by the Company or such Subsidiary, as applicable;

(3) any accounts payable or other liability to trade creditors arising in the ordinary course of business (including Guarantees thereof or instruments evidencing such liabilities);

(4) any Indebtedness or obligation of the Company (and any accrued and unpaid interest in respect thereof) that by its terms is subordinate or junior in any respect to any other Indebtedness or obligation of the Company or such Subsidiary, as applicable, including any Senior Subordinated Indebtedness and any Subordinated Obligations of the Company or such Subsidiary, as applicable;

(5) any obligations with respect to any Capital Stock; or

(6) any Indebtedness Incurred in violation of this Indenture.

"Significant Subsidiary" means any Restricted Subsidiary that would be a "Significant Subsidiary" of the Company within the meaning of Rule 1-02 under Regulation S-X promulgated by the SEC.

"Specified Subsidiary" shall mean the Subsidiary of the Company that is designated as the Specified Subsidiary pursuant to Section 4.13.

"Specified Subsidiary Group" shall mean the Subsidiary of the Company that is designated as the Specified Subsidiary pursuant to the covenant described under Section 4.13, together with all Subsidiaries of such Person.

"Stated Maturity" means, with respect to any security, the date specified in such security as the fixed date on which the final payment of principal of such security is due and payable, including pursuant to any mandatory redemption provision (but excluding any provision providing for the repurchase of such security at the option of the holder thereof upon the happening of any contingency beyond the control of the issuer unless such contingency has occurred).

"Subordinated Chemed Debentures" means the Convertible Junior Subordinated Debentures due 2030, issued by the Company pursuant to the indenture dated as of February 7, 2000, between the Company and Firstar Bank, National Association, as trustee.

"Subordinated Obligation" means any Indebtedness of the Company (whether outstanding on the Closing Date or thereafter Incurred) that is subordinate or junior in right of payment to the Securities pursuant to a written agreement.

"Subsidiary" of any Person means any corporation, association, partnership or other business entity of which more than 50% of the total voting power of shares of Capital Stock or other interests (including partnership interests) entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers or trustees thereof is at the time owned or controlled, directly or indirectly, by:

(1) such Person,

(2) such Person and one or more Subsidiaries of such Person or

(3) one or more Subsidiaries of such Person.

"Temporary Cash Investments" means any of the following:

(1) any investment in direct obligations of the United States of America or any agency thereof or obligations Guaranteed by the United States of America or any agency thereof;

(2) investments in time deposit accounts, certificates of deposit and money market deposits maturing within 180 days of the date of acquisition thereof issued by a bank or trust company that is organized under the laws of the United States of America, any state thereof or any foreign country recognized by the United States of America having capital, surplus and undivided profits aggregating in excess of $250,000,000 (or the foreign currency equivalent thereof) and whose long-term debt is rated "A" (or such similar equivalent rating) or higher by at least one nationally recognized statistical rating organization (as defined in Rule 436 under the Securities Act);

(3) repurchase obligations with a term of not more than 30 days for underlying securities of the types described in clause (1) above entered into with a bank meeting the qualifications described in clause (2) above;

(4) investments in commercial paper, maturing not more than 90 days after the date of acquisition, issued by a corporation (other than an Affiliate of the Company) organized and in existence under the laws of the United States of America or any foreign country recognized by the United States of America with a rating at the time as of which any investment therein is made of "P-1" (or higher) according to Moody's Investors Service, Inc. or "A-1" (or higher) according to Standard and Poor's Ratings Service, a division of The McGraw-Hill Companies, Inc. ("S & P"); and

(5) investments in securities with maturities of six months or less from the date of acquisition issued or fully guaranteed by any state, commonwealth or territory of the United States of America, or by any political subdivision or taxing authority thereof, and rated at least "A" by S&P or "A" by Moody's Investors Service, Inc.

"TIA" means the Trust Indenture Act of 1939 (15 U.S.C. Sections 77aaa-77bbbb) as in effect on the date of this Indenture.

"Trade Payables" means, with respect to any Person, any accounts payable or any indebtedness or monetary obligation to trade creditors created, assumed or Guaranteed by such Person arising in the ordinary course of business in connection with the acquisition of goods or services.

"Transactions" means, collectively, the following transactions, which shall be consummated on or about the date of the closing of the offering of the Original Securities: (i) the consummation of the merger of Vitas with and into an indirect Wholly Owned Subsidiary of the Company pursuant to a merger agreement dated as of December 18, 2003, among the Company, Vitas and Marlin Merger Corp., (ii) the repayment of approximately $74.4 million of existing indebtedness of Vitas, plus accrued interest thereon, (iii) the repayment of approximately $29.4 million of existing indebtedness of the Company (including a $3.0 million make whole premium), plus accrued interest thereon, (iv) the assignment of the Westbrook Agreement by the Company to Vitas, the payment of $25.0 million by Vitas to Hugh A. Westbrook pursuant to the Westbrook Agreement and the performance of the other obligations under the Westbrook Agreement, (v) the consummation of the offering and sale of Floating Rate Notes, the Original Securities and Capital Stock of the Company and the execution and delivery of notes, indentures and other agreements in connection therewith, (vi) the Company and certain of its Subsidiaries entering into the Credit Agreement and the borrowing on the Closing Date of $75.0 million thereunder (vii) the issuance or deemed issuance of letters of credit under the Credit Agreement to replace or backstop, or the cash collateralization of, letters of credit issued for the account of the Company or any of its Subsidiaries or Vitas or any of its Subsidiaries, (viii) the cancelation of a warrant held by the Company for shares of Vitas stock and (ix) the payment of fees and expenses in connection with the foregoing.

"Treasury Rate" means the yield to maturity at the time of computation of United States Treasury securities with a constant maturity (as compiled and published in the most recent Federal Reserve Statistical Release H.15(519) which has become publicly available at

least two Business Days prior to the date fixed for redemption (or, if such Statistical Release is no longer published, any publicly available source of similar market data)) most nearly equal to the then remaining average life to February 24, 2007, provided, however, that if the average life to February 24, 2007 of the Securities is not equal to the constant maturity of a United States Treasury security for which a weekly average yield is given, the Treasury Rate shall be obtained by linear interpolation (calculated to the nearest one-twelfth of a year) from the weekly average yields of United States Treasury securities for which such yields are given, except that if the average life to February 24, 2007, of the Securities is less than one year, the weekly average yield on actually traded United States Treasury securities adjusted to a constant maturity of one year shall be used.

"Trustee" means the party named as such in the Indenture until a successor replaces it and, thereafter, means the successor.

"Trust Officer" means the Chairman of the Board, the President or any other officer or assistant officer of the Trustee assigned by the Trustee to administer its corporate trust matters.

"Trust Securities" means the Chemed Preferred Securities, the Subordinated Chemed Debentures and the guarantee by the Company to the holders of the Chemed Preferred Securities of amounts payable thereunder.

"Unrestricted Subsidiary" means:

(1) any Subsidiary of the Company that at the time of determination shall be designated an Unrestricted Subsidiary by the Board of Directors in the manner provided in Section 4.13 and

(2) any Subsidiary of an Unrestricted Subsidiary.

"U.S. Government Obligations" means direct obligations (or certificates representing an ownership interest in such obligations) of the United States of America (including any agency or instrumentality thereof) for the payment of which the full faith and credit of the United States of America is pledged and which are not callable or redeemable at the issuer's option.

"Vitas" means Vitas Healthcare Corporation or any successor thereto by any merger, consolidation or other transaction which is permitted hereunder.

"VHC" means Vitas or, at the election of the Company (which shall be specified in writing to the Trustee) for purposes of the designation of the Specified Subsidiary, VHC means any Wholly Owned Subsidiary of the Company of which Vitas is a Subsidiary and which owns no other assets other than assets incidental to the ownership of Vitas.

"VNF" means Vitas of North Florida, Inc., a Florida not-for-profit corporation and a Wholly Owned Subsidiary of Vitas.

"Voting Stock" of a Person means all classes of Capital Stock or other interests (including partnership interests) of such Person then outstanding and normally entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers or trustees thereof.

"Westbrook Agreement" has the meaning assigned to such term in the definition of "EBITDA".

"Wholly Owned Subsidiary" means a Restricted Subsidiary of the Company all the Capital Stock of which (other than directors' qualifying shares or shares issued to third parties to the extent necessary to satisfy any licensing requirements under applicable law with respect to the Company's or any of its Subsidiaries' business) is owned by the Company or another Wholly Owned Subsidiary.

SECTION 1.02. OTHER DEFINITIONS.

Term	Defined in Section
"Affiliate Transaction"	4.07(a)
"Bankruptcy Law"	6.01
"Change of Control Offer"	4.09(b)
"covenant defeasance option"	8.01(b)
"Custodian"	6.01
"Event of Default"	6.01
"Initial Lien"	4.11
"legal defeasance option"	8.01(b)
"Offer"	4.06(b)
"Offer Amount"	4.06(c)(2)

"Offer Period"	4.06(c)(2)
"Paying Agent"	2.03
"Purchase Date"	4.06(c)(1)
"Registrar"	2.03
"Successor Company"	5.01(a)(1)

SECTION 1.03. INCORPORATION BY REFERENCE OF TRUST INDENTURE ACT. This Indenture is subject to the mandatory provisions of the TIA which are incorporated by reference in and made a part of this Indenture. The following TIA terms have the following meanings:

"Commission" means the SEC;

"indenture securities" means the Securities;

"indenture security holder" means a Securityholder;

"indenture to be qualified" means this Indenture;

"indenture trustee" or "institutional trustee" means the Trustee; and

"obligor" on the indenture securities means the Company and any other obligor on the indenture securities.

All other TIA terms used in this Indenture that are defined by the TIA, defined by TIA reference to another statute or defined by SEC rule have the meanings assigned to them by such definitions.

SECTION 1.04. RULES OF CONSTRUCTION. Unless the context otherwise requires:

(1) a term has the meaning assigned to it;

(2) an accounting term not otherwise defined has the meaning assigned to it in accordance with GAAP;

(3) "or" is not exclusive;

(4) "including" means including without limitation;

(5) words in the singular include the plural and words in the plural include the singular;

(6) unsecured Indebtedness shall not be deemed to be subordinate or junior to secured Indebtedness merely by virtue of its nature as unsecured Indebtedness;

(7) secured Indebtedness shall not be deemed to be subordinate or junior to any other secured Indebtedness merely because it has a junior priority with respect to the same collateral;

(8) the principal amount of any noninterest bearing or other discount security at any date shall be the principal amount thereof that would be shown on a balance sheet of the issuer dated such date prepared in accordance with GAAP;

(9) the principal amount of any Preferred Stock shall be (A) the maximum liquidation value of such Preferred Stock or (B) the maximum mandatory redemption or mandatory repurchase price with respect to such Preferred Stock, whichever is greater;

(10) all references to the date the Securities were originally issued shall refer to the Issue Date; and

(11) references to "interest" with respect to the Securities in this Indenture shall include any additional interest payable pursuant to the Registration Rights Agreement.

ARTICLE 2

THE SECURITIES

SECTION 2.01. FORM AND DATING. Provisions relating to the Initial Securities and the Exchange Securities are set forth in the Appendix attached hereto (the "Appendix") which is hereby incorporated in, and expressly made part of, this Indenture. The Initial Securities and the Trustee's certificate of authentication thereof shall be substantially in the form of Exhibit 1 to the Appendix which is hereby incorporated in, and expressly made a part of, this Indenture. The Exchange Securities and the Trustee's certificate of authentication thereof shall be substantially in the form of Exhibit A, which is hereby incorporated in and expressly made a part of this Indenture. The Securities may have notations, legends or

endorsements required by law, stock exchange rule, agreements to which the Company is subject, if any, or usage (provided that any such notation, legend or endorsement is in a form acceptable to the Company). Each Security shall be dated the date of its authentication. The terms of the Securities set forth in the Appendix and Exhibit A are part of the terms of this Indenture.

SECTION 2.02. EXECUTION AND AUTHENTICATION. An Officer shall sign the Securities for the Company by manual or facsimile signature.

If an Officer whose signature is on a Security no longer holds that office at the time the Trustee authenticates the Security, the Security shall be valid nevertheless.

A Security shall not be valid until an authorized signatory of the Trustee manually signs the certificate of authentication on the Security. The signature shall be conclusive evidence that the Security has been authenticated under this Indenture.

On the Issue Date, the Trustee shall authenticate and deliver $150.0 million of the Securities and, at any time and from time to time thereafter, the Trustee shall authenticate and deliver Securities for original issue in an aggregate principal amount specified in such order, in each case, upon a written order of the Company signed by two Officers or by an Officer and either an Assistant Treasurer or an Assistant Secretary of the Company. Such order shall specify the amount of the Securities to be authenticated and the date on which the original issue of Securities is to be authenticated and, in the case of an issuance of Additional Securities pursuant to Section 2.13 after the Issue Date, shall certify that such issuance is in compliance with Section 4.03. The aggregate principal amount of Securities outstanding at any time may not exceed $300.0 million except as provided in Section 2.07.

The Trustee may appoint an authenticating agent reasonably acceptable to the Company to authenticate the Securities. Unless limited by the terms of such appointment, an authenticating agent may authenticate Securities whenever the Trustee may do so. Each reference in this Indenture to authentication by the Trustee includes authentication by such agent. An authenticating agent has

the same rights as any Registrar, Paying Agent or agent for service of notices and demands.

SECTION 2.03. REGISTRAR AND PAYING AGENT. The Company shall maintain an office or agency where Securities may be presented for registration of transfer or for exchange (the "Registrar") and an office or agency where Securities may be presented for payment (the "Paying Agent"). The Registrar shall keep a register of the Securities and of their transfer and exchange. The Company may have one or more co-registrars and one or more additional paying agents. The term "Paying Agent" includes any additional paying agent.

The Company shall enter into an appropriate agency agreement with any Registrar, Paying Agent or co-registrar not a party to this Indenture, which shall incorporate the terms of the TIA. The agreement shall implement the provisions of this Indenture that relate to such agent. The Company shall notify the Trustee of the name and address of any such agent. If the Company fails to maintain a Registrar or Paying Agent, the Trustee shall act as such and shall be entitled to appropriate compensation therefor pursuant to Section 7.07. The Company or any Wholly Owned Subsidiary incorporated or organized within The United States of America may act as Paying Agent, Registrar, co-registrar or transfer agent.

The Company initially appoints the Trustee as Registrar and Paying Agent in connection with the Securities.

SECTION 2.04. PAYING AGENT TO HOLD MONEY IN TRUST. Prior to each due date of the principal and interest on any Security, the Company shall deposit with the Paying Agent a sum sufficient to pay such principal and interest when so becoming due. The Company shall require each Paying Agent (other than the Trustee) to agree in writing that the Paying Agent shall hold in trust for the benefit of Securityholders or the Trustee all money held by the Paying Agent for the payment of principal of or interest on the Securities and shall notify the Trustee of any default by the Company in making any such payment. If the Company or a Subsidiary acts as Paying Agent, it shall segregate the money held by it as Paying Agent and hold it as a separate trust fund. The Company at any time may require a Paying Agent to pay all money held by it to the Trustee and to account for any funds disbursed by the

Paying Agent. Upon complying with this Section, the Paying Agent shall have no further liability for the money delivered to the Trustee.

SECTION 2.05. SECURITYHOLDER LISTS. The Trustee shall preserve in as current a form as is reasonably practicable the most recent list available to it of the names and addresses of Securityholders. If the Trustee is not the Registrar, the Company shall furnish to the Trustee, in writing at least five Business Days before each interest payment date and at such other times as the Trustee may request in writing, a list in such form and as of such date as the Trustee may reasonably require of the names and addresses of Securityholders.

SECTION 2.06. TRANSFER AND EXCHANGE. The Securities shall be issued in registered form and shall be transferable only upon the surrender of a Security for registration of transfer. When a Security is presented to the Registrar or a co-registrar with a request to register a transfer, the Registrar shall register the transfer as requested if the requirements of this Indenture and Section 8-401(1) of the Uniform Commercial Code are met. When Securities are presented to the Registrar or a co-registrar with a request to exchange them for an equal principal amount of Securities of other denominations, the Registrar shall make the exchange as requested if the same requirements are met. To permit registration of transfers and exchanges, the Company shall execute and the Trustee shall authenticate Securities at the Registrar's or co-registrar's request. The Company may require payment of a sum sufficient to pay all taxes, assessments or other governmental charges in connection with any transfer or exchange pursuant to this Section (other than any such transfer taxes, assessments or similar governmental charge payable upon exchange or transfer pursuant to Sections 3.06, 4.10 and 9.05). The Company shall not be required to make and the Registrar need not register transfers or exchanges of Securities selected for redemption (except, in the case of Securities to be redeemed in part, the portion thereof not to be redeemed) or any Securities for a period of 15 days before a selection of Securities to be redeemed or 15 days before an interest payment date.

Prior to the due presentation for registration of transfer of any Security, the Company, the Trustee, the Paying Agent, the Registrar or any co-registrar may deem

and treat the person in whose name a Security is registered as the absolute owner of such Security for the purpose of receiving payment of principal of and interest on such Security and for all other purposes whatsoever, whether or not such Security is overdue, and none of the Company, the Trustee, the Paying Agent, the Registrar or any co-registrar shall be affected by notice to the contrary.

All Securities issued upon any transfer or exchange pursuant to the terms of this Indenture shall evidence the same debt and shall be entitled to the same benefits under this Indenture as the Securities surrendered upon such transfer or exchange.

SECTION 2.07. REPLACEMENT SECURITIES. If a mutilated Security is surrendered to the Registrar or if the Holder of a Security claims that the Security has been lost, destroyed or wrongfully taken, the Company shall issue and the Trustee shall authenticate a replacement Security if the requirements of Section 8-405 of the Uniform Commercial Code are met and the Holder satisfies any other reasonable requirements of the Trustee. If required by the Trustee or the Company, such Holder shall furnish an indemnity bond sufficient in the judgment of the Company and the Trustee to protect the Company, the Trustee, the Paying Agent, the Registrar and any co-registrar from any loss which any of them may suffer if a Security is replaced. The Company and the Trustee may charge the Holder for their expenses in replacing a Security.

Every replacement Security is an additional Obligation of the Company.

SECTION 2.08. OUTSTANDING SECURITIES. Securities outstanding at any time are all Securities authenticated by the Trustee except for those canceled by it, those delivered to it for cancellation and those described in this Section as not outstanding. A Security does not cease to be outstanding because the Company or an Affiliate of the Company holds the Security.

If a Security is replaced pursuant to Section 2.07, it ceases to be outstanding unless the Trustee and the Company receive proof satisfactory to them that the replaced Security is held by a bona fide purchaser.

If the Paying Agent segregates and holds in trust, in accordance with this Indenture, on a redemption date or maturity date money sufficient to pay all principal and interest payable on that date with respect to the Securities (or portions thereof) to be redeemed or maturing, as the case may be, then on and after that date such Securities (or portions thereof) cease to be outstanding and interest on them ceases to accrue.

SECTION 2.09. TEMPORARY SECURITIES. Until definitive Securities are ready for delivery, the Company may prepare and the Trustee shall authenticate temporary Securities. Temporary Securities shall be substantially in the form of definitive Securities but may have variations that the Company considers appropriate for temporary Securities. Without unreasonable delay, the Company shall prepare and the Trustee shall authenticate definitive Securities and deliver them in exchange for temporary Securities.

SECTION 2.10. CANCELLATION. The Company at any time may deliver Securities to the Trustee for cancellation. The Registrar and the Paying Agent shall forward to the Trustee any Securities surrendered to them for registration of transfer, exchange or payment. The Trustee and no one else shall cancel and destroy (subject to the record retention requirements of the Exchange Act) all Securities surrendered for registration of transfer, exchange, payment or cancellation and deliver a certificate of such destruction to the Company unless the Company directs the Trustee to deliver canceled Securities to the Company. The Company may not issue new Securities to replace Securities it has redeemed, paid or delivered to the Trustee for cancellation.

SECTION 2.11. DEFAULTED INTEREST. If the Company defaults in a payment of interest on the Securities, the Company shall pay defaulted interest (plus interest on such defaulted interest to the extent lawful) in any lawful manner. The Company may pay the defaulted interest to the persons who are Securityholders on a subsequent special record date. The Company shall fix or cause to be fixed any such special record date and payment date to the reasonable satisfaction of the Trustee and shall promptly mail to each Securityholder a notice that states the special record date, the payment date and the amount of defaulted interest to be paid.

SECTION 2.12. CUSIP NUMBERS. The Company in issuing the Securities may use "CUSIP" numbers (if then generally in use) and, if so, the Trustee shall use "CUSIP" numbers in notices of redemption as a convenience to Holders; provided, however, that any such notice may state that no representation is made as to the correctness of such numbers either as printed on the Securities or as contained in any notice of a redemption and that reliance may be placed only on the other identification numbers printed on the Securities, and any such redemption shall not be affected by any defect in or omission of such numbers.

SECTION 2.13. ISSUANCE OF ADDITIONAL SECURITIES. The Company shall be entitled, subject to its compliance with Section 4.03, to issue Additional Securities (in an aggregate principal amount not to exceed $150,000,000) under this Indenture which shall have identical terms as the Initial Securities issued on the Issue Date, other than with respect to the date of issuance and issue price. The Initial Securities issued on the Issue Date, any Additional Securities and all Exchange Securities issued in exchange therefor shall be treated as a single class for all purposes under this Indenture.

With respect to any Additional Securities, the Company shall set forth in a resolution of the Board of Directors and an Officers' Certificate, a copy of each which shall be delivered to the Trustee, the following information:

(1) the aggregate principal amount of such Additional Securities to be authenticated and delivered pursuant to this Indenture;

(2) the issue price, the issue date and the CUSIP number of such Additional Securities; provided, however, that no Additional Securities may be issued at a price that would cause such Additional Securities to have "original issue discount" within the meaning of Section 1273 of the Code; and

(3) whether such Additional Securities shall be Transfer Restricted Securities and issued in the form of Initial Securities as set forth in the Appendix to this Indenture or shall be issued in the form of Exchange Securities as set forth in Exhibit A.

ARTICLE 3

REDEMPTION

SECTION 3.01. NOTICES TO TRUSTEE. If the Company elects to redeem Securities pursuant to paragraph 5 of the Securities, it shall notify the Trustee in writing of the redemption date, the principal amount of Securities to be redeemed and the paragraph of the Securities pursuant to which the redemption will occur.

The Company shall give each notice to the Trustee provided for in this Section at least 60 days before the redemption date unless the Trustee consents to a shorter period. Such notice shall be accompanied by an Officers' Certificate and an Opinion of Counsel from the Company to the effect that such redemption will comply with the conditions herein.

Any notice of redemption may provide that the redemption will be subject to specified conditions, provided that such conditions are not solely within the Company's control.

SECTION 3.02. SELECTION OF SECURITIES TO BE REDEEMED. If fewer than all the Securities are to be redeemed, the Trustee shall select the Securities to be redeemed pro rata or by lot or by a method that complies with applicable legal and securities exchange requirements, if any, and that the Trustee in its sole discretion shall deem to be fair and appropriate and in accordance with methods generally used at the time of selection by fiduciaries in similar circumstances. The Trustee shall make the selection from outstanding Securities not previously called for redemption. The Trustee may select for redemption portions of the principal of Securities that have denominations larger than $1,000. Securities and portions of them the Trustee selects shall be in principal amounts of $1,000 or a whole multiple of $1,000. Provisions of this Indenture that apply to Securities called for redemption also apply to portions of Securities called for redemption. The Trustee shall notify the Company promptly of the Securities or portions of Securities to be redeemed.

SECTION 3.03. NOTICE OF REDEMPTION. At least 30 days but not more than 60 days before a date for redemption of Securities, the Company shall mail a notice

of redemption by first-class mail to each Holder of Securities to be redeemed at such Holder's registered address.

The notice shall identify the Securities to be redeemed and shall state:

(1) the redemption date;

(2) the redemption price;

(3) the name and address of the Paying Agent;

(4) that Securities called for redemption must be surrendered to the Paying Agent to collect the redemption price;

(5) if fewer than all the outstanding Securities are to be redeemed, the identification and principal amounts of the particular Securities to be redeemed;

(6) that, unless the Company defaults in making such redemption payment, interest on Securities (or portion thereof) called for redemption ceases to accrue on and after the redemption date;

(7) that no representation is made as to the correctness or accuracy of the CUSIP number, if any, listed in such notice or printed on the Securities; and

(8) any condition to such redemption permitted under Section 3.01.

At the Company's request, the Trustee shall give the notice of redemption in the Company's name and at the Company's expense. In such event, the Company shall provide the Trustee with the information required by this Section.

SECTION 3.04. EFFECT OF NOTICE OF REDEMPTION. Once notice of redemption is mailed, Securities called for redemption become due and payable on the redemption date and at the redemption price stated in the notice; provided that if there is any condition to the Company's obligation to redeem such Securities which is permitted by Section 3.01 and stated in the notice of redemption, such Securities shall not be deemed due and payable unless and

until such condition is satisfied or waived. Upon surrender to the Paying Agent, such Securities shall be paid at the redemption price stated in the notice, plus accrued interest to the redemption date (subject to the right of Holders of record on the relevant record date to receive interest due on the related interest payment date). Failure to give notice or any defect in the notice to any Holder shall not affect the validity of the notice to any other Holder.

SECTION 3.05. DEPOSIT OF REDEMPTION PRICE. Prior to the redemption date, the Company shall deposit with the Paying Agent (or, if the Company or a Subsidiary is the Paying Agent, shall segregate and hold in trust) money sufficient to pay the redemption price of and accrued interest on all Securities to be redeemed on that date other than Securities or portions of Securities called for redemption which have been delivered by the Company to the Trustee for cancellation.

SECTION 3.06. SECURITIES REDEEMED IN PART. Upon surrender of a Security that is redeemed in part, the Company shall execute and the Trustee shall authenticate for the Holder (at the Company's expense) a new Security equal in principal amount to the unredeemed portion of the Security surrendered.

ARTICLE 4

COVENANTS

SECTION 4.01. PAYMENT OF SECURITIES. The Company shall promptly pay the principal of and interest on the Securities on the dates and in the manner provided in the Securities and in this Indenture. Principal and interest shall be considered paid on the date due if on such date the Trustee or the Paying Agent holds in accordance with this Indenture money sufficient to pay all principal and interest then due.

The Company shall pay interest on overdue principal at the rate specified therefor in the Securities, and it shall pay interest on overdue installments of interest at the same rate to the extent lawful.

SECTION 4.02. SEC REPORTS. Whether or not required by the SEC's rules and regulations, so long as any Securities are outstanding, the Company will furnish to the

Holders, within the time periods specified in the SEC's rules and regulations:

(1) all quarterly and annual reports that would be required to be filed with the SEC on Forms 10-Q and 10-K if the Company was required to file such reports; and

(2) all current reports that would be required to be filed with the SEC on Form 8-K if the Company was required to file such reports.

All such reports will be prepared in all material respects in accordance with all of the SEC's rules and regulations applicable to such reports, and each annual report on Form 10-K will include a report on the Company's consolidated financial statements by the Company's certified independent accountants. The Company's reporting obligations with respect to clauses (1) and (2) above shall be deemed satisfied in the event the Company files these reports with the SEC on EDGAR.

If, at any time, the Company is no longer subject to the periodic reporting requirements of the Exchange Act for any reason, the Company will nevertheless be required to continue to file the reports specified in the preceding paragraph with the SEC within the time periods specified above unless the SEC will not accept such a filing. The Company agrees that it will not take any action for the sole purpose of causing the SEC not to accept any such filings (it being understood and agreed that, if the Company is entitled to suspend its reporting obligations under the Exchange Act, the Company shall not be prevented from making any filings necessary to suspend such obligations). If, notwithstanding the foregoing, the SEC will not accept the Company's filings for any reason, the Company will post the reports referred to in the preceding paragraph on its website within the time periods that would apply if the Company was required to file those reports with the SEC.

In addition, the Company agrees that, for so long as any Securities remain outstanding, at any time they are not required to file the reports required by the preceding paragraphs with the SEC, they will furnish to the Holders and to securities analysts and prospective investors, upon their written request, the information required to be

delivered pursuant to Rule 144A(d)(4) under the Securities Act.

SECTION 4.03. LIMITATION ON INDEBTEDNESS. (a) The Company shall not, and shall not permit any Restricted Subsidiary to, Incur, directly or indirectly, any Indebtedness; provided, however, that the Company and its Restricted Subsidiaries may Incur Indebtedness if on the date of such Incurrence and after giving effect thereto the Consolidated Leverage Ratio would be no greater than (i) prior to any designation of the Specified Subsidiary Group as Unrestricted Subsidiaries, (x) 5.75 to 1 if such Incurrence occurs on or prior to December 31, 2004 and (y) 5.5 to 1, if such Incurrence occurs after December 31, 2004 and (ii) on or following any designation of the Specified Subsidiary Group as Unrestricted Subsidiaries, (x) 5.0 to 1, if the Specified Subsidiary is VHC and (y) 4.0 to 1, if the Specified Subsidiary is RRM.

(b) Notwithstanding the foregoing paragraph (a), the Company and its Restricted Subsidiaries may Incur the following Indebtedness:

(1) Indebtedness Incurred pursuant to the Credit Agreement in an aggregate principal amount not to exceed $135.0 million less the aggregate amount of all Net Available Cash applied by the Company or any of its Restricted Subsidiaries to repay Indebtedness under the Credit Agreement pursuant to Section 4.06(a)(3)(A) solely to the extent the corresponding commitments relating to such Indebtedness are permanently reduced;

(2) Indebtedness of the Company owed to and held by any Restricted Subsidiary or Indebtedness of a Restricted Subsidiary owed to and held by the Company or any Restricted Subsidiary; provided, however, that (A) any subsequent issuance or transfer of any Capital Stock or any other event that results in any such Restricted Subsidiary ceasing to be a Restricted Subsidiary or any subsequent transfer of any such Indebtedness (except to the Company or a Restricted Subsidiary) shall be deemed, in each case, to constitute the Incurrence of such Indebtedness by the issuer thereof and (B) if the Company is the obligor on such Indebtedness, such Indebtedness is expressly subordinated to the prior payment in full in cash of all obligations with respect to the Securities;

(3) Indebtedness represented by (A) the Securities (not including any Additional Securities) and any Exchange Notes and (B) the Floating Rate Notes and the Guarantees of the Floating Rate Notes by Subsidiaries of the Company (but not including any additional Floating Rate Notes but including any exchange notes under the indenture for the Floating Rate Notes);

(4) Indebtedness outstanding on the Closing Date (other than the Indebtedness described in clauses (1), (2) or (3) above);

(5) Indebtedness of a Restricted Subsidiary Incurred and outstanding on or prior to the date on which such Restricted Subsidiary was acquired by the Company (other than Indebtedness Incurred in contemplation of, in connection with, as consideration in, or to provide all or any portion of the funds or credit support utilized to consummate, the transaction or series of related transactions pursuant to which such Restricted Subsidiary became a Subsidiary of or was otherwise acquired by the Company); provided, however, that on the date that such Restricted Subsidiary is acquired by the Company, either (x) the Company would have been able to incur $1.00 of additional indebtedness pursuant to Section 4.03(a) after giving effect to such acquisition or (y) the Consolidated Leverage Ratio after giving effect to such acquisition and any related transactions would be no greater than the Consolidated Leverage Ratio as of such date without giving effect to such acquisition and any related transactions;

(6) Refinancing Indebtedness in respect of any Indebtedness Incurred pursuant to Section 4.03(a) or clause (3), (4), this clause (6) or clause (9) of this paragraph (b);

(7) Indebtedness (A) in respect of performance bonds, bankers' acceptances, letters of credit and surety or appeal bonds provided by the Company and the Restricted Subsidiaries in the ordinary course of their business, and (B) under Interest Rate Agreements entered into for bona fide hedging purposes of the Company in the ordinary course of business; provided, however, that such Interest Rate Agreements do not increase the Indebtedness of the Company outstanding

at any time other than as a result of fluctuations in interest rates or by reason of fees, indemnities and compensation payable thereunder;

(8) Purchase Money Indebtedness, mortgage financings and Capitalized Lease Obligations in an aggregate principal amount not in excess of $3.0 million at any time outstanding;

(9) Indebtedness Incurred at a Restricted Subsidiary, to the extent the proceeds of such Indebtedness are used to repay Indebtedness under the Credit Agreement and/or the Floating Rate Notes;

(10) Indebtedness arising from the honoring by a bank or other financial institution of a check, draft or similar instrument drawn against insufficient funds in the ordinary course of business, provided that such Indebtedness is extinguished within five Business Days of its Incurrence;

(11) the Incurrence by the Company or any of its Restricted Subsidiaries of Indebtedness constituting reimbursement obligations with respect to letters of credit issued in the ordinary course of business; provided, however, that upon the drawing of such letters of credit, such obligations are reimbursed within 30 days following such drawing;

(12) obligations arising from or representing deferred compensation to employees of the Company or its Subsidiaries that constitute or are deemed to be Indebtedness under GAAP and that are Incurred in the ordinary course of business; or

(13) Indebtedness (other than Indebtedness permitted to be Incurred pursuant to the foregoing paragraph (a) or any other clause of this paragraph (b)) in an aggregate principal amount on the date of Incurrence that, when added to all other Indebtedness Incurred pursuant to this clause (13) and then outstanding, will not exceed $5.0 million.

(c) Notwithstanding the foregoing, the Company may not Incur any Indebtedness pursuant to paragraph (b) above if the proceeds thereof are used, directly or indirectly, to repay, prepay, redeem, defease, retire, refund or refinance any Subordinated Obligations unless

such Indebtedness will be subordinated to the Securities to at least the same extent as such Subordinated Obligations.

(d) Notwithstanding any other provision of this Section 4.03, the maximum amount of Indebtedness that the Company or any Restricted Subsidiary may Incur pursuant to this Section 4.03 shall not be deemed to be exceeded solely as a result of fluctuations in the exchange rates of currencies. For purposes of determining the outstanding principal amount of any particular Indebtedness Incurred pursuant to this Section 4.03:

(1) Indebtedness Incurred pursuant to the Credit Agreement prior to or on the Closing Date shall be treated as Incurred pursuant to clause (1) of paragraph (b) above,

(2) Indebtedness permitted by this Section 4.03 need not be permitted solely by reference to one provision permitting such Indebtedness but may be permitted in part by one such provision and in part by one or more other provisions of this Section 4.03 permitting such Indebtedness, and

(3) in the event that Indebtedness meets the criteria of more than one of the types of Indebtedness described in this Section 4.03, the Company, in its sole discretion, shall classify such Indebtedness and only be required to include the amount of such Indebtedness in one of such clauses.

(e) In addition, the Company will not permit any of its Unrestricted Subsidiaries to incur any Indebtedness other than Non-Recourse Debt (or issue any shares of Disqualified Stock that is either mandatorily redeemable by the Company or convertible or exchangeable for Indebtedness other than Non-Recourse Debt). If at any time an Unrestricted Subsidiary becomes a Restricted Subsidiary, any Indebtedness of such Subsidiary shall be deemed to be Incurred by a Restricted Subsidiary of the Company as of such date (and, if such Indebtedness is not permitted to be Incurred as of such date under this clause (e), the Company shall be in Default of this Section 4.03).

SECTION 4.04. LIMITATION ON RESTRICTED PAYMENTS. (a) The Company shall not, and shall not permit any Restricted Subsidiary, directly or indirectly, to:

(1) declare or pay any dividend, make any distribution on or in respect of its Capital Stock or make any similar payment (including any payment in connection with any merger or consolidation involving the Company or any Subsidiary of the Company) to the direct or indirect holders of its Capital Stock, except (x) dividends or distributions payable solely in its Capital Stock (other than Disqualified Stock or Preferred Stock) and (y) dividends or distributions payable to the Company or a Restricted Subsidiary (and, if such Restricted Subsidiary has shareholders other than the Company or other Restricted Subsidiaries, to its other shareholders on a pro rata basis),

(2) purchase, repurchase, redeem, retire or otherwise acquire for value any Capital Stock of the Company or any Restricted Subsidiary held by Persons other than the Company or a Restricted Subsidiary,

(3) purchase, repurchase, redeem, retire, defease or otherwise acquire for value, prior to scheduled maturity, scheduled repayment or scheduled sinking fund payment any Subordinated Obligations (other than the purchase, repurchase, redemption, retirement, defeasance or other acquisition for value of Subordinated Obligations acquired in anticipation of satisfying a sinking fund obligation, principal installment or final maturity, in each case due within one year of the date of acquisition), or

(4) make any Investment (other than a Permitted Investment) in any Person;

(any such dividend, distribution, payment, purchase, redemption, repurchase, defeasance, retirement, or other acquisition or Investment described in clauses (1) through (4) above being herein referred to as a "Restricted Payment") if at the time the Company or such Restricted Subsidiary makes such Restricted Payment:

(A) a Default shall have occurred and be continuing (or would result therefrom);

(B) after giving effect, on a pro forma basis, to such Restricted Payment, the Company could not Incur at least $1.00 of additional Indebtedness under Section 4.03(a); or

(C) the aggregate amount of such Restricted Payment and all other Restricted Payments (the amount so expended, if other than in cash, shall be the Fair Market Value of the property or other non-cash assets that constitute such Restricted Payment) declared or made subsequent to the Closing Date would exceed the sum, without duplication, of:

(i) 50% of the Consolidated Net Income accrued during the period (treated as one accounting period) from the beginning of the fiscal quarter immediately following the fiscal quarter during which the Closing Date occurs to the end of the most recent fiscal quarter ending at least 45 days prior to the date of such Restricted Payment (or, in case such Consolidated Net Income shall be a deficit, minus 100% of such deficit);

(ii) the aggregate Net Cash Proceeds received by the Company from the issuance or sale of its Capital Stock (other than Disqualified Stock) subsequent to the Closing Date (other than an issuance or sale to (x) a Subsidiary of the Company or (y) an employee stock ownership plan or other trust established by the Company or any of its Subsidiaries);

(iii) the amount by which Indebtedness of the Company or its Restricted Subsidiaries is reduced on the Company's balance sheet upon the conversion or exchange (other than by a Subsidiary of the Company) subsequent to the Closing Date of any Indebtedness of the Company or its Restricted Subsidiaries issued after the Closing Date which is convertible or exchangeable for Capital Stock (other than Disqualified Stock) of the Company (less the amount of any cash or the Fair Market Value of other property distributed by the Company or any Restricted Subsidiary upon such conversion or exchange); and

(iv) an amount equal to the sum of (x) the net reduction in any Investments (excluding Permitted Investments, except as provided in the next sentence) made by the Company or any Restricted Subsidiary in any Person resulting

from repurchases, repayments or redemptions of such Investments by such Person, net cash proceeds realized on the sale of such Investment and net cash proceeds representing the return of capital (excluding dividends and distributions), in each case received by the Company or any Restricted Subsidiary, and (y) to the extent such Person is an Unrestricted Subsidiary, the portion (proportionate to the Company's equity interest in such Subsidiary) of the Fair Market Value of the net assets of such Unrestricted Subsidiary if such Unrestricted Subsidiary is designated a Restricted Subsidiary, with such Fair Market Value measured at the time of any such designation; provided, however, that the foregoing sum shall not exceed, in the case of any such Person or Unrestricted Subsidiary, the amount of Investments (excluding Permitted Investments, except as provided in the next sentence) previously made by the Company or any Restricted Subsidiary in such Person or Unrestricted Subsidiary and included in the calculation of the amount of Restricted Payments.

After any designation of the Specified Subsidiary Group as Unrestricted Subsidiaries in accordance with Section 4.13, the remaining Investment of the Company and its Restricted Subsidiaries in the Specified Subsidiary Group shall be included in the calculation of the amount available for Restricted Payments as provided in clause (C) above as if it were not a Permitted Investment; provided, that, if RRM is the Specified Subsidiary, such inclusion shall only be made if at the time of such designation the amount available for Restricted Payments under clause (C) above is greater than zero, in which case the amount otherwise available for Restricted Payments shall be reduced by the amount of such Investment but not below zero. For the avoidance of doubt, the inclusion of the Investment in the Specified Subsidiary Group after designation of the Specified Subsidiary Group as Unrestricted Subsidiaries shall not be taken into account in determining whether the Company is permitted to designate such Subsidiaries as Unrestricted Subsidiaries under Section 4.13.

(b) The provisions of the foregoing paragraph (a) shall not prohibit:

(1) any purchase, repurchase, redemption, retirement or other acquisition for value of Capital Stock of the Company made by exchange for, or out of the proceeds of the substantially concurrent sale of, Capital Stock of the Company (other than Disqualified Stock and other than Capital Stock issued or sold to a Subsidiary of the Company or an employee stock ownership plan or other trust established by the Company or any of its Subsidiaries); provided, however, that:

(A) such purchase, repurchase, redemption, retirement or other acquisition for value will be excluded in the calculation of the amount of Restricted Payments, and

(B) the Net Cash Proceeds from such sale applied in the manner set forth in this clause (1) will be excluded from the calculation of amounts under clause (4)(C)(ii) of paragraph (a) above;

(2) any prepayment, repayment, purchase, repurchase, redemption, retirement, defeasance or other acquisition for value of Subordinated Obligations of the Company made by exchange for, or out of the proceeds of the substantially concurrent sale of, Indebtedness of the Company that is permitted to be Incurred pursuant to Section 4.03(b); provided, however, that such prepayment, repayment, purchase, repurchase, redemption, retirement, defeasance or other acquisition for value will be excluded in the calculation of the amount of Restricted Payments;

(3) any prepayment, repayment, purchase, repurchase, redemption, retirement, defeasance or other acquisition for value of Subordinated Obligations from Net Available Cash to the extent permitted by Section 4.06; provided, however, that such prepayment, repayment, purchase, repurchase, redemption, retirement, defeasance or other acquisition for value will be excluded in the calculation of the amount of Restricted Payments;

(4) dividends paid within 60 days after the date of declaration thereof if at such date of declaration such dividends would have complied with this Section 4.04; provided, however, that such dividends will be

included in the calculation of the amount of Restricted Payments;

(5) any purchase, repurchase, redemption, retirement or other acquisition for value of shares of, or options to purchase shares of, Capital Stock of the Company or any of its Subsidiaries from employees, former employees, directors or former directors of the Company or any of its Subsidiaries (or permitted transferees of such employees, former employees, directors or former directors), pursuant to the terms of agreements (including employment agreements) or plans (or amendments thereto) approved by the Board of Directors under which such individuals purchase or sell or are granted the option to purchase or sell, shares of such Capital Stock; provided, however, that the aggregate amount of such purchases, repurchases, redemptions, retirements and other acquisitions for value will not exceed $2.0 million in any calendar year; provided further, however, that such purchases, repurchases, redemptions, retirements and other acquisitions for value shall be excluded in the calculation of the amount of Restricted Payments;

(6) repurchases of Capital Stock deemed to occur upon exercise of stock options if such Capital Stock represents a portion of the exercise price of such options, and repurchases of Capital Stock of Subsidiaries consisting of directors' qualifying shares or shares issued to third parties in the ordinary course to the extent necessary to satisfy any licensing requirements under applicable law with respect to the Company's or any of its Subsidiary's business; provided, however, that such Restricted Payments shall be excluded in the calculation of the amount of Restricted Payments;

(7) cash payments in lieu of the issuance of fractional shares in connection with the exercise of warrants, options or other securities convertible into or exchangeable for Capital Stock of the Company; provided, however, that any such cash payment shall not be for the purpose of evading the limitation of this Section 4.04 (as determined in good faith by the Board of Directors); provided further, however, that such payments shall be included in the calculation of the amount of Restricted Payments;

(8) payments of intercompany subordinated Indebtedness, the Incurrence of which was permitted under Section 4.03(b)(2); provided, however, that no Default has occurred and is continuing or would otherwise result therefrom; provided further, however, that such payments shall be excluded in the calculation of the amount of Restricted Payment;

(9) a Qualifying Subsidiary Stock Distribution to the extent permitted by Section 4.13; provided, however, that the amount of such distribution shall not be included in the calculation of the amount of Restricted Payments;

(10) the payment of cash dividends on the Capital Stock of the Company in an amount not to exceed (x) $0.48 per share per fiscal year and (y) $7.0 million in the aggregate for such dividends in any fiscal year; provided that, after a designation of the Specified Subsidiary Group as Unrestricted Subsidiaries, no such dividend shall be declared or paid unless, for the most recently ended four full fiscal quarters for which internal financial statements are available preceding the date of declaration of any such dividend or distribution after giving effect to such dividend or distribution as a fixed charge on a pro forma basis, the Company and its Restricted Subsidiaries would have had a Consolidated Fixed Charge Coverage Ratio of at least 1.35 to 1; provided further that if (x) the Specified Subsidiary is VHC, (y) the Specified Subsidiary Group has been designated as Unrestricted Subsidiaries and (z) the Company may not otherwise pay such dividends because of a failure to satisfy the Consolidated Fixed Charge Coverage Ratio described in the preceding proviso, the Company may pay cash dividends from cash proceeds of a Qualifying Subsidiary Stock Sale, in an amount not to exceed $7.0 million; and provided further that dividends paid under this clause (10) shall be included in the amount of Restricted Payments;

(11) the payment of scheduled, quarterly cash dividends on the Chemed Preferred Securities declared on or prior to December 31, 2004 in an amount not to exceed $2.00 per share per year, and the redemption of the Chemed Preferred Securities and the Subordinated Chemed Debentures at the applicable scheduled redemption prices on or prior to December 31, 2004;

provided that such dividends and redemption amounts shall not be included in the amount of Restricted Payments;

(12) dividends or distributions of Capital Stock subject to the Closing Date Stock Award Plan, so long as the aggregate amount of such dividends or distributions made pursuant to this clause 12 does not exceed $2.8 million; provided, that such dividends or distributions shall be excluded in the amount of Restricted Payments; and

(13) other Restricted Payments in an aggregate amount not to exceed $5.0 million; provided, however, that such Restricted Payments shall be included in the calculation of the amount of Restricted Payments.

SECTION 4.05. LIMITATION ON RESTRICTIONS ON DISTRIBUTIONS FROM RESTRICTED SUBSIDIARIES. The Company shall not, and shall not permit any Restricted Subsidiary to, create or otherwise cause or permit to exist or become effective any consensual encumbrance or restriction on the ability of any Restricted Subsidiary to:

(1) pay dividends or make any other distributions on its Capital Stock or pay any Indebtedness or other obligations owed to the Company;

(2) make any loans or advances to the Company; or

(3) transfer any of its property or assets to the Company, except:

(A) with respect to clauses (1), (2) or (3):

(i) any encumbrance or restriction pursuant to applicable law or an agreement in effect at or entered into on the Closing Date;

(ii) any encumbrance or restriction with respect to a Restricted Subsidiary pursuant to an agreement relating to any Indebtedness Incurred by such Restricted Subsidiary prior to the date on which such Restricted Subsidiary was acquired by the Company (other than Indebtedness Incurred as consideration in, in contemplation of, or to

provide all or any portion of the funds or credit support utilized to consummate the transaction or series of related transactions pursuant to which such Restricted Subsidiary became a Restricted Subsidiary or was otherwise acquired by the Company) and outstanding on such date;

(iii) any encumbrance or restriction pursuant to an agreement effecting a Refinancing of Indebtedness Incurred pursuant to an agreement referred to in clause (i) or (ii) of this Section 4.05(3)(A) or this clause (iii) or contained in any amendment to an agreement referred to in clause (i) or (ii) of this Section 4.05(3)(A) or this clause (iii); provided, however, that the encumbrances and restrictions contained in any such Refinancing agreement or amendment, taken as a whole, are not materially more disadvantageous to the Holders than the encumbrances and restrictions contained in such predecessor agreements (as determined by the Company in good faith);

(iv) any encumbrance or restriction contained in the terms of any Indebtedness Incurred pursuant to Section 4.03(b)(9) or any agreement pursuant to which such Indebtedness was Incurred; provided, however that the encumbrances and restrictions contained in such Indebtedness, taken as a whole, are not materially more disadvantageous to the holders of the Securities than the encumbrances and restrictions contained in the agreements for the Indebtedness being repaid (as determined by the Company in good faith);

(v) with respect to a Restricted Subsidiary, any encumbrance or restriction imposed pursuant to an agreement entered into in connection with the sale or disposition of all or substantially all the Capital Stock or assets of such Restricted Subsidiary or in addition, in the case of the Specified Subsidiary Group, any encumbrance or restriction imposed pursuant to a purchase and sale, underwriting or other disposition agreement in connection with a Qualifying Subsidiary Stock Sale or Qualifying Subsidiary Stock Distribution; provided that in

any such case such encumbrance or restriction is in effect only for the period pending the closing of such sale, disposition or distribution; and

(B) in the case of clause (3), any encumbrance or restriction

(i) that restricts in a customary manner the subletting, assignment or transfer of any property or asset that is subject to a lease, license or similar contract, or

(ii) contained in security agreements securing Indebtedness of a Restricted Subsidiary to the extent such encumbrance or restriction restricts the transfer of the property subject to such security agreements.

SECTION 4.06. LIMITATION ON SALES OF ASSETS AND SUBSIDIARY STOCK. (a) The Company will not, and will not permit any Restricted Subsidiary to, make any Asset Disposition unless:

(1) the Company or such Restricted Subsidiary receives consideration (including by way of relief from, or by any other Person assuming sole responsibility for, any liabilities, contingent or otherwise) at the time of such Asset Disposition at least equal to the Fair Market Value of the shares and assets subject to such Asset Disposition,

(2) at least 75% of the consideration thereof received by the Company or such Restricted Subsidiary is in the form of cash or cash equivalents, and

(3) an amount equal to 100% of the Net Available Cash from such Asset Disposition is applied by the Company (or such Restricted Subsidiary, as the case may be)

(A) first, to the extent the Company elects (or is required by the terms of any Indebtedness), to prepay, repay, purchase, repurchase, redeem, retire, defease or otherwise acquire for value Senior Indebtedness of the Company or Indebtedness (other than obligations in respect of Preferred Stock) of a Restricted Subsidiary (in each case other than Indebtedness

owed to the Company or an Affiliate of the Company and other than obligations in respect of Disqualified Stock) within one year from the later of the date of such Asset Disposition or the receipt of such Net Available Cash;

(B) second, to the extent of the balance of Net Available Cash after application in accordance with clause (A), to the extent the Company or such Restricted Subsidiary elects, to reinvest in Additional Assets (including by means of an Investment in Additional Assets by a Restricted Subsidiary with Net Available Cash received by the Company or another Restricted Subsidiary) within one year from the later of such Asset Disposition or the receipt of such Net Available Cash;

(C) third, to the extent of the balance of such Net Available Cash after application in accordance with clauses (A) and (B), to make an Offer (as defined in Section 4.06(b)) to purchase Securities pursuant to and subject to the conditions set forth in Section 4.06(b); provided, however, that if the Company so elects (or is required by the terms of any other Senior Indebtedness), such Offer may be made ratably to purchase the Securities and other Senior Indebtedness of the Company; and

(D) fourth, to the extent of the balance of such Net Available Cash after application in accordance with clauses (A), (B) and (C), for any general corporate purpose permitted by the terms of the Indenture;

provided, however that in connection with any prepayment, repayment, purchase, repurchase, redemption, retirement, defeasance or other acquisition for value of Indebtedness pursuant to clause (A) or (C) above, the Company or such Restricted Subsidiary will retire such Indebtedness and will cause the related loan commitment (if any) to be permanently reduced in an amount equal to the principal amount so prepaid, repaid, purchased, repurchased, redeemed, retired, defeased or otherwise acquired for value.

Notwithstanding the foregoing provisions of this Section 4.06, the Company and the Restricted Subsidiaries will not be required to apply any Net Available Cash in accordance with this Section 4.06(a) except to the extent that the aggregate Net Available Cash from all Asset Dispositions that is not otherwise applied in accordance with this Section 4.06(a) exceeds (i) $25.0 million, in the case of Net Available Cash that constitutes Net Cash Proceeds from Qualifying Subsidiary Stock Sales (not including the initial Qualifying Subsidiary Stock Sale) or (ii) $5.0 million, in the case of Net Available Cash from all other Asset Dispositions.

For the purposes of this Section 4.06, the following are deemed to be cash or cash equivalents:

(x) the assumption of Indebtedness of the Company (other than obligations in respect of Disqualified Stock of the Company) or any Restricted Subsidiary and the release of the Company or such Restricted Subsidiary from all liability on such Indebtedness in connection with such Asset Disposition and

(y) securities received by the Company or any Restricted Subsidiary from the transferee that within 90 days are converted by the Company or such Restricted Subsidiary into cash.

(b) In the event of an Asset Disposition that requires the purchase of Securities pursuant to Section 4.06(a)(3)(C), the Company shall be required (i) to purchase Securities tendered pursuant to an offer by the Company for the Securities (the "Offer") at a purchase price of 100% of their principal amount plus accrued and unpaid interest to the date of purchase (subject to the right of Holders of record on the relevant date to receive interest due on the relevant Interest Payment Date) in accordance with the procedures (including prorating in the event of oversubscription), set forth in Section 4.06(c) and (ii) to purchase other Senior Indebtedness of the Company on the terms and to the extent contemplated thereby (provided that in no event shall the Company offer to purchase such other Senior Indebtedness of the Company at a purchase price in excess of 100% of its principal amount (without premium), plus accrued and unpaid interest thereon). If the aggregate purchase price of Securities (and other Senior Indebtedness) tendered pursuant to the

Offer is less than the Net Available Cash allotted to the purchase of the Securities (and other Senior Indebtedness), the Company will apply the remaining Net Available Cash in accordance with Section 4.06(a)(3)(D). The Company will not be required to make an Offer for Securities (and other Senior Indebtedness) pursuant to this Section 4.06 if the Net Available Cash available therefor (after application of the proceeds as provided in clauses (A) and (B) of Section 4.06(a)(3)) is less than $5.0 million for any particular Asset Disposition or related series of Asset Dispositions (which lesser amount will be carried forward for purposes of determining whether an Offer is required with respect to the Net Available Cash from any subsequent Asset Disposition). Upon completion of such an offer to purchase, Net Available Cash will be deemed to be reduced by the aggregate amount of such offer.

(c) (1) Promptly, and in any event within 10 days after the Company becomes obligated to make an Offer, the Company shall deliver to the Trustee and send, by first-class mail to each Holder, a written notice stating that the Holder may elect to have his Securities purchased by the Company either in whole or in part (subject to prorating as described in Section 4.06(b) in the event the Offer is oversubscribed) in integral multiples of $1,000 of principal amount, at the applicable purchase price. The notice shall specify a purchase date not less than 30 days nor more than 60 days after the date of such notice (the "Purchase Date") and shall contain such information concerning the business of the Company which the Company in good faith believes will enable such Holders to make an informed decision (which at a minimum will include (A) the most recently filed Annual Report on Form 10-K (including audited consolidated financial statements) of the Company, the most recent subsequently filed Quarterly Report on Form 10-Q and any Current Report on Form 8-K of the Company filed subsequent to such Quarterly Report, other than Current Reports describing Asset Dispositions otherwise described in the offering materials (or corresponding successor reports), (B) a description of material developments in the Company's business subsequent to the date of the latest of such Reports, and (C) if material, appropriate pro forma financial information) and all instructions and materials necessary to tender Securities pursuant to the Offer, together with the information contained in clause (3) of this Section 4.06(c).

(2) Not later than the date upon which written notice of an Offer is delivered to the Trustee as provided below, the Company shall deliver to the Trustee an Officers' Certificate as to (A) the amount of the Offer (the "Offer Amount"), including information as to any other Senior Indebtedness included in the Offer, (B) the allocation of the Net Available Cash from the Asset Dispositions pursuant to which such Offer is being made and (C) the compliance of such allocation with the provisions of Section 4.06(a) and (b). On such date, the Company shall also irrevocably deposit with the Trustee or with a Paying Agent (or, if the Company is acting as its own Paying Agent, segregate and hold in trust) in Temporary Cash Investments, maturing on the last day prior to the Purchase Date or on the Purchase Date if funds are immediately available by open of business, an amount equal to the Offer Amount to be held for payment in accordance with the provisions of this Section. If the Offer includes other Senior Indebtedness, the deposit described in the preceding sentence may be made with any other paying agent pursuant to arrangements satisfactory to the Trustee. Upon the expiration of the period for which the Offer remains open (the "Offer Period"), the Company shall deliver to the Trustee for cancellation the Securities or portions thereof which have been properly tendered to and are to be accepted by the Company. The Trustee shall, on the Purchase Date, mail or deliver payment (or cause the delivery of payment) to each tendering Holder in the amount of the purchase price. In the event that the aggregate purchase price of the Securities delivered by the Company to the Trustee is less than the Offer Amount applicable to the Securities, the Trustee shall deliver the excess to the Company immediately after the expiration of the Offer Period for application in accordance with this Section 4.06.

(3) Holders electing to have a Security purchased shall be required to surrender the Security, with an appropriate form duly completed, to the Company at the address specified in the notice at least three Business Days prior to the Purchase Date. Holders shall be entitled to withdraw their election if the Trustee or the Company receives not later than one Business Day prior to the Purchase Date, a telex,

facsimile transmission or letter setting forth the name of the Holder, the principal amount of the Security which was delivered for purchase by the Holder and a statement that such Holder is withdrawing his election to have such Security purchased. Holders whose Securities are purchased only in part shall be issued new Securities equal in principal amount to the unpurchased portion of the Securities surrendered.

(4) At the time the Company delivers Securities to the Trustee which are to be accepted for purchase, the Company shall also deliver an Officers' Certificate stating that such Securities are to be accepted by the Company pursuant to and in accordance with the terms of this Section. A Security shall be deemed to have been accepted for purchase at the time the Trustee, directly or through an agent, mails or delivers payment therefor to the surrendering Holder.

(d) The Company shall comply, to the extent applicable, with the requirements of Section 14(e) of the Exchange Act and any other securities laws or regulations in connection with the repurchase of Securities pursuant to this Section. To the extent that the provisions of any securities laws or regulations conflict with provisions of this Section, the Company shall comply with the applicable securities laws and regulations and shall not be deemed to have breached its obligations under this Section by virtue of its compliance with such securities laws or regulations.

SECTION 4.07. LIMITATION ON AFFILIATE TRANSACTIONS. (a) The Company shall not, and shall not permit any Restricted Subsidiary to, directly or indirectly, enter into or conduct any transaction or series of related transactions (including the purchase, sale, lease or exchange of any property or the rendering of any service) with any Affiliate of the Company (an "Affiliate Transaction") unless such transaction is on terms that:

(1) are no less favorable to the Company or such Restricted Subsidiary, as the case may be, than those that could be obtained at the time of such transaction in arm's-length dealings with a Person who is not such an Affiliate;

(2) in the event such Affiliate Transaction involves an aggregate amount in excess of $5.0 million,

(A) are set forth in writing, and

(B) have been approved by a majority of the members of the Board of Directors and by a majority of the members of such Board of Directors having no personal stake in such transaction, if any (and such majority or majorities, as the case may be, determines that such Affiliate Transaction satisfies the criteria in clause (1) above); and

(3) in the event such Affiliate Transaction involves an amount in excess of $20.0 million, have been determined by a nationally recognized appraisal or investment banking firm to be fair, from a financial standpoint, to the Company and its Restricted Subsidiaries or is not less favorable to the Company and its Restricted Subsidiaries than could reasonably be expected to be obtained at the time in an arms length transaction with a Person who is not an Affiliate.

(b) The provisions of the foregoing paragraph (a) will not prohibit:

(1) any Investment or other Restricted Payment permitted to be made pursuant to Section 4.04,

(2) any issuance of securities, or other payments, awards or grants in cash, securities or otherwise pursuant to, or the funding of, employment arrangements, stock options and stock ownership plans approved by the Board of Directors,

(3) the grant of stock options or similar rights to employees and directors of the Company pursuant to plans approved by the Board of Directors,

(4) loans or advances to employees in the ordinary course of business of the Company or its Restricted Subsidiaries and consistent with prudent practices and applicable law, not to exceed $2.0 million outstanding at any one time,

(5) the payment of reasonable and customary fees, compensation or employee benefit arrangements to and any indemnity provided for the benefit of

directors, officers or employees of the Company and its Subsidiaries in the ordinary course of business,

(6) any transaction with a Restricted Subsidiary which would constitute an Affiliate Transaction solely because the Company or a Restricted Subsidiary owns an equity interest in, or otherwise controls, such Restricted Subsidiary,

(7) transactions reasonably contemplated by any Customary Transition Agreement,

(8) the Transactions, or

(9) the making of severance payments to directors, officers or employees of Vitas that are required pursuant to arrangements in effect prior to the date that the Company acquired Vitas, in an aggregate amount not to exceed $14.5 million (which arrangements may be modified so long as such aggregate amount is not exceeded).

SECTION 4.08. LIMITATION ON LINES OF BUSINESS. The Company shall not, and shall not permit any Restricted Subsidiary to, engage in any business other than a Permitted Business.

SECTION 4.09. LIMITATION ON THE SALE OR ISSUANCE OF CAPITAL STOCK OF RESTRICTED SUBSIDIARIES. The Company will not sell or otherwise dispose of any shares of Capital Stock of a Restricted Subsidiary to any Person (other than the Company or a Wholly Owned Subsidiary), and will not permit any Restricted Subsidiary, directly or indirectly, to issue or sell or otherwise dispose of any shares of its Capital Stock (other than directors' qualifying shares or shares issued to third parties in the ordinary course to the extent necessary to satisfy any licensing requirements under applicable law with respect to the Company's or any of its Subsidiary's business) to any Person (other than the Company or a Wholly Owned Subsidiary), except, in each case, with respect to dispositions in connection with a Qualifying Subsidiary Stock Sale or Qualifying Subsidiary Stock Distribution; provided, however, that the foregoing shall not prohibit any such issuance, sale or disposition if:

(1) immediately after giving effect to such issuance, sale or other disposition, neither the

Company nor any of its Restricted Subsidiaries owns any Capital Stock of such Restricted Subsidiary; or

(2) immediately after giving effect to such issuance or sale, such Restricted Subsidiary would no longer constitute a Restricted Subsidiary and any Investment in such Person remaining after giving effect thereto would have been permitted to be made under Section 4.04 if made on the date of such issuance, sale or other disposition (and such Investment shall be deemed to be an Investment for the purposes of Section 4.04 as of the effective date of the applicable transaction).

The proceeds of any sale of such Capital Stock permitted under clause (1) or (2) above will be treated as Net Available Cash from an Asset Disposition and must be applied in accordance with the terms of Section 4.06.

For avoidance of doubt, the Company will not be permitted to issue, directly or indirectly, any of its Capital Stock that is exchangeable or convertible, with or without conditions, into any Capital Stock of any Restricted Subsidiary without complying with this Section 4.09.

SECTION 4.10. CHANGE OF CONTROL. (a) Upon the occurrence of a Change of Control, each Holder shall have the right to require that the Company purchase all or any part of such Holder's Securities at a purchase price in cash equal to 101% of the principal amount thereof plus accrued and unpaid interest, if any, to, but excluding, the date of purchase (subject to the right of holders of record on the relevant record date to receive interest on the relevant interest payment date), in accordance with the terms contemplated in Section 4.10(b); provided, however, that notwithstanding the occurrence of a Change of Control, the Company shall not be obligated to purchase the Securities pursuant to this section in the event that it has exercised its right to redeem all the Securities under the terms of paragraph 5 of the Securities.

(b) Within 30 days following any Change of Control, the Company shall mail a notice to each Holder with a copy to the Trustee (the "Change of Control Offer") stating:

(1) that a Change of Control has occurred and that such Holder has the right to require the Company to purchase all or any part of such Holder's Securities at a purchase price in cash equal to 101% of the principal amount thereof on the date of purchase, plus accrued and unpaid interest, if any, to the date of purchase (subject to the right of Holders of record on the relevant record date to receive interest on the relevant interest payment date);

(2) the circumstances and relevant facts and financial information regarding such Change of Control;

(3) the purchase date (which shall be no earlier than 30 days nor later than 60 days from the date such notice is mailed); and

(4) the instructions, as determined by the Company, consistent with this Section, that a Holder must follow in order to have its Securities purchased.

(c) Holders electing to have a Security purchased will be required to surrender the Security, with an appropriate form duly completed, to the Company at the address specified in the notice at least three Business Days prior to the purchase date. Holders will be entitled to withdraw their election if the Trustee or the Company receives not later than one Business Day prior to the purchase date, a telegram, telex, facsimile transmission or letter setting forth the name of the Holder, the principal amount of the Security which was delivered for purchase by the Holder and a statement that such Holder is withdrawing his election to have such Security purchased.

(d) On the purchase date, all Securities purchased by the Company under this Section shall be delivered by the Company to the Trustee for cancellation, and the Company shall pay the purchase price plus accrued and unpaid interest, if any, to the Holders entitled thereto.

(e) Notwithstanding the foregoing provisions of this Section, the Company shall not be required to make a Change of Control Offer following a Change of Control if a third party makes the Change of Control Offer in the manner, at the times and otherwise in compliance with the requirements set forth in this Section applicable to a

Change of Control Offer made by the Company and purchases all Securities validly tendered and not withdrawn under such Change of Control Offer.

(f) The Company shall comply, to the extent applicable, with the requirements of Section 14(e) of the Exchange Act and any other securities laws or regulations in connection with the repurchase of Securities pursuant to this Section. To the extent that the provisions of any securities laws or regulations conflict with provisions of this Section, the Company shall comply with the applicable securities laws and regulations and shall not be deemed to have breached its obligations under this Section by virtue of its compliance with such securities laws or regulations.

SECTION 4.11. LIMITATION ON LIENS. The Company shall not, and shall not permit any Restricted Subsidiary to, directly or indirectly, Incur or permit to exist any Lien (the "Initial Lien") of any nature whatsoever on any of its property or assets (including Capital Stock of a Restricted Subsidiary, but excluding Capital Stock of an Unrestricted Subsidiary), whether owned at the Closing Date or thereafter acquired, other than Permitted Liens, without effectively providing that the Securities shall be secured equally and ratably with (or prior to) the obligations so secured for so long as such obligations are so secured. Any Lien created for the benefit of the Holders of the Securities pursuant to the foregoing sentence shall provide by its terms that such Lien shall be automatically and unconditionally released and discharged upon the release and discharge of the Initial Lien.

SECTION 4.12. LIMITATION ON SALE/LEASEBACK TRANSACTIONS. The Company shall not, and shall not permit any Restricted Subsidiary to, enter into any Sale/Leaseback Transaction with respect to any property unless:

(1) the Company or such Restricted Subsidiary would be entitled to:

(A) Incur Indebtedness in an amount equal to the Attributable Debt with respect to such Sale/Leaseback Transaction pursuant to Section 4.03; and

(B) create a Lien on such property securing such Attributable Debt without equally and

ratably securing the Securities pursuant to Section 4.11,

(2) the net proceeds received by the Company or such Restricted Subsidiary in connection with such Sale/Leaseback Transaction are at least equal to the Fair Market Value of such property and

(3) the transfer of such property is permitted by, and the Company applies the proceeds of such transaction in compliance with Section 4.06.

SECTION 4.13. LIMITATION ON DESIGNATION OF SUBSIDIARIES AS UNRESTRICTED SUBSIDIARIES. (a) Except as set forth below, the Company shall not designate any Subsidiary as an Unrestricted Subsidiary at any time; provided, however, that the Company may designate any Subsidiary of the Company (including any newly acquired or newly formed Subsidiary of the Company) to be an Unrestricted Subsidiary if:

(1) such Subsidiary and its Subsidiaries do not own any Capital Stock or Indebtedness of, and do not own or hold any Lien on any property of, the Company or any other Subsidiary of the Company that is not a Subsidiary of the Subsidiary to be so designated, and either:

(2) (A) with respect to the Specified Subsidiary Group, such designation is permitted under clause (b) below; or

(B) with respect to any other Subsidiary, the Subsidiary to be so designated has total Consolidated assets of $1,000 or less, or if such Subsidiary has Consolidated assets greater than $1,000, then such designation would be permitted under Section 4.04, with the aggregate Fair Market Value of all outstanding Investments owned by the Company and its Restricted Subsidiaries in the Subsidiary so designated will be deemed to be an Investment made as of the time of such designation and either reducing the amount available for Restricted Payments under Section 4.04(a)(4)(C)(iv) or reducing the amount available for future Investments under one or more clauses of the definition of Permitted Investments, as the Company shall determine.

(b) (1) The Company may designate all Subsidiaries that constitute part of the Specified Subsidiary Group as Unrestricted Subsidiaries for all purposes under the Indenture except as set forth below in clause (b)(2) below at any time after or in connection with a Qualifying Subsidiary Stock Sale or a Qualifying Subsidiary Stock Distribution if at such time, after giving effect thereto and to any transactions (including any refinancings of Indebtedness) occurring concurrently with such designation, the criteria in clause (a)(1) above is satisfied and the following additional conditions are met:

(A) the Adjusted Consolidated Leverage Ratio shall be not more than (x) 5.0 to 1 if the Specified Subsidiary is VHC and (y) 4.0 to 1 if the Specified Subsidiary is RRM;

(B) no Default has occurred and is continuing;

(C) all the Indebtedness of such Subsidiary and its Subsidiaries shall, at the date of designation, and will at all times thereafter, consist of Non-Recourse Debt;

(D) such Subsidiary, either alone or in the aggregate with all other Unrestricted Subsidiaries, does not operate, directly or indirectly, all or substantially all of the business of the Company and its Subsidiaries;

(E) such Subsidiary is a Person with respect to which neither the Company nor any of its Restricted Subsidiaries has any direct or indirect obligation:

(i) to subscribe for additional Capital Stock of such Person; or

(ii) to maintain or preserve such Person's financial condition or to cause such Person to achieve any specified levels of operating results; and

(F) on the date such Subsidiary is designated an Unrestricted Subsidiary any agreement or transaction between such Subsidiary

and the Company or any Restricted Subsidiary is permitted under Section 4.07.

For the avoidance of doubt, the designation of the Specified Subsidiary Group as Unrestricted Subsidiaries shall not require compliance with Section 4.04 with respect to the Investment of the Company and its Restricted Subsidiaries in the Specified Subsidiary Group at the time of designation, but such Investment shall be included in the calculation of the amount available for Restricted Payments thereafter as provided in Section 4.04.

(2) The Company shall not be entitled to revoke the designation of the Specified Subsidiary Group as Unrestricted Subsidiaries after its effectiveness. Immediately upon the effectiveness of such designation and for all purposes thereafter under the Indenture, the covenants, events of defaults and other terms of the Indenture applicable to the Restricted Subsidiaries of the Company will not apply to the Specified Subsidiary Group except as follows:

(A) Section 4.04 will continue to apply to the making by the Company or any Restricted Subsidiary of any dividend, distribution or any similar payment to the holders of its Capital Stock that is payable in the Capital Stock of VHC, and

(B) Section 4.06 will continue to apply, to the extent provided therein, to any Asset Disposition by the Company or any Restricted Subsidiary of any Capital Stock of VHC or its Subsidiaries.

(c) The Company shall have the right, on one occasion at any time, to designate either (but not both) of VHC or RRM as the "Specified Subsidiary". Such designation shall be made by action of the Board of Directors and shall be effective upon notification in writing to the Trustee. The designation of VHC or RRM as the Specified Subsidiary may be made at any time prior to designating the Specified Subsidiary Group as Unrestricted Subsidiaries, and it shall not obligate the Company thereafter to designate the Specified Subsidiary Group as Unrestricted Subsidiaries; provided that the designation of the Specified Subsidiary shall be irrevocable and must be

made prior to or concurrently with the designation of the Specified Subsidiary Group as Unrestricted Subsidiaries.

(d) The Board of Directors may designate any Unrestricted Subsidiary (other than a member of the Specified Subsidiary Group that has been designated an Unrestricted Subsidiary) to be a Restricted Subsidiary; provided, however, that:

(x) such designation shall be deemed to be an incurrence of Indebtedness by a Restricted Subsidiary of the Company of any outstanding Indebtedness of such Unrestricted Subsidiary and such designation shall only be permitted if such Indebtedness is permitted under Section 4.03, calculated on a pro forma basis as if such designation had occurred at the beginning of the four-quarter reference period; and

(y) immediately after giving effect to such designation, no Default shall have occurred and be continuing.

(e) Any designation of a Subsidiary as a Restricted Subsidiary or Unrestricted Subsidiary, any designation of the Specified Subsidiary, and any designation of the Specified Subsidiary Group as Unrestricted Subsidiaries shall be made by the Board of Directors, shall be evidenced to the Trustee by promptly filing with the Trustee a copy of the resolution of the Board of Directors giving effect to such designation and an Officers' Certificate certifying that such designation complied with the foregoing provisions, and shall be effective upon such filing.

SECTION 4.14. RATINGS. As promptly as reasonably practicable after the Closing Date, the Company will use its reasonable efforts to obtain a rating of the Securities from either Standard & Poor's Ratings Group, Inc. or Moody's Investors Service, Inc.

SECTION 4.15. COMPLIANCE CERTIFICATE. The Company shall deliver to the Trustee within 120 days after the end of each fiscal year of the Company an Officers' Certificate stating that in the course of the performance by the signers of their duties as Officers of the Company they would normally have knowledge of any Default and whether or not the signers know of any Default that occurred during such period. If they do, the certificate

shall describe the Default, its status and what action the Company is taking or proposes to take with respect thereto. The Company also shall comply with TIA ss. 314(a)(4).

SECTION 4.16. FURTHER INSTRUMENTS AND ACTS. Upon request of the Trustee, the Company will execute and deliver such further instruments and do such further acts as may be reasonably necessary or proper to carry out more effectively the purpose of this Indenture.

ARTICLE 5

SUCCESSOR COMPANY

SECTION 5.01. WHEN COMPANY MAY MERGE OR TRANSFER ASSETS. (a) The Company shall not consolidate with or merge with or into, or convey, transfer or lease, all or substantially all its assets to, any Person, unless:

(1) the resulting, surviving or transferee Person (the "Successor Company") shall be a Person organized and existing under the laws of the United States of America, any State thereof or the District of Columbia and the Successor Company (if not the Company) shall expressly assume, by an indenture supplemental hereto, executed and delivered to the Trustee, in form satisfactory to the Trustee, all the obligations of the Company under the Securities and this Indenture;

(2) immediately after giving pro forma effect to such transaction (and treating any Indebtedness which becomes an obligation of the Successor Company or any Subsidiary as a result of such transaction as having been Incurred by the Successor Company or such Subsidiary at the time of such transaction), no Default shall have occurred and be continuing;

(3) immediately after giving pro forma effect to such transaction, the Successor Company would be able to Incur an additional $1.00 of Indebtedness pursuant to Section 4.03(a);

(4) immediately after giving pro forma effect to such transaction, the Successor Company shall have Consolidated Net Worth in an amount that is not less than the Consolidated Net Worth of the Company immediately prior to such transaction; (or, in the

event that, concurrently with such merger or consolidation, the Specified Subsidiary Group is designated as Unrestricted Subsidiaries in accordance with and subject to Section 4.13, the Successor Company will have Consolidated Net Worth in an amount which is not less than the Consolidated Net Worth of the Company, excluding the Specified Subsidiary Group, immediately prior to such transaction); and

(5) the Company shall have delivered to the Trustee an Officers' Certificate and an Opinion of Counsel, each stating that such consolidation, merger or transfer and such supplemental indenture (if any) comply with this Indenture.

The Successor Company will succeed to, and be substituted for, and may exercise every right and power of, the Company under this Indenture, and the predecessor Company, except in the case of a lease, shall be released from the obligation to pay the principal of and interest on the Securities.

Notwithstanding the foregoing:

(A) any Restricted Subsidiary may consolidate with, merge into or transfer all or part of its properties and assets to the Company; and

(B) the Company may merge with an Affiliate incorporated solely for the purpose of reincorporating the Company in another jurisdiction to realize tax or other benefits; and

(C) nothing herein shall limit any conveyance, transfer or lease of assets between or among any of the Company and its Restricted Subsidiaries.

ARTICLE 6

DEFAULTS AND REMEDIES

SECTION 6.01. EVENTS OF DEFAULT. An "Event of Default" occurs if:

(1) the Company defaults in any payment of interest on any Security when the same becomes due and payable, and such default continues for a period of 30 days;

(2) the Company (A) defaults in the payment of principal of any Security when the same becomes due and payable at its Stated Maturity, upon optional redemption, upon declaration of acceleration or otherwise, or (B) fails to purchase Securities when required pursuant to this Indenture or the Securities;

(3) the Company fails to comply with Section 5.01;

(4) the Company fails to comply with Section 4.02, 4.03, 4.04, 4.05, 4.06, 4.07, 4.08, 4.09, 4.10, 4.11, 4.12, 4.13 or 4.14 (other than a failure to purchase Securities when required under Section 4.06 or 4.10) and such failure continues for 60 days after the notice specified below;

(5) the Company fails to comply with any covenant set forth in the Securities or this Indenture (other than those referred to in clause (1), (2), (3) or (4) above) and such failure continues for 90 days after the notice specified below;

(6) Indebtedness of the Company or any Significant Subsidiary is not paid within any applicable grace period after final maturity or is accelerated by the holders thereof because of a default and the total amount of such Indebtedness unpaid or accelerated exceeds $5.0 million or its foreign currency equivalent at the time;

(7) the Company or any Significant Subsidiary pursuant to or within the meaning of any Bankruptcy Law:

(A) commences a voluntary case;

(B) consents to the entry of an order for relief against it in an involuntary case;

(C) consents to the appointment of a Custodian of it or for any substantial part of its property; or

(D) makes a general assignment for the benefit of its creditors;

or takes any comparable action under any foreign laws relating to insolvency;

(8) a court of competent jurisdiction enters an order or decree under any Bankruptcy Law that:

(A) is for relief against the Company or any Significant Subsidiary in an involuntary case;

(B) appoints a Custodian of the Company or any Significant Subsidiary or for any substantial part of its property; or

(C) orders the winding up or liquidation of the Company or any Significant Subsidiary;

or any similar relief is granted under any foreign laws and the order or decree remains unstayed and in effect for 60 days; or

(9) any judgment or decree for the payment of money in excess of $5.0 million or its foreign currency equivalent at the time is entered against the Company or any Significant Subsidiary if:

(A) an enforcement proceeding thereon is commenced by any creditor or

(B) such judgment or decree remains outstanding for a period of 60 days following such judgment or decree and is not discharged, waived or stayed (the "judgment default provision").

The foregoing will constitute Events of Default whatever the reason for any such Event of Default and whether it is voluntary or involuntary or is effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body.

The term "Bankruptcy Law" means Title 11, United States Code, or any similar Federal or state law for the relief of debtors. The term "Custodian" means any

receiver, trustee, assignee, liquidator, custodian or similar official under any Bankruptcy Law.

A Default under clause (4), (5) or (6) is not an Event of Default until the Trustee or the holders of at least 25% in principal amount of the outstanding Securities notify the Company of the Default and the Company does not cure such Default within the time specified in clause (4), (5) or (6) after receipt of such notice. Such notice must specify the Default, demand that it be remedied and state that such notice is a "Notice of Default".

The Company shall deliver to the Trustee, within 30 days after the occurrence thereof, written notice in the form of an Officers' Certificate of any event which with the giving of notice or the lapse of time would become an Event of Default under clause (4), (5) or (6), its status and what action the Company is taking or proposes to take with respect thereto.

SECTION 6.02. ACCELERATION. If an Event of Default (other than an Event of Default specified in Section 6.01(7) or (8) with respect to the Company) occurs and is continuing, the Trustee by notice to the Company, or the Holders of at least 25% in principal amount of the outstanding Securities by notice to the Company and the Trustee, may declare the principal of and accrued but unpaid interest on all the Securities to be due and payable. Upon such a declaration, such principal and interest and any premium on the Securities shall be due and payable immediately. If an Event of Default specified in Section 6.01(7) or (8) with respect to the Company occurs, the principal of and interest on all the Securities shall ipso facto become and be immediately due and payable without any declaration or other act on the part of the Trustee or any Securityholders. The Holders of a majority in principal amount of the outstanding Securities by notice to the Trustee may rescind an acceleration and its consequences if the rescission would not conflict with any judgment or decree and if all existing Events of Default have been cured or waived except nonpayment of principal or interest that has become due solely because of acceleration. No such rescission shall affect any subsequent Default or impair any right consequent thereto.

SECTION 6.03. OTHER REMEDIES. If an Event of Default occurs and is continuing, the Trustee may pursue any available remedy to collect the payment of principal of

or interest or premium on the Securities or to enforce the performance of any provision of the Securities or this Indenture.

The Trustee may maintain a proceeding even if it does not possess any of the Securities or does not produce any of them in the proceeding. A delay or omission by the Trustee or any Securityholder in exercising any right or remedy accruing upon an Event of Default shall not impair the right or remedy or constitute a waiver of or acquiescence in the Event of Default. No remedy is exclusive of any other remedy. All available remedies are cumulative.

SECTION 6.04. WAIVER OF PAST DEFAULTS. The Holders of a majority in principal amount of the Securities by notice to the Trustee may waive an existing Default and its consequences except (a) a Default in the payment of the principal of or interest on a Security, (b) a Default arising from the failure to redeem or purchase any Security when required pursuant to this Indenture or (c) a Default in respect of a provision that under Section 9.02 cannot be amended without the consent of each Securityholder affected. When a Default is waived, it is deemed cured, but no such waiver shall extend to any subsequent or other Default or impair any consequent right.

SECTION 6.05. CONTROL BY MAJORITY. The Holders of a majority in principal amount of the outstanding Securities may direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or of exercising any trust or power conferred on the Trustee. However, the Trustee may refuse to follow any direction that conflicts with law or this Indenture or, subject to Section 7.01, that the Trustee determines is unduly prejudicial to the rights of other Securityholders or would involve the Trustee in personal liability; provided, however, that the Trustee may take any other action deemed proper by the Trustee that is not inconsistent with such direction. Prior to taking any action hereunder, the Trustee shall be entitled to indemnification satisfactory to it in its sole discretion against all losses and expenses caused by taking or not taking such action.

SECTION 6.06. LIMITATION ON SUITS. Except to enforce the right to receive payment of principal, premium (if any) or interest when due, no Securityholder may pursue

any remedy with respect to this Indenture or the Securities unless:

(1) the Holder gives to the Trustee written notice stating that an Event of Default is continuing;

(2) the Holders of at least 25% in principal amount of the outstanding Securities make a written request to the Trustee to pursue the remedy;

(3) such Holders offer to the Trustee reasonable security or indemnity against any loss, liability or expense;

(4) the Trustee does not comply with the request within 60 days after receipt of the request and the offer of security or indemnity; and

(5) the Holders of a majority in principal amount of the Securities do not give the Trustee a direction inconsistent with the request during such 60-day period.

A Securityholder may not use this Indenture to prejudice the rights of another Securityholder or to obtain a preference or priority over another Securityholder.

SECTION 6.07. RIGHTS OF HOLDERS TO RECEIVE PAYMENT. Notwithstanding any other provision of this Indenture, the right of any Holder to receive payment of principal of and interest on the Securities held by such Holder, on or after the respective due dates expressed in the Securities, or to bring suit for the enforcement of any such payment on or after such respective dates, shall not be impaired or affected without the consent of such Holder.

SECTION 6.08. COLLECTION SUIT BY TRUSTEE. If an Event of Default specified in Section 6.01(1) or (2) occurs and is continuing, the Trustee may recover judgment in its own name and as trustee of an express trust against the Company for the whole amount then due and owing (together with interest on any unpaid interest to the extent lawful) and the amounts provided for in Section 7.07.

SECTION 6.09. TRUSTEE MAY FILE PROOFS OF CLAIM. The Trustee may file such proofs of claim and other papers or documents as may be necessary or advisable in order to have the claims of the Trustee and the Securityholders

allowed in any judicial proceedings relative to the Company, its creditors or its property and, unless prohibited by law or applicable regulations, may vote on behalf of the Holders in any election of a trustee in bankruptcy or other Person performing similar functions, and any Custodian in any such judicial proceeding is hereby authorized by each Holder to make payments to the Trustee and, in the event that the Trustee shall consent to the making of such payments directly to the Holders, to pay to the Trustee any amount due it for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and its counsel, and any other amounts due the Trustee under Section 7.07.

SECTION 6.10. PRIORITIES. If the Trustee collects any money or property pursuant to this Article 6, it shall pay out the money or property in the following order:

FIRST: to the Trustee for amounts due under Section 7.07;

SECOND: to Securityholders for amounts due and unpaid on the Securities for principal and interest, ratably, without preference or priority of any kind, according to the amounts due and payable on the Securities for principal and interest, respectively; and

THIRD: to the Company.

The Trustee may fix a record date and payment date for any payment to Securityholders pursuant to this Section. At least 15 days before such record date, the Company shall mail to each Securityholder and the Trustee a notice that states the record date, the payment date and amount to be paid.

SECTION 6.11. UNDERTAKING FOR COSTS. In any suit for the enforcement of any right or remedy under this Indenture or in any suit against the Trustee for any action taken or omitted by it as Trustee, a court in its discretion may require the filing by any party litigant in the suit of an undertaking to pay the costs of the suit, and the court in its discretion may assess reasonable costs, including reasonable attorneys' fees, against any party litigant in the suit, having due regard to the merits and good faith of the claims or defenses made by the party

litigant. This Section does not apply to a suit by the Trustee, a suit by a Holder pursuant to Section 6.07 or a suit by Holders of more than 10% in principal amount of the Securities.

SECTION 6.12. WAIVER OF STAY OR EXTENSION LAWS. The Company (to the extent it may lawfully do so) shall not at any time insist upon, or plead, or in any manner whatsoever claim or take the benefit or advantage of, any stay or extension law wherever enacted, now or at any time hereafter in force, which may affect the covenants or the performance of this Indenture; and the Company (to the extent that it may lawfully do so) hereby expressly waives all benefit or advantage of any such law, and shall not hinder, delay or impede the execution of any power herein granted to the Trustee, but shall suffer and permit the execution of every such power as though no such law had been enacted.

ARTICLE 7

TRUSTEE

SECTION 7.01. DUTIES OF TRUSTEE. (a) If an Event of Default has occurred and is continuing, the Trustee shall exercise the rights and powers vested in it by this Indenture and use the same degree of care and skill in their exercise as a prudent Person would exercise or use under the circumstances in the conduct of such Person's own affairs.

(b) Except during the continuance of an Event of Default:

(1) the Trustee undertakes to perform such duties and only such duties as are specifically set forth in this Indenture and no implied covenants or obligations shall be read into this Indenture against the Trustee; and

(2) in the absence of bad faith on its part, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Trustee and conforming to the requirements of this Indenture. However, the Trustee shall examine the certificates and opinions to

determine whether or not they conform to the requirements of this Indenture.

(c) The Trustee may not be relieved from liability for its own negligent action, its own negligent failure to act or its own wilful misconduct, except that:

(1) this paragraph does not limit the effect of paragraph (b) of this Section;

(2) the Trustee shall not be liable for any error of judgment made in good faith by a Trust Officer unless it is proved that the Trustee was negligent in ascertaining the pertinent facts; and

(3) the Trustee shall not be liable with respect to any action it takes or omits to take in good faith in accordance with a direction received by it pursuant to Section 6.05.

(d) Every provision of this Indenture that in any way relates to the Trustee is subject to paragraphs (a), (b) and (c) of this Section.

(e) The Trustee shall not be liable for interest on any money received by it except as the Trustee may agree in writing with the Company.

(f) Money held in trust by the Trustee need not be segregated from other funds except to the extent required by law.

(g) No provision of this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur financial liability in the performance of any of its duties hereunder or in the exercise of any of its rights or powers, if it shall have reasonable grounds to believe that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.

(h) Every provision of this Indenture relating to the conduct or affecting the liability of or affording protection to the Trustee shall be subject to the provisions of this Section and to the provisions of the TIA.

SECTION 7.02. RIGHTS OF TRUSTEE. (a) The Trustee may rely on any document believed by it to be

genuine and to have been signed or presented by the proper person. The Trustee need not investigate any fact or matter stated in the document.

(b) Before the Trustee acts or refrains from acting, it may require an Officers' Certificate or an Opinion of Counsel. The Trustee shall not be liable for any action it takes or omits to take in good faith in reliance on the Officers' Certificate or Opinion of Counsel.

(c) The Trustee may act through agents and shall not be responsible for the misconduct or negligence of any agent appointed with due care.

(d) The Trustee shall not be liable for any action it takes or omits to take in good faith which it believes to be authorized or within its rights or powers; provided, however, that the Trustee's conduct does not constitute wilful misconduct or negligence.

(e) The Trustee may consult with counsel, and the advice or opinion of counsel with respect to legal matters relating to this Indenture and the Securities shall be full and complete authorization and protection from liability in respect to any action taken, omitted or suffered by it hereunder in good faith and in accordance with the advice or opinion of such counsel.

SECTION 7.03. INDIVIDUAL RIGHTS OF TRUSTEE. The Trustee in its individual or any other capacity may become the owner or pledgee of Securities and may otherwise deal with the Company or its Affiliates with the same rights it would have if it were not Trustee. Any Paying Agent, Registrar, co-registrar or co-paying agent may do the same with like rights. However, the Trustee must comply with Sections 7.10 and 7.11.

SECTION 7.04. TRUSTEE'S DISCLAIMER. The Trustee shall not be responsible for and makes no representation as to the validity or adequacy of this Indenture or the Securities, it shall not be accountable for the Company's use of the proceeds from the Securities, and it shall not be responsible for any statement of the Company in the Indenture or in any document issued in connection with the sale of the Securities or in the Securities other than the Trustee's certificate of authentication.

SECTION 7.05. NOTICE OF DEFAULTS. If a Default occurs and is continuing and if it is known to the Trustee, the Trustee shall mail to each Securityholder notice of the Default within the earlier of 90 days after it occurs or 30 days after it is known to a Trust Officer or written notice of it is received by the Trustee. Except in the case of a Default in payment of principal of or interest on any Security (including payments pursuant to the redemption provisions of such Security, if any), the Trustee may withhold the notice if and so long as a committee of its Trust Officers in good faith determines that withholding the notice is in the interests of Securityholders.

SECTION 7.06. REPORTS BY TRUSTEE TO HOLDERS. As promptly as practicable after each February 15 beginning with the February 15 following the date of this Indenture, and in any event prior to May 15 in each year, the Trustee shall mail to each Securityholder a brief report dated as of February 15 that complies with TIA ss. 313(a). The Trustee also shall comply with TIA ss. 313(b).

A copy of each report at the time of its mailing to Securityholders shall be filed with the SEC and each stock exchange (if any) on which the Securities are listed. The Company agrees to notify promptly the Trustee whenever the Securities become listed on any stock exchange and of any delisting thereof.

SECTION 7.07. COMPENSATION AND INDEMNITY. The Company shall pay to the Trustee from time to time reasonable compensation for its services. The Trustee's compensation shall not be limited by any law on compensation of a trustee of an express trust. The Company shall reimburse the Trustee upon request for all reasonable out-of-pocket expenses incurred or made by it, including costs of collection, in addition to the compensation for its services. Such expenses shall include the reasonable compensation and expenses, disbursements and advances of the Trustee's agents, counsel, accountants and experts. The Company shall indemnify the Trustee against any and all loss, liability or expense (including attorneys' fees) incurred by it in connection with the administration of this trust and the performance of its duties hereunder. The Trustee shall notify the Company promptly of any claim for which it may seek indemnity. Failure by the Trustee to so notify the Company shall not relieve the Company of its obligations hereunder. The Company shall defend the claim and the Trustee may have separate counsel and the Company

shall pay the fees and expenses of such counsel. The Company need not reimburse any expense or indemnify against any loss, liability or expense incurred by the Trustee through the Trustee's own wilful misconduct, negligence or bad faith.

To secure the Company's payment obligations in this Section, the Trustee shall have a lien prior to the Securities on all money or property held or collected by the Trustee other than money or property held in trust to pay principal of and interest on particular Securities.

The Company's payment obligations pursuant to this Section shall survive the discharge of this Indenture. When the Trustee incurs expenses after the occurrence of a Default specified in Section 6.01(7) or (8) with respect to the Company, the expenses are intended to constitute expenses of administration under the Bankruptcy Law.

SECTION 7.08. REPLACEMENT OF TRUSTEE. The Trustee may resign at any time by so notifying the Company. The Holders of a majority in principal amount of the Securities may remove the Trustee by so notifying the Trustee and may appoint a successor Trustee. The Company shall remove the Trustee if:

(1) the Trustee fails to comply with Section 7.10;

(2) the Trustee is adjudged bankrupt or insolvent;

(3) a receiver or other public officer takes charge of the Trustee or its property; or

(4) the Trustee otherwise becomes incapable of acting.

If the Trustee resigns, is removed by the Company or by the Holders of a majority in principal amount of the Securities and such Holders do not reasonably promptly appoint a successor Trustee, or if a vacancy exists in the office of Trustee for any reason (the Trustee in such event being referred to herein as the retiring Trustee), the Company shall promptly appoint a successor Trustee.

A successor Trustee shall deliver a written acceptance of its appointment to the retiring Trustee and

to the Company. Thereupon the resignation or removal of the retiring Trustee shall become effective, and the successor Trustee shall have all the rights, powers and duties of the Trustee under this Indenture. The successor Trustee shall mail a notice of its succession to Securityholders. The retiring Trustee shall promptly transfer all property held by it as Trustee to the successor Trustee, subject to the lien provided for in Section 7.07.

If a successor Trustee does not take office within 60 days after the retiring Trustee resigns or is removed, the retiring Trustee or the Holders of 10% in principal amount of the Securities may petition any court of competent jurisdiction for the appointment of a successor Trustee.

If the Trustee fails to comply with Section 7.10, any Securityholder may petition any court of competent jurisdiction for the removal of the Trustee and the appointment of a successor Trustee.

Notwithstanding the replacement of the Trustee pursuant to this Section, the Company's obligations under Section 7.07 shall continue for the benefit of the retiring Trustee.

SECTION 7.09. SUCCESSOR TRUSTEE BY MERGER. If the Trustee consolidates with, merges or converts into, or transfers all or substantially all its corporate trust business or assets to, another corporation or banking association, the resulting, surviving or transferee corporation without any further act shall be the successor Trustee.

In case at the time such successor or successors by merger, conversion or consolidation to the Trustee shall succeed to the trusts created by this Indenture any of the Securities shall have been authenticated but not delivered, any such successor to the Trustee may adopt the certificate of authentication of any predecessor trustee, and deliver such Securities so authenticated; and in case at that time any of the Securities shall not have been authenticated, any successor to the Trustee may authenticate such Securities either in the name of any predecessor hereunder or in the name of the successor to the Trustee; and in all such cases such certificates shall have the full force

which it is anywhere in the Securities or in this Indenture provided that the certificate of the Trustee shall have.

SECTION 7.10. ELIGIBILITY; DISQUALIFICATION. The Trustee shall at all times satisfy the requirements of TIA ss. 310(a). The Trustee shall have a combined capital and surplus of at least $50,000,000 as set forth in its most recent published annual report of condition. The Trustee shall comply with TIA ss. 310(b); provided, however, that there shall be excluded from the operation of TIA ss. 310(b)(1) any indenture or indentures under which other securities or certificates of interest or participation in other securities of the Company are outstanding if the requirements for such exclusion set forth in TIA ss. 310(b)(1) are met.

SECTION 7.11. PREFERENTIAL COLLECTION OF CLAIMS AGAINST COMPANY. The Trustee shall comply with TIA ss. 311(a), excluding any creditor relationship listed in TIA ss. 311(b). A Trustee who has resigned or been removed shall be subject to TIA ss. 311(a) to the extent indicated.

ARTICLE 8

DISCHARGE OF INDENTURE; DEFEASANCE

SECTION 8.01. DISCHARGE OF LIABILITY ON SECURITIES; DEFEASANCE. (a) When (1) the Company delivers to the Trustee all outstanding Securities (other than Securities replaced pursuant to Section 2.07) for cancellation or (2) all outstanding Securities have become due and payable, whether at maturity or on a redemption date as a result of the mailing of a notice of redemption pursuant to Article 3 hereof and the Company irrevocably deposits with the Trustee funds sufficient to pay at maturity or upon redemption all outstanding Securities, including interest thereon to maturity or such redemption date (other than Securities replaced pursuant to Section 2.07), and if in either case the Company pays all other sums payable hereunder by the Company, then this Indenture shall, subject to Section 8.01(c), cease to be of further effect. The Trustee shall acknowledge satisfaction and discharge of this Indenture on demand of the Company accompanied by an Officers' Certificate and an Opinion of Counsel and at the cost and expense of the Company.

(b) Subject to Sections 8.01(c) and 8.02, the Company at any time may terminate (1) all its obligations

under the Securities and this Indenture ("legal defeasance option") or (2) its obligations under Sections 4.02, 4.03, 4.04, 4.05, 4.06, 4.07, 4.08, 4.09, 4.10, 4.11, 4.12, 4.13 and 4.14 and the operation of Sections 6.01(3), 6.01(4), 6.01(5), 6.01(6), 6.01(7), 6.01(8) and 6.01(9) (but, in the case of Sections 6.01(7) and (8), with respect only to Significant Subsidiaries) and the limitations contained in Sections 5.01(a)(3) and (4) ("covenant defeasance option"). The Company may exercise its legal defeasance option notwithstanding its prior exercise of its covenant defeasance option.

If the Company exercises its legal defeasance option, payment of the Securities may not be accelerated because of an Event of Default with respect thereto. If the Company exercises its covenant defeasance option, payment of the Securities may not be accelerated because of an Event of Default specified in Section 6.01(3), 6.01(4), 6.01(5), 6.01(6), 6.01(7), 6.01(8) or 6.01(9) (but, in the case of Sections 6.01(7) and (8), with respect only to Significant Subsidiaries) or because of the failure of the Company to comply with Section 5.01(a)(3) or (4).

Upon satisfaction of the conditions set forth herein and upon request of the Company, the Trustee shall acknowledge in writing the discharge of those obligations that the Company terminates.

(c) Notwithstanding clauses (a) and (b) above, the Company's obligations in Sections 2.03, 2.04, 2.05, 2.06, 2.07, 2.08, 7.07 and 7.08 and in this Article 8 shall survive until the Securities have been paid in full. Thereafter, the Company's obligations in Sections 7.07, 8.04 and 8.05 shall survive.

SECTION 8.02. CONDITIONS TO DEFEASANCE. The Company may exercise its legal defeasance option or its covenant defeasance option only if:

(1) the Company irrevocably deposits in trust with the Trustee money or U.S. Government Obligations, the principal of and interest on which will be sufficient, or a combination thereof sufficient, to pay the principal of and premium (if any) and interest on the Securities to maturity or redemption, as the case may be;

(2) the Company delivers to the Trustee a certificate from a nationally recognized firm of independent accountants expressing their opinion that the payments of principal and interest when due and without reinvestment on the deposited U.S. Government Obligations plus any deposited money without investment will provide cash at such times and in such amounts as will be sufficient to pay principal and interest when due on all the Securities to maturity or redemption, as the case may be;

(3) 123 days pass after the deposit is made and during the 123-day period no Default specified in Sections 6.01(7) or (8) with respect to the Company occurs which is continuing at the end of the period;

(4) the deposit does not constitute a default under any other agreement binding on the Company;

(5) the Company delivers to the Trustee an Opinion of Counsel to the effect that the trust resulting from the deposit does not constitute, or is qualified as, a regulated investment company under the Investment Company Act of 1940;

(6) in the case of the legal defeasance option, the Company shall have delivered to the Trustee an Opinion of Counsel stating that (A) the Company has received from, or there has been published by, the Internal Revenue Service a ruling, or (B) since the date of this Indenture there has been a change in the applicable Federal income tax law, in either case to the effect that, and based thereon such Opinion of Counsel shall confirm that, the Securityholders will not recognize income, gain or loss for Federal income tax purposes as a result of such defeasance and will be subject to Federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such defeasance had not occurred;

(7) in the case of the covenant defeasance option, the Company shall have delivered to the Trustee an Opinion of Counsel to the effect that the Securityholders will not recognize income, gain or loss for Federal income tax purposes as a result of such covenant defeasance and will be subject to Federal income tax on the same amounts, in the same

manner and at the same times as would have been the case if such covenant defeasance had not occurred; and

(8) the Company delivers to the Trustee an Officers' Certificate and an Opinion of Counsel, each stating that all conditions precedent to the defeasance and discharge of the Securities as contemplated by this Article 8 have been complied with.

Before or after a deposit, the Company may make arrangements satisfactory to the Trustee for the redemption of Securities at a future date in accordance with Article 3.

SECTION 8.03. APPLICATION OF TRUST MONEY. The Trustee shall hold in trust money or U.S. Government Obligations deposited with it pursuant to this Article 8. It shall apply the deposited money and the money from U.S. Government Obligations through the Paying Agent and in accordance with this Indenture to the payment of principal of and interest on the Securities.

SECTION 8.04. REPAYMENT TO COMPANY. The Trustee and the Paying Agent shall promptly turn over to the Company upon request any excess money or securities held by them at any time.

Subject to any applicable abandoned property law, the Trustee and the Paying Agent shall pay to the Company upon request any money held by them for the payment of principal or interest that remains unclaimed for two years, and, thereafter, Securityholders entitled to the money must look to the Company for payment as general creditors.

SECTION 8.05. INDEMNITY FOR GOVERNMENT OBLIGATIONS. The Company shall pay and shall indemnify the Trustee against any tax, fee or other charge imposed on or assessed against deposited U.S. Government Obligations or the principal and interest received on such U.S. Government Obligations.

SECTION 8.06. REINSTATEMENT. If the Trustee or Paying Agent is unable to apply any money or U.S. Government Obligations in accordance with this Article 8 by reason of any legal proceeding or by reason of any order or judgment of any court or governmental authority enjoining, restraining or otherwise prohibiting such application, the

Company's obligations under this Indenture and the Securities shall be revived and reinstated as though no deposit had occurred pursuant to this Article 8 until such time as the Trustee or Paying Agent is permitted to apply all such money or U.S. Government Obligations in accordance with this Article 8; provided, however, that, if the Company has made any payment of interest on or principal of any Securities because of the reinstatement of its obligations, the Company shall be subrogated to the rights of the Holders of such Securities to receive such payment from the money or U.S. Government Obligations held by the Trustee or Paying Agent.

ARTICLE 9

AMENDMENTS

SECTION 9.01. WITHOUT CONSENT OF HOLDERS. The Company and the Trustee may amend this Indenture or the Securities without notice to or consent of any Securityholder:

(1) to cure any ambiguity, omission, defect or inconsistency;

(2) to comply with Article 5 and to provide for the assumption by a successor corporation of the obligations of the Company under this Indenture;

(3) to provide for uncertificated Securities in addition to or in place of certificated Securities; provided, however, that the uncertificated Securities are issued in registered form for purposes of Section 163(f) of the Code or in a manner such that the uncertificated Securities are described in Section 163(f)(2)(B) of the Code;

(4) to add Guarantees with respect to the Securities or to secure the Securities;

(5) to add to the covenants of the Company for the benefit of the Holders or to surrender any right or power herein conferred upon the Company;

(6) to comply with any requirements of the SEC in connection with qualifying, or maintaining the qualification of, this Indenture under the TIA;

(7) to make any change that does not adversely affect the rights of any Securityholder; or

(8) to provide for the issuance of the Exchange Securities or Additional Securities, which shall have terms substantially identical in all material respects to the Initial Securities (except that the transfer restrictions contained in the Initial Securities shall be modified or eliminated , as appropriate), and which shall be treated, together with any outstanding Initial Securities, as a single issue of securities.

After an amendment under this Section becomes effective, the Company shall mail to Securityholders a notice briefly describing such amendment. The failure to give such notice to all Securityholders, or any defect therein, shall not impair or affect the validity of an amendment under this Section.

SECTION 9.02. WITH CONSENT OF HOLDERS. The Company and the Trustee may amend this Indenture or the Securities without notice to any Securityholder but with the written consent of the Holders of at least a majority in principal amount of the Securities then outstanding (including consents obtained in connection with a tender offer or exchange for the Securities). However, without the consent of each Securityholder affected thereby, an amendment or waiver may not:

(1) reduce the amount of Securities whose Holders must consent to an amendment;

(2) reduce the rate of or extend the time for payment of interest on any Security;

(3) reduce the principal of or extend the Stated Maturity of any Security;

(4) reduce the premium payable upon the redemption of any Security or change the time at which any Security may be redeemed pursuant to paragraph 5 of the Securities;

(5) make any Security payable in money other than that stated in the Security;

(6) impair the right of any Holder to receive payment of principal of and interest or any premium on

such Holder's Securities on or after the due dates therefor or to institute suit for the enforcement of any payment on or with respect to such Holder's Securities;

(7) make any change in Section 6.04 or 6.07 or the second sentence of this Section; or

(8) waive (A) any Default or Event of Default in the payment of the principal or interest on a Security or (B) a Default arising from the failure to redeem or purchase any Security when required pursuant to this Indenture.

It shall not be necessary for the consent of the Holders under this Section to approve the particular form of any proposed amendment, but it shall be sufficient if such consent approves the substance thereof.

After an amendment under this Section becomes effective, the Company shall mail to Securityholders a notice briefly describing such amendment. The failure to give such notice to all Securityholders, or any defect therein, shall not impair or affect the validity of an amendment under this Section.

SECTION 9.03. COMPLIANCE WITH TRUST INDENTURE ACT. Every amendment to this Indenture or the Securities shall comply with the TIA as then in effect.

SECTION 9.04. REVOCATION AND EFFECT OF CONSENTS AND WAIVERS. A consent to an amendment or a waiver by a Holder of a Security shall bind the Holder and every subsequent Holder of that Security or portion of the Security that evidences the same debt as the consenting Holder's Security, even if notation of the consent or waiver is not made on the Security. However, any such Holder or subsequent Holder may revoke the consent or waiver as to such Holder's Security or portion of the Security if the Trustee receives the notice of revocation before the date the amendment or waiver becomes effective. After an amendment or waiver becomes effective, it shall bind every Securityholder. An amendment or waiver becomes effective upon the execution of such amendment or waiver by the Trustee.

The Company may, but shall not be obligated to, fix a record date for the purpose of determining the

Securityholders entitled to give their consent or take any other action described above or required or permitted to be taken pursuant to this Indenture. If a record date is fixed, then notwithstanding the immediately preceding paragraph, those Persons who were Securityholders at such record date (or their duly designated proxies), and only those Persons, shall be entitled to give such consent or to revoke any consent previously given or to take any such action, whether or not such Persons continue to be Holders after such record date. No such consent shall be valid or effective for more than 120 days after such record date.

SECTION 9.05. NOTATION ON OR EXCHANGE OF SECURITIES. If an amendment changes the terms of a Security, the Trustee may require the Holder of the Security to deliver it to the Trustee. The Trustee may place an appropriate notation on the Security regarding the changed terms and return it to the Holder. Alternatively, if the Company or the Trustee so determines, the Company in exchange for the Security shall issue and the Trustee shall authenticate a new Security that reflects the changed terms. Failure to make the appropriate notation or to issue a new Security shall not affect the validity of such amendment.

SECTION 9.06. TRUSTEE TO SIGN AMENDMENTS. The Trustee shall sign any amendment authorized pursuant to this Article 9 if the amendment does not adversely affect the rights, duties, liabilities or immunities of the Trustee. If it does, the Trustee may but need not sign it. In signing such amendment the Trustee shall be entitled to receive indemnity reasonably satisfactory to it and to receive, and (subject to Section 7.01) shall be fully protected in relying upon, an Officers' Certificate and an Opinion of Counsel stating that such amendment is authorized or permitted by this Indenture.

ARTICLE 10

MISCELLANEOUS

SECTION 10.01. TRUST INDENTURE ACT CONTROLS. If any provision of this Indenture limits, qualifies or conflicts with another provision which is required to be included in this Indenture by the TIA, the required provision shall control.

SECTION 10.02. NOTICES. Any notice or communication shall be in writing and delivered in person or mailed by first-class mail addressed as follows:

if to the Company:

Roto-Rooter, Inc.
255 East Fifth Street
Cincinnati, Ohio 45202
Facsimile: (513) 287-6216
Attention: General Counsel

if to the Trustee:

LaSalle Bank National Association
135 S. LaSalle Street
Suite 1960
Chicago, IL 60603
Facsimile: (312) 904-2236
Attention: Erik Benson

The Company or the Trustee by notice to the other may designate additional or different addresses for subsequent notices or communications.

Any notice or communication mailed to a Securityholder shall be mailed to the Securityholder at the Securityholder's address as it appears on the registration books of the Registrar and shall be sufficiently given if so mailed within the time prescribed.

Failure to mail a notice or communication to a Securityholder or any defect in it shall not affect its sufficiency with respect to other Securityholders. If a notice or communication is mailed in the manner provided above, it is duly given, whether or not the addressee receives it.

SECTION 10.03. COMMUNICATION BY HOLDERS WITH OTHER HOLDERS. Securityholders may communicate pursuant to TIA ss. 312(b) with other Securityholders with respect to their rights under this Indenture or the Securities. The Company, the Trustee, the Registrar and anyone else shall have the protection of TIA ss. 312(c).

SECTION 10.04. CERTIFICATE AND OPINION AS TO CONDITIONS PRECEDENT. Upon any request or application by the Company to the Trustee to take or refrain from taking

any action under this Indenture, the Company shall furnish to the Trustee:

(1) an Officers' Certificate in form and substance reasonably satisfactory to the Trustee stating that, in the opinion of the signers, all conditions precedent, if any, provided for in this Indenture relating to the proposed action have been complied with; and

(2) an Opinion of Counsel in form and substance reasonably satisfactory to the Trustee stating that, in the opinion of such counsel, all such conditions precedent have been complied with.

SECTION 10.05. STATEMENTS REQUIRED IN CERTIFICATE OR OPINION. Each certificate or opinion with respect to compliance with a covenant or condition provided for in this Indenture shall include:

(1) a statement that the individual making such certificate or opinion has read such covenant or condition;

(2) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based;

(3) a statement that, in the opinion of such individual, he has made such examination or investigation as is necessary to enable him to express an informed opinion as to whether or not such covenant or condition has been complied with; and

(4) a statement as to whether or not, in the opinion of such individual, such covenant or condition has been complied with.

SECTION 10.06. WHEN SECURITIES DISREGARDED. In determining whether the Holders of the required principal amount of Securities have concurred in any direction, waiver or consent, Securities owned by the Company or by any Person directly or indirectly controlling or controlled by or under direct or indirect common control with the Company shall be disregarded and deemed not to be outstanding, except that, for the purpose of determining whether the Trustee shall be protected in relying on any

such direction, waiver or consent, only Securities which the Trustee knows are so owned shall be so disregarded. Also, subject to the foregoing, only Securities outstanding at the time shall be considered in any such determination.

SECTION 10.07. RULES BY TRUSTEE, PAYING AGENT AND REGISTRAR. The Trustee may make reasonable rules for action by or a meeting of Securityholders. The Registrar and the Paying Agent may make reasonable rules for their functions.

SECTION 10.08. LEGAL HOLIDAYS. If a payment date is a Legal Holiday, payment shall be made on the next succeeding day that is not a Legal Holiday, and no interest shall accrue for the intervening period. If a regular record date is a Legal Holiday, the record date shall not be affected.

SECTION 10.09. GOVERNING LAW. This Indenture and the Securities shall be governed by, and construed in accordance with, the laws of the State of New York but without giving effect to applicable principles of conflicts of law to the extent that the application of the laws of another jurisdiction would be required thereby.

SECTION 10.10. NO RECOURSE AGAINST OTHERS. A director, officer, employee or stockholder, as such, of the Company shall not have any liability for any obligations of the Company under the Securities or this Indenture or for any claim based on, in respect of or by reason of such obligations or their creation. By accepting a Security, each Securityholder shall waive and release all such liability. The waiver and release shall be part of the consideration for the issue of the Securities.

SECTION 10.11. SUCCESSORS. All agreements of the Company in this Indenture and the Securities shall bind its successors. All agreements of the Trustee in this Indenture shall bind its successors.

SECTION 10.12. MULTIPLE ORIGINALS. The parties may sign any number of copies of this Indenture. Each signed copy shall be an original, but all of them together represent the same agreement. One signed copy is enough to prove this Indenture.

SECTION 10.13. TABLE OF CONTENTS; HEADINGS. The table of contents, cross-reference sheet and headings of

the Articles and Sections of this Indenture have been inserted for convenience of reference only, are not intended to be considered a part hereof and shall not modify or restrict any of the terms or provisions hereof.

IN WITNESS WHEREOF, the parties have caused this Indenture to be duly executed as of the date first written above.

ROTO-ROOTER, INC.,

By

/s/ Kevin J. McNamara

Name: Kevin J. McNamara
Title: President and Chief Executive Officer

LASALLE BANK NATIONAL ASSOCIATION

By

/s/ Erik R. Benson

Name: Erik R. Benson
Title: Vice President

APPENDIX

CERTAIN PROVISIONS RELATING TO SECURITIES

1. Definitions

1.1 DEFINITIONS

For the purposes of this Appendix the following terms shall have the meanings indicated below:

"Accredited Investor" has the meaning assigned to such term in Regulation D.

"Depository" means The Depository Trust Company, its nominees and their respective successors.

"Exchange Securities" means (1) the 8 3/4% Senior Notes Due 2011 issued pursuant to the Indenture in connection with a Registered Exchange Offer pursuant to a Registration Rights Agreement and (2) Additional Securities, if any, issued pursuant to a registration statement filed with the SEC under the Securities Act.

"Initial Holders" means (1) with respect to the Initial Securities issued on the Issue Date, the purchasers thereof, as set forth in the Purchase Agreements, and (2) with respect to each issuance of Additional Securities, the Persons purchasing such Additional Securities under the related Purchase Agreements.

"Initial Securities" means (1) $150.0 million aggregate principal amount of 8 3/4% Senior Notes Due 2011 issued on the Issue Date and (2) Additional Securities, if any, issued in a transaction exempt from the registration requirements of the Securities Act.

"Purchase Agreement" means (1) with respect to the Initial Securities issued on the Issue Date, each Purchase Agreement dated February 24, 2004, among the Company, the Subsidiary Guarantors and an Initial Holder, and (2) with respect to each issuance of Additional Securities, each purchase agreement or underwriting agreement among the Company and the Persons purchasing such Additional Securities.

"Registered Exchange Offer" means the offer by the Company, pursuant to the Registration Rights Agreement,

to certain Holders of Initial Securities, to issue and deliver to such Holders, in exchange for the Initial Securities, a like aggregate principal amount of Exchange Securities registered under the Securities Act.

"Registration Rights Agreement" means (1) with respect to the Initial Securities issued on the Issue Date, the Registration Rights Agreement dated February 24, 2004, among the Company and the Initial Holders and (2) with respect to each issuance of Additional Securities issued in a transaction exempt from the registration requirements of the Securities Act, the registration rights agreement, if any, among the Company and the Persons purchasing such Additional Securities under the related Purchase Agreement.

"Securities" means the Initial Securities and the Exchange Securities, treated as a single class.

"Securities Act" means the Securities Act of 1933.

"Securities Custodian" means the custodian with respect to a Global Security (as appointed by the Depository), or any successor Person thereto and shall initially be the Trustee.

"Shelf Registration Statement" means the registration statement issued by the Company in connection with the offer and sale of Initial Securities pursuant to the Registration Rights Agreement.

"Transfer Restricted Securities" means Securities that bear or are required to bear the legend set forth in Section 2.3(b) hereto.

1.2 OTHER DEFINITIONS

Term	Defined in Section:
"Agent Members"	2.1(b)
"Global Security"	2.1(a)
"Regulation D"	2.1(a)
"Restricted Global Security"	2.1(a)

2. THE SECURITIES.

2.1. (a) FORM AND DATING. Initial Securities offered and sold to an accredited investor in reliance on

Section 4(2) of the Securities Act ("Section 4(2)") and/or Regulation D under the Securities Act ("Regulation D"), in each case as provided in a Purchase Agreement, shall be issued initially in the form of one or more permanent global Securities in definitive, fully registered form without interest coupons with the global securities legend and restricted securities legend set forth in Exhibit 1 hereto (each, a "Restricted Global Security"), which shall be deposited on behalf of the purchasers of the Initial Securities represented thereby with the Trustee, at its principal corporate trust office, as custodian for the Depository (or with such other custodian as the Depository may direct), and registered in the name of the Depository or a nominee of the Depository, duly executed by the Company and authenticated by the Trustee as hereinafter provided. The aggregate principal amount of the Global Securities may from time to time be increased or decreased by adjustments made on the records of the Trustee and the Depository or its nominee as hereinafter provided. Exchange Securities shall be issued in global form (with the global securities legend set forth in Exhibit 1 hereto) or in certificated form at the option of the Holders thereof from time to time. Exchange Securities issued in global form and Restricted Global Securities are sometimes referred to in this Appendix as "Global Securities".

(b) BOOK-ENTRY PROVISIONS. This Section 2.1(b) shall apply only to a Global Security deposited with or on behalf of the Depository.

The Company shall execute and the Trustee shall, in accordance with this Section 2.1(b), authenticate and deliver initially one or more Global Securities that (a) shall be registered in the name of the Depository for such Global Security or Global Securities or the nominee of such Depository and (b) shall be delivered by the Trustee to such Depository or pursuant to such Depository's instructions or held by the Trustee as custodian for the Depository.

Members of, or participants in, the Depository ("Agent Members") shall have no rights under this Indenture with respect to any Global Security held on their behalf by the Depository or by the Trustee as the custodian of the Depository or under such Global Security, and the Company, the Trustee and any agent of the Company or the Trustee shall be entitled to treat the Depository as the absolute owner of such Global Security for all purposes whatsoever.

Notwithstanding the foregoing, nothing herein shall prevent the Company, the Trustee or any agent of the Company or the Trustee from giving effect to any written certification, proxy or other authorization furnished by the Depository or impair, as between the Depository and its Agent Members, the operation of customary practices of such Depository governing the exercise of the rights of a holder of a beneficial interest in any Global Security.

(c) CERTIFICATED SECURITIES. Except as provided in this Section 2.1 or Section 2.3 or 2.4, owners of beneficial interests in Restricted Global Securities shall not be entitled to receive physical delivery of certificated Securities.

2.2. AUTHENTICATION. The Trustee shall authenticate and deliver: (1) on the Issue Date, an aggregate principal amount of $150.0 million 8 3/4% Senior Notes Due 2011, (2) any Additional Securities for an original issue in an aggregate principal amount specified in the written order of the Company pursuant to Section 2.02 of the Indenture and (3) Exchange Securities for issue only in a Registered Exchange Offer, pursuant to the Registration Rights Agreement, for a like principal amount of Initial Securities, in each case, upon a written order of the Company signed by two Officers or by an Officer and either an Assistant Treasurer or an Assistant Secretary of the Company. Such order shall specify the amount of the Securities to be authenticated and the date on which the original issue of Securities is to be authenticated and, in the case of any issuance of Additional Securities pursuant to Section 2.13 of the Indenture, shall certify that such issuance is in compliance with Section 4.03 of the Indenture. The aggregate principal amount of Securities outstanding at any time shall not exceed $300.0 million except as provided in Section 2.07 of the Indenture.

2.3 TRANSFER AND EXCHANGE.

(a) TRANSFER AND EXCHANGE OF GLOBAL SECURITIES.

(1) The transfer and exchange of Global Securities or beneficial interests therein shall be effected through the Depository, in accordance with the Indenture (including applicable restrictions on transfer set forth herein, if any) and the procedures of the Depository therefor. A transferor of a beneficial interest in a Global Security shall deliver

to the Registrar a written order given in accordance with the Depository's procedures containing information regarding the participant account of the Depository to be credited with a beneficial interest in the Global Security. The Registrar shall, in accordance with such instructions instruct the Depository to credit to the account of the Person specified in such instructions a beneficial interest in the Global Security and to debit the account of the Person making the transfer the beneficial interest in the Global Security being transferred.

(2) Notwithstanding any other provisions of this Appendix (other than the provisions set forth in Section 2.4), a Global Security may not be transferred as a whole except by the Depository to a nominee of the Depository or by a nominee of the Depository to the Depository or another nominee of the Depository or by the Depository or any such nominee to a successor Depository or a nominee of such successor Depository.

(3) In the event that a Restricted Global Security is exchanged for Securities in certificated registered form pursuant to Section 2.4 of this Appendix, prior to the consummation of a Registered Exchange Offer or the effectiveness of a Shelf Registration Statement with respect to such Securities, such Securities may be exchanged only in accordance with such procedures as are substantially consistent with the provisions of this Section 2.3 (including the certification requirements set forth on the reverse of the Initial Securities intended to ensure that such transfers comply with Rule 144A or Regulation S, as the case may be) and such other procedures as may from time to time be adopted by the Company.

(b) LEGEND.

(1) Except as permitted by the following paragraphs (2), (3) and (4), each Security certificate evidencing the Restricted Global Securities (and all Securities issued in exchange therefor or in substitution thereof) shall bear a legend in substantially the following form:

THIS NOTE (OR ITS PREDECESSOR) WAS ORIGINALLY ISSUED IN A TRANSACTION EXEMPT

FROM REGISTRATION UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND THIS NOTE MAY NOT BE OFFERED, SOLD OR OTHERWISE TRANSFERRED IN THE ABSENCE OF SUCH REGISTRATION OR AN APPLICABLE EXEMPTION THEREFROM. EACH PURCHASER OF THIS NOTE IS HEREBY NOTIFIED THAT THE SELLER OF THIS NOTE MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE l44A THEREUNDER.

THE HOLDER OF THIS NOTE AGREES FOR THE BENEFIT OF THE COMPANY THAT (A) THIS NOTE MAY BE OFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED, ONLY (I) TO THE ISSUER THEREOF, (II) IN THE UNITED STATES TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A, (III) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT PROVIDED BY RULE 144 THEREUNDER (IF AVAILABLE), (IV) TO AN INSTITUTIONAL ACCREDITED INVESTOR IN A TRANSACTION EXEMPT FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT OR (V) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH OF CASES (I) THROUGH (V) IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF THE STATES AND OTHER JURISDICTIONS OF THE UNITED STATES, AND (B) THE HOLDER WILL, AND EACH SUBSEQUENT HOLDER IS REQUIRED TO, NOTIFY ANY PURCHASER OF THIS NOTE FROM IT OF THE RESALE RESTRICTIONS REFERRED TO IN (A) ABOVE.

(2) Upon any sale or transfer of a Transfer Restricted Security (including any Transfer Restricted Security represented by a Restricted Global Security) pursuant to Rule 144 under the Securities Act, the Registrar shall permit the transferee thereof to exchange such Transfer Restricted Security for a certificated Security that does not bear the legend set forth above and rescind any restriction on the transfer of such Transfer Restricted Security, if the

transferor thereof certifies in writing to the Registrar that such sale or transfer was made in reliance on Rule 144 (such certification to be in the form set forth on the reverse of the Security).

(3) After a transfer of any Initial Securities pursuant to and during the period of the effectiveness of a Shelf Registration Statement with respect to such Initial Securities, all requirements pertaining to legends on such Initial Security will cease to apply, the requirements requiring any such Initial Security issued to certain Holders be issued in global form will cease to apply, and a certificated Initial Security or an Initial Security in global form, in each case without restrictive transfer legends, will be available to the transferee of the Holder of such Initial Securities upon exchange of such transferring Holder's certificated Initial Security or directions to transfer such Holder's interest in the Global Security, as applicable.

(4) Upon the consummation of a Registered Exchange Offer with respect to the Initial Securities, all requirements pertaining to such Initial Securities that Initial Securities issued to certain Holders be issued in global form will still apply with respect to Holders of such Initial Securities that do not exchange their Initial Securities, and Exchange Securities in certificated or global form will be available to Holders that exchange such Initial Securities in such Registered Exchange Offer.

(c) CANCELLATION OR ADJUSTMENT OF GLOBAL SECURITY. At such time as all beneficial interests in a Global Security have either been exchanged for certificated Securities, redeemed, purchased or canceled, such Global Security shall be returned to the Depository for cancellation or retained and canceled by the Trustee. At any time prior to such cancellation, if any beneficial interest in a Global Security is exchanged for certificated Securities, redeemed, purchased or canceled, the principal amount of Securities represented by such Global Security shall be reduced and an adjustment shall be made on the books and records of the Trustee (if it is then the Securities Custodian for such Global Security) with respect to such Global Security, by the Trustee or the Securities Custodian, to reflect such reduction.

(d) OBLIGATIONS WITH RESPECT TO TRANSFERS AND EXCHANGES OF SECURITIES.

(1) To permit registrations of transfers and exchanges, the Company shall execute and the Trustee shall authenticate certificated Securities and Global Securities at the Registrar's or co-registrar's request.

(2) No service charge shall be made for any registration of transfer or exchange, but the Company may require payment of a sum sufficient to cover any transfer tax, assessments, or similar governmental charge payable in connection therewith (other than any such transfer taxes, assessments or similar governmental charge payable upon exchange or transfer pursuant to Sections 3.06, 4.10 and 9.05 of the Indenture).

(3) The Registrar or co-registrar shall not be required to register the transfer of or exchange of any Security for a period beginning 15 Business Days before the mailing of a notice of an offer to repurchase or redeem Securities or 15 Business Days before an interest payment date.

(4) Prior to the due presentation for registration of transfer of any Security, the Company, the Trustee, the Paying Agent, the Registrar or any co-registrar may deem and treat the person in whose name a Security is registered as the absolute owner of such Security for the purpose of receiving payment of principal of and interest on such Security and for all other purposes whatsoever, whether or not such Security is overdue, and none of the Company, the Trustee, the Paying Agent, the Registrar or any co-registrar shall be affected by notice to the contrary.

(5) All Securities issued upon any transfer or exchange pursuant to the terms of the Indenture shall evidence the same debt and shall be entitled to the same benefits under this Indenture as the Securities surrendered upon such transfer or exchange.

(e) OBLIGATION OF THE TRUSTEE.

(1) The Trustee shall have no responsibility or obligation to any beneficial owner of a Global Security, a member of, or a participant in the Depository or other Person with respect to the accuracy of the records of the Depository or its nominee or of any participant or member thereof, with respect to any ownership interest in the Securities or with respect to the delivery to any participant, member, beneficial owner or other Person (other than the Depository) of any notice (including any notice of redemption) or the payment of any amount, under or with respect to such Securities. All notices and communications to be given to the Holders and all payments to be made to Holders under the Securities shall be given or made only to or upon the order of the registered Holders (which shall be the Depository or its nominee in the case of a Global Security). The rights of beneficial owners in any Global Security shall be exercised only through the Depository subject to the applicable rules and procedures of the Depository. The Trustee may rely and shall be fully protected in relying upon information furnished by the Depository with respect to its members, participants and any beneficial owners.

(2) The Trustee shall have no obligation or duty to monitor, determine or inquire as to compliance with any restrictions on transfer imposed under this Indenture or under applicable law with respect to any transfer of any interest in any Security (including any transfers between or among Depository participants, members or beneficial owners in any Global Security) other than to require delivery of such certificates and other documentation or evidence as are expressly required by, and to do so if and when expressly required by, the terms of this Indenture, and to examine the same to determine substantial compliance as to form with the express requirements hereof.

2.4 CERTIFICATED SECURITIES.

(a) A Restricted Global Security deposited with the Depository or with the Trustee as custodian for the Depository pursuant to Section 2.1 shall be transferred to the beneficial owners thereof in the form of certificated Securities in an aggregate principal amount equal to the principal amount of such Global Security, in exchange for

such Global Security, only if such transfer complies with Section 2.3 and (1) the Depository notifies the Company that it is unwilling or unable to continue as Depository for such Restricted Global Security or if at any time such Depository ceases to be a "clearing agency" registered under the Exchange Act and a successor depositary is not appointed by the Company within 90 days of such notice, or (2) an Event of Default has occurred and is continuing or (3) the Company, in its sole discretion, notifies the Trustee in writing that it elects to cause the issuance of certificated Securities under this Indenture.

(b) Any Restricted Global Security that is transferable to the beneficial owners thereof pursuant to this Section shall be surrendered by the Depository to the Trustee located at its principal corporate trust office in the Borough of Manhattan, The City of New York, to be so transferred, in whole or from time to time in part, without charge, and the Trustee shall authenticate and deliver, upon such transfer of each portion of such Restricted Global Security, an equal aggregate principal amount of certificated Initial Securities of authorized denominations. Any portion of a Restricted Global Security transferred pursuant to this Section shall be executed, authenticated and delivered only in denominations of $1,000 principal amount and any integral multiple thereof and registered in such names as the Depository shall direct. Any certificated Initial Security delivered in exchange for an interest in the Restricted Global Security shall, except as otherwise provided by Section 2.3(b), bear the restricted securities legend set forth in Exhibit 1 hereto.

(c) Subject to the provisions of Section 2.4(b), the registered Holder of a Global Security shall be entitled to grant proxies and otherwise authorize any Person, including Agent Members and Persons that may hold interests through Agent Members, to take any action which a Holder is entitled to take under this Indenture or the Securities.

(d) In the event of the occurrence of either of the events specified in Section 2.4(a), the Company shall promptly make available to the Trustee a reasonable supply of certificated Securities in definitive, fully registered form without interest coupons.

EXHIBIT 1
to the Appendix

[FORM OF FACE OF INITIAL SECURITY]

[Global Securities Legend]

UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION ("DTC"), NEW YORK, NEW YORK, TO THE COMPANY OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO., OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC) ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

TRANSFERS OF THIS GLOBAL SECURITY SHALL BE LIMITED TO TRANSFERS IN WHOLE, BUT NOT IN PART, TO NOMINEES OF DTC OR TO A SUCCESSOR THEREOF OR SUCH SUCCESSOR'S NOMINEE AND TRANSFERS OF PORTIONS OF THIS GLOBAL SECURITY SHALL BE LIMITED TO TRANSFERS MADE IN ACCORDANCE WITH THE RESTRICTIONS SET FORTH IN THE INDENTURE REFERRED TO ON THE REVERSE HEREOF.

[Restricted Securities Legend]

THIS NOTE (OR ITS PREDECESSOR) WAS ORIGINALLY ISSUED IN A TRANSACTION EXEMPT FROM REGISTRATION UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND THIS NOTE MAY NOT BE OFFERED, SOLD OR OTHERWISE TRANSFERRED IN THE ABSENCE OF SUCH REGISTRATION OR AN APPLICABLE EXEMPTION THEREFROM. EACH PURCHASER OF THIS NOTE IS HEREBY NOTIFIED THAT THE SELLER OF THIS NOTE MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE l44A THEREUNDER.

THE HOLDER OF THIS NOTE AGREES FOR THE BENEFIT OF THE COMPANY THAT (A) THIS NOTE MAY BE OFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED, ONLY (I) TO THE ISSUER THEREOF, (II) IN THE UNITED STATES TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A, (III)

PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT PROVIDED BY RULE 144 THEREUNDER (IF AVAILABLE), (IV) TO AN INSTITUTIONAL ACCREDITED INVESTOR IN A TRANSACTION EXEMPT FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT OR (V) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH OF CASES (I) THROUGH (V) IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF THE STATES AND OTHER JURISDICTIONS OF THE UNITED STATES, AND (B) THE HOLDER WILL, AND EACH SUBSEQUENT HOLDER IS REQUIRED TO, NOTIFY ANY PURCHASER OF THIS NOTE FROM IT OF THE RESALE RESTRICTIONS REFERRED TO IN (A) ABOVE.

No._____ $ _____

8 3/4% Senior Notes Due 2011

Roto-Rooter, Inc., a Delaware corporation, promises to pay to _____, or registered assigns, the principal sum of _____ _____Dollars on February 24, 2011.

Interest Payment Dates: February 15 and August 15.

Record Dates: February 1 and August 1.

Additional provisions of this Security are set forth on the other side of this Security.

Dated:

ROTO-ROOTER, INC.

By

Name:
Title:

TRUSTEE'S CERTIFICATE OF
AUTHENTICATION

LASALLE BANK NATIONAL ASSOCIATION
as Trustee, certifies
that this is one of
the Securities referred
to in the Indenture.
By

Authorized Signatory

[FORM OF REVERSE SIDE OF INITIAL SECURITY]

8 3/4% Senior Note Due 2011

1. INTEREST

Roto-Rooter, Inc., a Delaware corporation (such corporation, and its successors and assigns under the Indenture hereinafter referred to, being herein called the "Company"), promises to pay interest on the principal amount of this Security at the rate per annum shown above; provided, however, that if a Registration Default (as defined in the Registration Rights Agreement) occurs, additional interest will accrue on this Security at a rate of 0.25% per annum for the first 90 days following a Registration Default, at a per annum rate of 0.50% for the second 90 days following a Registration Default, at a per annum rate of 0.75% for the third 90 days following a Registration Default and at a per annum rate of 1.0% thereafter from and including the date on which any such Registration Default shall occur to but excluding the date on which all Registration Defaults have been cured. The Company will pay interest semiannually on February 15 and August 15 of each year, commencing August 15, 2004. Interest on the Securities will accrue from the most recent date to which interest has been paid or, if no interest has been paid, from February 24, 2004. Interest will be computed on the basis of a 360-day year of twelve 30-day months. The Company will pay interest on overdue principal at the rate borne by this Security plus 1.0% per annum, and it will pay interest on overdue installments of interest at the same rate to the extent lawful.

2. METHOD OF PAYMENT

The Company will pay interest on the Securities (except defaulted interest) to the Persons who are registered holders of Securities at the close of business on the February 1 or August 1 next preceding the interest payment date even if Securities are canceled after the record date and on or before the interest payment date. Holders must surrender Securities to a Paying Agent to collect principal payments. The Company will pay principal and interest in money of the United States that at the time of payment is legal tender for payment of public and private debts. Payments in respect of the Securities represented by a Global Security (including principal,

premium and interest) will be made by wire transfer of immediately available funds to the accounts specified by The Depository Trust Company. The Company will make all payments in respect of a certificated Security (including principal, premium and interest) by mailing a check to the registered address of each Holder thereof; provided, however, that payments on a certificated Security will be made by wire transfer to a U.S. dollar account maintained by the payee with a bank in the United States if such Holder elects payment by wire transfer by giving written notice to the Trustee or the Paying Agent to such effect designating such account no later than 30 days immediately preceding the relevant due date for payment (or such other date as the Trustee may accept in its discretion).

3. PAYING AGENT AND REGISTRAR

Initially, LaSalle Bank National Association, a [ ] banking corporation (the "Trustee"), will act as Paying Agent and Registrar. The Company may appoint and change any Paying Agent, Registrar or co-registrar without notice. The Company or any of its domestically incorporated Wholly Owned Subsidiaries may act as Paying Agent, Registrar or co-registrar.

4. INDENTURE

The Company issued the Securities under an Indenture dated as of February 24, 2004 ("Indenture"), between the Company and the Trustee. The terms of the Securities include those stated in the Indenture and those made part of the Indenture by reference to the Trust Indenture Act of 1939 (15 U.S.C. ss.ss. 77aaa-77bbbb) as in effect on the date of the Indenture (the "Act"). Terms defined in the Indenture and not defined herein have the meanings ascribed thereto in the Indenture. The Securities are subject to all such terms, and Securityholders are referred to the Indenture and the Act for a statement of those terms.

The Securities are general unsecured obligations of the Company. The Company shall be entitled, subject to its compliance with Section 4.03 of the Indenture, to issue Additional Securities pursuant to Section 2.13 of the Indenture. The Initial Securities issued on the Issue Date, any Additional Securities and all Exchange Securities issued in exchange therefor will be treated as a single class for all purposes under the Indenture. The Indenture

contains covenants that limit the ability of the Company and its subsidiaries to incur additional indebtedness; pay dividends or distributions on, or redeem or repurchase capital stock; make investments; issue or sell capital stock of subsidiaries; engage in transactions with affiliates; create liens on assets; transfer or sell assets; restrict dividends or other payments of subsidiaries; consolidate, merge or transfer all or substantially all of its assets and the assets of its subsidiaries; and engage in sale/leaseback transactions. These covenants are subject to important exceptions and qualifications.

5. OPTIONAL REDEMPTION

Except as set forth below, the Company shall not be entitled to redeem the Securities.

On and after February 24, 2007, the Company shall be entitled at its option to redeem all or a portion of the Securities upon not less than 30 nor more than 60 days' prior notice, at the redemption prices (expressed in percentages of principal amount on the redemption date), plus accrued and unpaid interest to, but excluding, the redemption date (subject to the right of Holders of record on the relevant record date to receive interest, if any, due on the relevant interest payment date), if redeemed during the 12-month period commencing on February 24 of the years set forth below:

Year	Redemption Price
2007	104.375%
2008	102.917%
2009	101.458%
2010 and thereafter	100.000%

In addition, prior to February 24, 2007, the Company shall be entitled at its option on one or more occasions to redeem Securities (which includes Additional Securities, if any) in an aggregate principal amount not to exceed 35% of the aggregate principal amount of the Securities (which includes Additional Securities, if any) originally issued on not less than 30 nor more than 60 days' prior notice, at a redemption price (expressed as a percentage of principal amount) of 108.750%, plus accrued and unpaid interest to, but excluding, the redemption date

(subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date), with the Net Cash Proceeds from one or more Equity Offerings by the Company or Qualifying Subsidiary Stock Sales; provided, however, that (1) at least 65% of such aggregate principal amount of Securities (which includes Additional Securities, if any) remains outstanding immediately after the occurrence of each such redemption (other than Securities held, directly or indirectly, by the Company or its Affiliates); and (2) each such redemption occurs within 60 days after the date of the related Equity Offering or Qualifying Subsidiary Stock Sale, as the case may be.

Prior to February 24, 2007, the Company shall be entitled at its option to redeem all, but not less than all, of the Securities at a redemption price equal to 100% of the principal amount of the Securities plus the Applicable Premium as of, and accrued and unpaid interest to, the redemption date (subject to the right of Holders on the relevant record date to receive interest due on the relevant interest payment date). The Company shall cause notice of such redemption to be mailed by first-class mail to each Holder's registered address, not less than 30 nor more than 60 days prior to the redemption date. Any notice to Holders of such a redemption must include the appropriate calculation of the redemption price, but does not need to include the redemption price itself. The actual redemption price must be set forth in an Officers' Certificate delivered to the Trustee no later than two Business Days prior to the redemption date.

"Applicable Premium" means, with respect to any Security on any redemption date, the excess (but not less than zero) of (i) the present value at such redemption date of all remaining scheduled payments of interest (excluding accrued interest) and principal on such Security (discounted at the equivalent of the on Treasury Rate plus 50 basis points over (ii) the then outstanding principal amount of such Security.

"Treasury Rate" means the yield to maturity at the time of computation of United States Treasury securities with a constant maturity (as compiled and published in the most recent Federal Reserve Statistical Release H.15(519) which has become publicly available at least two Business Days prior to the date fixed for redemption (or, if such Statistical Release is no longer

published, any publicly available source of similar market data)) most nearly equal to the then remaining average life to February 24, 2007, provided, however, that if the average life to February 24, 2007 of the Securities is not equal to the constant maturity of a United States Treasury security for which a weekly average yield is given, the Treasury Rate shall be obtained by linear interpolation (calculated to the nearest one-twelfth of a year) from the weekly average yields of United States Treasury securities for which such yields are given, except that if the average life to February 24, 2007, of the Securities is less than one year, the weekly average yield on actually traded United States Treasury securities adjusted to a constant maturity of one year shall be used.

6. NOTICE OF REDEMPTION

Notice of redemption will be mailed at least 30 days but not more than 60 days before the redemption date to each Holder of Securities to be redeemed at his registered address. Securities in denominations larger than $1,000 principal amount may be redeemed in part but only in whole multiples of $1,000. If money sufficient to pay the redemption price of and accrued interest on all Securities (or portions thereof) to be redeemed on the redemption date is deposited with the Paying Agent on or before the redemption date and certain other conditions are satisfied, on and after such date interest ceases to accrue on such Securities (or such portions thereof) called for redemption.

Any notice of redemption may provide that the redemption will be subject to specified conditions, provided that such conditions are not solely within the Company's control.

7. PUT PROVISIONS

Upon a Change of Control, any Holder of Securities will have the right to cause the Company to repurchase all or any part of the Securities of such Holder at a repurchase price equal to 101% of the principal amount of the Securities to be repurchased plus accrued and unpaid interest to, but excluding, the date of repurchase (subject to the right of holders of record on the relevant record date to receive interest due on the related interest payment date) as provided in, and subject to the terms of, the Indenture.

8. DENOMINATIONS; TRANSFER; EXCHANGE

The Securities are in registered form without coupons in denominations of $1,000 principal amount and whole multiples of $1,000. A Holder may transfer or exchange Securities in accordance with the Indenture. The Registrar may require a Holder, among other things, to furnish appropriate endorsements or transfer documents and to pay any taxes and fees required by law or permitted by the Indenture. The Registrar need not register the transfer of or exchange any Securities selected for redemption (except, in the case of a Security to be redeemed in part, the portion of the Security not to be redeemed) or any Securities for a period of 15 days before a selection of Securities to be redeemed or 15 days before an interest payment date.

9. PERSONS DEEMED OWNERS

The registered Holder of this Security may be treated as the owner of it for all purposes.

10. UNCLAIMED MONEY

If money for the payment of principal or interest remains unclaimed for two years, the Trustee or Paying Agent shall pay the money back to the Company at its request unless an abandoned property law designates another Person. After any such payment, Holders entitled to the money must look only to the Company and not to the Trustee for payment.

11. DISCHARGE AND DEFEASANCE

Subject to certain conditions, the Company at any time shall be entitled to terminate some or all of its obligations under the Securities and the Indenture if the Company deposits with the Trustee money or U.S. Government Obligations, the principal of and interest on which will be sufficient, or a combination thereof sufficient, to pay the principal of and premium (if any) and interest on the Securities to maturity or redemption, as the case may be.

12. AMENDMENT; WAIVER

Subject to certain exceptions set forth in the Indenture, (1) the Indenture and the Securities may be amended with the written consent of the Holders of at least

a majority in principal amount outstanding of the Securities and (2) any default or noncompliance with any provision may be waived with the written consent of the Holders of a majority in principal amount outstanding of the Securities. Subject to certain exceptions set forth in the Indenture, without the consent of any Securityholder, the Company and the Trustee shall be entitled to amend the Indenture or the Securities to cure any ambiguity, omission, defect or inconsistency, or to comply with Article 5 of the Indenture, or to provide for uncertificated Securities in addition to or in place of certificated Securities, or to add guarantees with respect to the Securities or to secure the Securities, or to add additional covenants or surrender rights and powers conferred on the Company, or to comply with any request of the SEC in connection with qualifying the Indenture under the Act, or to make any change that does not adversely affect the rights of any Securityholder.

13. DEFAULTS AND REMEDIES

Under the Indenture, Events of Default include (a) default for 30 days in payment of interest on the Securities; (b) default in payment of principal on the Securities at maturity, upon optional redemption, upon declaration of acceleration or otherwise, or failure by the Company to purchase Securities when required; (c) failure by the Company to comply with certain other agreements in the Indenture or the Securities, in certain cases subject to notice and lapse of time; (d) certain accelerations (including failure to pay within any grace period after final maturity) of other Indebtedness of the Company or the Significant Subsidiaries if the amount accelerated (or so unpaid) exceeds $5.0 million; (e) certain events of bankruptcy or insolvency with respect to the Company and the Significant Subsidiaries; and (f) certain judgments or decrees for the payment of money in excess of $5.0 million. If an Event of Default occurs and is continuing, the Trustee or the Holders of at least 25% in principal amount of the Securities may declare all the Securities to be due and payable immediately. Certain events of bankruptcy or insolvency are Events of Default which will result in the Securities being due and payable immediately upon the occurrence of such Events of Default.

Securityholders may not enforce the Indenture or the Securities except as provided in the Indenture. The Trustee may refuse to enforce the Indenture or the

Securities unless it receives indemnity or security satisfactory to it. Subject to certain limitations, Holders of a majority in principal amount of the Securities may direct the Trustee in its exercise of any trust or power. The Trustee may withhold from Securityholders notice of any continuing Default (except a Default in payment of principal or interest) if it determines that withholding notice is in the interest of the Holders.

14. TRUSTEE DEALINGS WITH THE COMPANY

Subject to certain limitations imposed by the Act, the Trustee under the Indenture, in its individual or any other capacity, may become the owner or pledgee of Securities and may otherwise deal with and collect obligations owed to it by the Company or its Affiliates and may otherwise deal with the Company or its Affiliates with the same rights it would have if it were not Trustee.

15. NO RECOURSE AGAINST OTHERS

A director, officer, employee or stockholder, as such, of the Company or the Trustee shall not have any liability for any obligations of the Company under the Securities or the Indenture or for any claim based on, in respect of or by reason of such obligations or their creation. By accepting a Security, each Securityholder waives and releases all such liability. The waiver and release are part of the consideration for the issue of the Securities.

16. AUTHENTICATION

This Security shall not be valid until an authorized signatory of the Trustee (or an authenticating agent) manually signs the certificate of authentication on the other side of this Security.

17. ABBREVIATIONS

Customary abbreviations may be used in the name of a Securityholder or an assignee, such as TEN COM (=tenants in common), TEN ENT (=tenants by the entireties), JT TEN (=joint tenants with rights of survivorship and not as tenants in common), CUST (=custodian), and U/G/M/A (=Uniform Gift to Minors Act).

18. CUSIP NUMBERS

Pursuant to a recommendation promulgated by the Committee on Uniform Security Identification Procedures the Company has caused CUSIP numbers to be printed on the Securities and has directed the Trustee to use CUSIP numbers in notices of redemption as a convenience to Securityholders. No representation is made as to the accuracy of such numbers either as printed on the Securities or as contained in any notice of redemption and reliance may be placed only on the other identification numbers placed thereon.

19. GOVERNING LAW

THIS SECURITY SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK BUT WITHOUT GIVING EFFECT TO APPLICABLE PRINCIPLES OF CONFLICTS OF LAW TO THE EXTENT THAT THE APPLICATION OF THE LAWS OF ANOTHER JURISDICTION WOULD BE REQUIRED THEREBY.

The Company will furnish to any Securityholder upon written request and without charge to the Security holder a copy of the Indenture which has in it the text of this Security in larger type. Requests may be made to:

Roto-Rooter, Inc.
255 East Fifth Street
Cincinnati, Ohio 45202
Facsimile: (513) 287-6216

Attention: General Counsel

ASSIGNMENT FORM

To assign this Security, fill in the form below:

I or we assign and transfer this Security to

(Print or type assignee's name, address and zip code)

(Insert assignee's soc. sec. or tax I.D. No.)

and irrevocably appoint _____ agent to transfer this Security on the books of the Company. The agent may substitute another to act for him.

Date:_____ Your Signature:_____

Sign exactly as your name appears on the other side of this Security.

In connection with any transfer of any of the Securities evidenced by this certificate occurring prior to the expiration of the period referred to in Rule 144(k) under the Securities Act after the later of the date of original issuance of such Securities and the last date, if any, on which such Securities were owned by the Company or any Affiliate of the Company, the undersigned confirms that such Securities are being transferred in accordance with its terms:

CHECK ONE BOX BELOW

(1) [ ] to the Company; or

(2) [ ] pursuant to an effective registration statement under the Securities Act of 1933; or

(3) [ ] inside the United States to a "qualified institutional buyer" (as defined in Rule 144A under the Securities Act of 1933)

that purchases for its own account or for the account of a qualified institutional buyer to whom notice is given that such transfer is being made in reliance on Rule 144A, in each case pursuant to and in compliance with Rule 144A under the Securities Act of 1933; or

(4) [ ] to an institutional accredited investor in a transaction exempt from the registration requirements of the Securities Act; or

(5) [ ] pursuant to the exemption from registration provided by Rule 144 under the Securities Act of 1933.

Unless one of the boxes is checked, the Trustee will refuse to register any of the Securities evidenced by this certificate in the name of any person other than the registered holder thereof; provided, however, that if box (4) or (5) is checked, the Trustee shall be entitled to require, prior to registering any such transfer of the Securities, such legal opinions, certifications and other information as the Company has reasonably requested to confirm that such transfer is being made pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act of 1933, such as the exemption provided by Rule 144 under such Act.

_____
Signature

Signature Guarantee:

_____ _____
Signature must be guaranteed Signature

Signatures must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Registrar, which requirements include membership or participation in the Security Transfer Agent Medallion Program ("STAMP") or such other "signature guarantee

program" as may be determined by the Registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

TO BE COMPLETED BY PURCHASER IF (3) ABOVE IS CHECKED.

The undersigned represents and warrants that it is purchasing this Security for its own account or an account with respect to which it exercises sole investment discretion and that it and any such account is a "qualified institutional buyer" within the meaning of Rule 144A under the Securities Act of 1933, and is aware that the sale to it is being made in reliance on Rule 144A and acknowledges that it has received such information regarding the Company as the undersigned has requested pursuant to Rule 144A or has determined not to request such information and that it is aware that the transferor is relying upon the undersigned's foregoing representations in order to claim the exemption from registration provided by Rule 144A.

Dated:_____ _____

Notice: To be executed by
an executive officer

[TO BE ATTACHED TO GLOBAL SECURITIES]

SCHEDULE OF INCREASES OR DECREASES IN GLOBAL SECURITY

The following increases or decreases in this Global Security have been made:

Date of Exchange	Amount of decrease in Principal amount of this Global Security	Amount of increase in Principal amount of this Global Security	Principal amount of this Global Security following such decrease or increase)	Signature of authorized officer of Trustee or Securities Custodian

OPTION OF HOLDER TO ELECT PURCHASE

If you want to elect to have this Security purchased by the Company pursuant to Section 4.06 or 4.10 of the Indenture, check the box:

[ ]

If you want to elect to have only part of this Security purchased by the Company pursuant to Section 4.06 or 4.10 of the Indenture, state the principal amount: $

Dated:_____ Your Signature:_____
(Sign exactly as your name appears on the other side of this Security.)

Signature Guarantee:_____
(Signature must be guaranteed)

Signatures must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Registrar, which requirements include membership or participation in the Security Transfer Agent Medallion Program ("STAMP") or such other "signature guarantee program" as may be determined by the Registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

EXHIBIT A

[FORM OF FACE OF EXCHANGE SECURITY*]

*/ [If the Security is to be issued in global form add the Global Securities Legend from Exhibit 1 to Appendix A and the attachment from such Exhibit 1 captioned "[TO BE ATTACHED TO GLOBAL SECURITIES] - SCHEDULE OF INCREASES OR DECREASES IN GLOBAL SECURITY".]

No._____ $ _____

8 3/4% Senior Notes Due 2011

Roto-Rooter, Inc., a Delaware corporation, promises to pay to _____, or registered assigns, the principal sum of _____ Dollars on February 24, 2011.

Interest Payment Dates: February 15 and August 15.

Record Dates: February 1 and August 1.

Additional provisions of this Security are set forth on the other side of this Security.

Dated:

ROTO-ROOTER, INC.

By

Name:
Title:

TRUSTEE'S CERTIFICATE OF
AUTHENTICATION

LASALLE BANK NATIONAL ASSOCIATION
as Trustee, certifies
that this is one of
the Securities referred
to in the Indenture.
By

Authorized Signatory

[FORM OF REVERSE SIDE OF EXCHANGE SECURITY]

8 3/4% Senior Note Due 2011

1. INTEREST

Roto-Rooter, Inc., a Delaware corporation (such corporation, and its successors and assigns under the Indenture hereinafter referred to, being herein called the "Company"), promises to pay interest on the principal amount of this Security at the rate per annum shown above; provided, however, that if a Registration Default (as defined in the Registration Rights Agreement) occurs, additional interest will accrue on this Security at a rate of 0.25% per annum for the first 90 days following a Registration Default, at a per annum rate of 0.50% for the second 90 days following a Registration Default, at a per annum rate of 0.75% for the third 90 days following a Registration Default and at a per annum rate of 1.0% thereafter from and including the date on which any such Registration Default shall occur to but excluding the date on which all Registration Defaults have been cured. The Company will pay interest semiannually on February 15 and August 15 of each year, commencing August 15, 2004. Interest on the Securities will accrue from the most recent date to which interest has been paid or, if no interest has been paid, from February 24, 2004. Interest will be computed on the basis of a 360-day year of twelve 30-day months. The Company will pay interest on overdue principal at the rate borne by this Security plus 1.0% per annum, and it will pay interest on overdue installments of interest at the same rate to the extent lawful.

2. METHOD OF PAYMENT

The Company will pay interest on the Securities (except defaulted interest) to the Persons who are registered holders of Securities at the close of business on the February 1 or August 1 next preceding the interest payment date even if Securities are canceled after the record date and on or before the interest payment date. Holders must surrender Securities to a Paying Agent to collect principal payments. The Company will pay principal and interest in money of the United States that at the time of payment is legal tender for payment of public and private debts. Payments in respect of the Securities represented by a Global Security (including principal, premium and interest) will be made by wire transfer of

immediately available funds to the accounts specified by The Depository Trust Company. The Company will make all payments in respect of a certificated Security (including principal, premium and interest) by mailing a check to the registered address of each Holder thereof; provided, however, that payments on a certificated Security will be made by wire transfer to a U.S. dollar account maintained by the payee with a bank in the United States if such Holder elects payment by wire transfer by giving written notice to the Trustee or the Paying Agent to such effect designating such account no later than 30 days immediately preceding the relevant due date for payment (or such other date as the Trustee may accept in its discretion).

3. PAYING AGENT AND REGISTRAR

Initially, LaSalle Bank National Association, a national banking association (the "Trustee"), will act as Paying Agent and Registrar. The Company may appoint and change any Paying Agent, Registrar or co-registrar without notice. The Company or any of its domestically incorporated Wholly Owned Subsidiaries may act as Paying Agent, Registrar or co-registrar.

4. INDENTURE

The Company issued the Securities under an Indenture dated as of February 24, 2004 ("Indenture"), between the Company and the Trustee. The terms of the Securities include those stated in the Indenture and those made part of the Indenture by reference to the Trust Indenture Act of 1939 (15 U.S.C. ss.ss. 77aaa-77bbbb) as in effect on the date of the Indenture (the "Act"). Terms defined in the Indenture and not defined herein have the meanings ascribed thereto in the Indenture. The Securities are subject to all such terms, and Securityholders are referred to the Indenture and the Act for a statement of those terms.

The Securities are general unsecured obligations of the Company. The Company shall be entitled, subject to its compliance with Section 4.03 of the Indenture, to issue Additional Securities pursuant to Section 2.13 of the Indenture. The Initial Securities issued on the Issue Date, any Additional Securities and all Exchange Securities issued in exchange therefor will be treated as a single class for all purposes under the Indenture. The Indenture contains covenants that limit the ability of the Company and its subsidiaries to incur additional indebtedness; pay

dividends or distributions on, or redeem or repurchase capital stock; make investments; issue or sell capital stock of subsidiaries; engage in transactions with affiliates; create liens on assets; transfer or sell assets; restrict dividends or other payments of subsidiaries; consolidate, merge or transfer all or substantially all of its assets and the assets of its subsidiaries; and engage in sale/leaseback transactions. These covenants are subject to important exceptions and qualifications.

5. OPTIONAL REDEMPTION

Except as set forth below, the Company shall not be entitled to redeem the Securities.

On and after February 24, 2007, the Company shall be entitled at its option to redeem all or a portion of the Securities upon not less than 30 nor more than 60 days' prior notice, at the redemption prices (expressed in percentages of principal amount on the redemption date), plus accrued and unpaid interest to, but excluding, the redemption date (subject to the right of Holders of record on the relevant record date to receive interest, if any, due on the relevant interest payment date), if redeemed during the 12-month period commencing on February 24 of the years set forth below:

Year	Redemption Price
2007	104.375%
2008	102.917%
2009	101.458%
2010 and thereafter	100.000%

In addition, prior to February 24, 2007, the Company shall be entitled at its option on one or more occasions to redeem Securities (which includes Additional Securities, if any) in an aggregate principal amount not to exceed 35% of the aggregate principal amount of the Securities (which includes Additional Securities, if any) originally issued on not less than 30 nor more than 60 days' prior notice, at a redemption price (expressed as a percentage of principal amount) of 108.750%, plus accrued and unpaid interest to, but excluding, the redemption date (subject to the right of Holders of record on the relevant record date to receive interest due on the relevant

interest payment date), with the Net Cash Proceeds from one or more Equity Offerings by the Company or Qualifying Subsidiary Stock Sales; provided, however, that (1) at least 65% of such aggregate principal amount of Securities (which includes Additional Securities, if any) remains outstanding immediately after the occurrence of each such redemption (other than Securities held, directly or indirectly, by the Company or its Affiliates); and (2) each such redemption occurs within 60 days after the date of the related Equity Offering or Qualifying Subsidiary Stock Sale, as the case may be.

Prior to February 24, 2007, the Company shall be entitled at its option to redeem all, but not less than all, of the Securities at a redemption price equal to 100% of the principal amount of the Securities plus the Applicable Premium as of, and accrued and unpaid interest to, the redemption date (subject to the right of Holders on the relevant record date to receive interest due on the relevant interest payment date). The Company shall cause notice of such redemption to be mailed by first-class mail to each Holder's registered address, not less than 30 nor more than 60 days prior to the redemption date. Any notice to Holders of such a redemption must include the appropriate calculation of the redemption price, but does not need to include the redemption price itself. The actual redemption price must be set forth in an Officers' Certificate delivered to the Trustee no later than two Business Days prior to the redemption date.

"Applicable Premium" means, with respect to any Security on any redemption date, the excess (but not less than zero) of (i) the present value at such redemption date of all remaining scheduled payments of interest (excluding accrued interest) and principal on such Security (discounted at the equivalent of the on Treasury Rate plus 50 basis points over (ii) the then outstanding principal amount of such Security.

"Treasury Rate" means the yield to maturity at the time of computation of United States Treasury securities with a constant maturity (as compiled and published in the most recent Federal Reserve Statistical Release H.15(519) which has become publicly available at least two Business Days prior to the date fixed for redemption (or, if such Statistical Release is no longer published, any publicly available source of similar market data)) most nearly equal to the then remaining average life

to February 24, 2007, provided, however, that if the average life to February 24, 2007 of the Securities is not equal to the constant maturity of a United States Treasury security for which a weekly average yield is given, the Treasury Rate shall be obtained by linear interpolation (calculated to the nearest one-twelfth of a year) from the weekly average yields of United States Treasury securities for which such yields are given, except that if the average life to February 24, 2007, of the Securities is less than one year, the weekly average yield on actually traded United States Treasury securities adjusted to a constant maturity of one year shall be used.

6. NOTICE OF REDEMPTION

Notice of redemption will be mailed at least 30 days but not more than 60 days before the redemption date to each Holder of Securities to be redeemed at his registered address. Securities in denominations larger than $1,000 principal amount may be redeemed in part but only in whole multiples of $1,000. If money sufficient to pay the redemption price of and accrued interest on all Securities (or portions thereof) to be redeemed on the redemption date is deposited with the Paying Agent on or before the redemption date and certain other conditions are satisfied, on and after such date interest ceases to accrue on such Securities (or such portions thereof) called for redemption.

Any notice of redemption may provide that the redemption will be subject to specified conditions, provided that such conditions are not solely within the Company's control.

7. PUT PROVISIONS

Upon a Change of Control, any Holder of Securities will have the right to cause the Company to repurchase all or any part of the Securities of such Holder at a repurchase price equal to 101% of the principal amount of the Securities to be repurchased plus accrued and unpaid interest to, but excluding, the date of repurchase (subject to the right of holders of record on the relevant record date to receive interest due on the related interest payment date) as provided in, and subject to the terms of, the Indenture.

8. DENOMINATIONS; TRANSFER; EXCHANGE

The Securities are in registered form without coupons in denominations of $1,000 principal amount and whole multiples of $1,000. A Holder may transfer or exchange Securities in accordance with the Indenture. The Registrar may require a Holder, among other things, to furnish appropriate endorsements or transfer documents and to pay any taxes and fees required by law or permitted by the Indenture. The Registrar need not register the transfer of or exchange any Securities selected for redemption (except, in the case of a Security to be redeemed in part, the portion of the Security not to be redeemed) or any Securities for a period of 15 days before a selection of Securities to be redeemed or 15 days before an interest payment date.

9. PERSONS DEEMED OWNERS

The registered Holder of this Security may be treated as the owner of it for all purposes.

10. UNCLAIMED MONEY

If money for the payment of principal or interest remains unclaimed for two years, the Trustee or Paying Agent shall pay the money back to the Company at its request unless an abandoned property law designates another Person. After any such payment, Holders entitled to the money must look only to the Company and not to the Trustee for payment.

11. DISCHARGE AND DEFEASANCE

Subject to certain conditions, the Company at any time shall be entitled to terminate some or all of its obligations under the Securities and the Indenture if the Company deposits with the Trustee money or U.S. Government Obligations, the principal of and interest on which will be sufficient, or a combination thereof sufficient, to pay the principal of and premium (if any) and interest on the Securities to maturity or redemption, as the case may be.

12. AMENDMENT; WAIVER

Subject to certain exceptions set forth in the Indenture, (1) the Indenture and the Securities may be amended with the written consent of the Holders of at least

a majority in principal amount outstanding of the Securities and (2) any default or noncompliance with any provision may be waived with the written consent of the Holders of a majority in principal amount outstanding of the Securities. Subject to certain exceptions set forth in the Indenture, without the consent of any Securityholder, the Company and the Trustee shall be entitled to amend the Indenture or the Securities to cure any ambiguity, omission, defect or inconsistency, or to comply with Article 5 of the Indenture, or to provide for uncertificated Securities in addition to or in place of certificated Securities, or to add guarantees with respect to the Securities or to secure the Securities, or to add additional covenants or surrender rights and powers conferred on the Company, or to comply with any request of the SEC in connection with qualifying the Indenture under the Act, or to make any change that does not adversely affect the rights of any Securityholder.

13. DEFAULTS AND REMEDIES

Under the Indenture, Events of Default include (a) default for 30 days in payment of interest on the Securities; (b) default in payment of principal on the Securities at maturity, upon optional redemption, upon declaration of acceleration or otherwise, or failure by the Company to redeem or purchase Securities when required; (c) failure by the Company to comply with certain other agreements in the Indenture or the Securities, in certain cases subject to notice and lapse of time; (d) certain accelerations (including failure to pay within any grace period after final maturity) of other Indebtedness of the Company or the Significant Subsidiaries if the amount accelerated (or so unpaid) exceeds $5.0 million; (e) certain events of bankruptcy or insolvency with respect to the Company and the Significant Subsidiaries; and (f) certain judgments or decrees for the payment of money in excess of $5.0 million. If an Event of Default occurs and is continuing, the Trustee or the Holders of at least 25% in principal amount of the Securities may declare all the Securities to be due and payable immediately. Certain events of bankruptcy or insolvency are Events of Default which will result in the Securities being due and payable immediately upon the occurrence of such Events of Default.

Securityholders may not enforce the Indenture or the Securities except as provided in the Indenture. The Trustee may refuse to enforce the Indenture or the

Securities unless it receives indemnity or security satisfactory to it. Subject to certain limitations, Holders of a majority in principal amount of the Securities may direct the Trustee in its exercise of any trust or power. The Trustee may withhold from Securityholders notice of any continuing Default (except a Default in payment of principal or interest) if it determines that withholding notice is in the interest of the Holders.

14. TRUSTEE DEALINGS WITH THE COMPANY

Subject to certain limitations imposed by the Act, the Trustee under the Indenture, in its individual or any other capacity, may become the owner or pledgee of Securities and may otherwise deal with and collect obligations owed to it by the Company or its Affiliates and may otherwise deal with the Company or its Affiliates with the same rights it would have if it were not Trustee.

15. NO RECOURSE AGAINST OTHERS

A director, officer, employee or stockholder, as such, of the Company or the Trustee shall not have any liability for any obligations of the Company under the Securities or the Indenture or for any claim based on, in respect of or by reason of such obligations or their creation. By accepting a Security, each Securityholder waives and releases all such liability. The waiver and release are part of the consideration for the issue of the Securities.

16. AUTHENTICATION

This Security shall not be valid until an authorized signatory of the Trustee (or an authenticating agent) manually signs the certificate of authentication on the other side of this Security.

17. ABBREVIATIONS

Customary abbreviations may be used in the name of a Securityholder or an assignee, such as TEN COM (=tenants in common), TEN ENT (=tenants by the entireties), JT TEN (=joint tenants with rights of survivorship and not as tenants in common), CUST (=custodian), and U/G/M/A (=Uniform Gift to Minors Act).

18. CUSIP NUMBERS

Pursuant to a recommendation promulgated by the Committee on Uniform Security Identification Procedures the Company has caused CUSIP numbers to be printed on the Securities and has directed the Trustee to use CUSIP numbers in notices of redemption as a convenience to Securityholders. No representation is made as to the accuracy of such numbers either as printed on the Securities or as contained in any notice of redemption and reliance may be placed only on the other identification numbers placed thereon.

19. GOVERNING LAW

THIS SECURITY SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK BUT WITHOUT GIVING EFFECT TO APPLICABLE PRINCIPLES OF CONFLICTS OF LAW TO THE EXTENT THAT THE APPLICATION OF THE LAWS OF ANOTHER JURISDICTION WOULD BE REQUIRED THEREBY.

The Company will furnish to any Securityholder upon written request and without charge to the Security holder a copy of the Indenture which has in it the text of this Security in larger type. Requests may be made to:

Roto-Rooter, Inc.
255 East Fifth Street
Cincinnati, Ohio 45202
Facsimile: (513) 287-6216

Attention: General Counsel

ASSIGNMENT FORM

To assign this Security, fill in the form below:

I or we assign and transfer this Security to

(Print or type assignee's name, address and zip code)

(Insert assignee's soc. sec. or tax I.D. No.)

and irrevocably appoint _____ agent to transfer this Security on the books of the Company. The agent may substitute another to act for him.

Date:_____ Your Signature:_____

Sign exactly as your name appears on the other side of this Security.

OPTION OF HOLDER TO ELECT PURCHASE

If you want to elect to have this Security purchased by the Company pursuant to Section 4.06 or 4.10 of the Indenture, check the box:

[ ]

If you want to elect to have only part of this Security purchased by the Company pursuant to Section 4.06 or 4.10 of the Indenture, state the principal amount: $

Dated:_____ Your Signature:_____
(Sign exactly as your name appears on the other side of this Security.)

Signature Guarantee:_____
(Signature must be guaranteed)

Signatures must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Registrar, which requirements include membership or participation in the Security Transfer Agent Medallion Program ("STAMP") or such other "signature guarantee program" as may be determined by the Registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

EXHIBIT 4.5

EXECUTION COPY

ROTO-ROOTER, INC.

Floating Rate Senior Secured Notes Due 2010

INDENTURE

Dated as of February 24, 2004

WELLS FARGO BANK, N.A.,
as Trustee

CROSS-REFERENCE TABLE*\

TIA Section	Indenture Section
310(a)(1)	7.10
(a)(2)	7.10
(a)(3)	N.A.
(a)(4)	N.A.
(b)	7.08; 7.10
(c)	N.A.
311(a)	7.11
(b)	7.11
(c)	N.A.
312(a)	2.05
(b)	12.03
(c)	12.03
313(a)	7.06
(b)(1)	7.06
(b)(2)	7.06
(c)	12.02
(d)	7.06
314(a)	4.02; 4.10; 12.02
(b)	N.A.
(c)(1)	12.04
(c)(2)	12.04
(c)(3)	N.A.
(d)	N.A.
(e)	12.05
(f)	4.10
315(a)	7.01
(b)	7.05; 12.02
(c)	7.01
(d)	7.01
(e)	6.11
316(a)(last sentence)	12.06
(a)(1)(A)	6.05
(a)(1)(B)	6.04
(a)(2)	N.A.
(b)	6.07
317(a)(1)	6.08
(a)(2)	6.09
(b)	2.04
318(a)	12.01

N.A. means Not Applicable.

Note: This Cross-Reference Table shall not, for any purpose, be deemed to be part of the Indenture.

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Trustee

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Discharge of Indenture; Defeasance

ARTICLE 9

Amendments

ARTICLE 10

Subsidiary Guarantees

INDENTURE dated as of February 24, 2004 between ROTO-ROOTER, INC., a Delaware corporation (the "Company"), the subsidiary guarantors listed on Schedule I (the "Subsidiary Guarantors") and WELLS FARGO BANK, N.A, a national banking association (the "Trustee").

Each party agrees as follows for the benefit of the other parties and for the equal and ratable benefit of the Holders of (a) the Company's Floating Rate Senior Secured Notes Due 2010 issued on the date hereof (the "Original Securities"), (b) any Additional Securities (as defined herein) that may be issued (all such Securities in clauses (a) and (b) being referred to collectively as the "Initial Securities") and (c) if and when issued pursuant to a registered exchange for Initial Securities, the Company's Floating Rate Senior Secured Notes Due 2010 (the "Exchange Securities", and together with the Initial Securities, the "Securities"):

ARTICLE 1

Definitions and Incorporation by Reference

SECTION 1.01. Definitions.

"Additional Assets" means:

(1) any property or assets (other than Indebtedness and Capital Stock) to be used by the Company or a Restricted Subsidiary in a Permitted Business;

(2) the Capital Stock of a Person that becomes a Restricted Subsidiary as a result of the acquisition of such Capital Stock by the Company or another Restricted Subsidiary; or

(3) Capital Stock constituting a minority interest in any Person that at such time is a Restricted Subsidiary;

provided, however, that any such Restricted Subsidiary described in clauses (2) or (3) above is primarily engaged in a Permitted Business.

"Additional Securities" means, subject to the Company's compliance with Section 4.03, Floating Rate Senior Secured Notes Due 2010 issued from time to time after the Issue Date under the terms of this Indenture (other than pursuant to Section 2.06, 2.07, 2.09 or 3.06 of this Indenture and other than Exchange Securities issued pursuant to an exchange offer for other Securities outstanding under this Indenture).

"Administrative Agent" means Bank One, NA, in its capacity as administrative agent under the Credit Agreement and any successor Administrative Agent appointed pursuant to the Credit Agreement.

"Affiliate" of any specified Person means any other Person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified Person. For the purposes of this definition, "control" when used with respect to any Person means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing. For purposes of Sections 4.06 and 4.07 only, "Affiliate" shall also mean any beneficial owner of Capital Stock representing 5% or more of the total voting power of the Voting Stock (on a fully diluted basis) of the Company or of rights or warrants to purchase such Voting Stock (whether or not currently exercisable) and any Person who would be an Affiliate of any such beneficial owner pursuant to the first sentence hereof.

"Aggregate Credit Agreement Exposure" means at any time, without duplication, the aggregate amount of Credit Agreement Obligations outstanding plus the amount of all commitments of the lenders thereunder to extend credit (whether by making loans or providing or participating in letters of credit or otherwise), but excluding any letters of credit or obligations owing in respect of letters of credit to the extent the same are secured in accordance with the Credit Agreement by property that does not secure the Securities.

"Asset Disposition" means any sale, lease, transfer or other disposition (or series of related sales, leases, transfers or dispositions) by the Company or any Restricted Subsidiary, including any disposition by means of a merger, consolidation or similar transaction (each referred to for the purposes of this definition as a "disposition"), of property or assets including any shares of Capital Stock of a Restricted Subsidiary other than:

(1) a disposition by a Restricted Subsidiary to the Company or by the Company or a Restricted Subsidiary to a Restricted Subsidiary;

(2) with respect to Capital Stock of a Restricted Subsidiary, a disposition of directors' qualifying shares or shares required by applicable law to be held by a Person other than the Company or a Restricted Subsidiary;

(3) a disposition that constitutes a Restricted Payment that is not prohibited by Section 4.04 or a Permitted Investment or a disposition of all or substantially all the assets of the Company or a Subsidiary Guarantor in accordance with Section 5.01;

(4) a disposition of inventory in the ordinary course of business;

(5) a disposition of any obsolete, excess, damaged, surplus or worn-out equipment, property or assets or of property or assets no longer used or useful in the business of the Company and its Restricted Subsidiaries;

(6) a disposition of cash or of Temporary Cash Investments;

(7) leases or licenses of assets in the ordinary course of business;

(8) the creation of Permitted Liens; or

(9) a disposition of assets with a Fair Market Value of less than $100,000.

"Attributable Debt" in respect of a Sale/Leaseback Transaction means, as at the time of determination, the present value (discounted at the

interest rate borne by the Securities, compounded annually) of the total obligations of the lessee for rental payments during the remaining term of the lease included in such Sale/Leaseback Transaction (including any period for which such lease has been extended).

"Average Life" means, as of the date of determination, with respect to any Indebtedness or Preferred Stock, the quotient obtained by dividing:

(1) the sum of the products of the numbers of years from the date of determination to the dates of each successive scheduled principal payment of such Indebtedness or scheduled redemption or similar payment with respect to such Preferred Stock multiplied by the amount of such payment by

(2) the sum of all such payments.

"Board of Directors" means the Board of Directors of the Company or any committee thereof duly authorized to act on behalf of the Board of Directors of the Company.

"Business Day" means each day which is not a Legal Holiday.

"Capital Stock" of any Person means any and all shares, interests, rights to purchase, warrants, options, participations or other equivalents of or interests in (however designated) equity of such Person, including any Preferred Stock, but excluding any debt securities convertible into such equity.

"Capitalized Lease Obligations" means an obligation that is required to be classified and accounted for as a capitalized lease for financial reporting purposes in accordance with GAAP, and the amount of Indebtedness represented by such obligation shall be the capitalized amount of such obligation determined in accordance with GAAP; and the Stated Maturity thereof shall be the date of the last payment of rent or any other amount due under such lease prior to the first date upon which such lease may be prepaid by the lessee without payment of a penalty.

"Change of Control" means the occurrence of any of the following events:

(1) any "person" or "group" (as such terms are used in Sections 13(d) and 14(d) of the Exchange Act), is or becomes the beneficial owner (as defined in Rules 13d-3 and 13d-5 under the Exchange Act, except that, for purposes of this clause, such person or group shall be deemed to have "beneficial ownership" of all shares that any such person or group has the right to acquire, whether such right is exercisable immediately or only after the passage of time), directly or indirectly, of more than 50% of the total voting power of the Voting Stock of the Company;

(2) during any period of two consecutive years, individuals who at the beginning of such period constituted the Board of Directors of the Company (together with any new directors whose election by the Board of Directors or whose nomination for election by the shareholders of the Company was approved by a vote of 66 2/3% of the directors of the Company then still in office who were either directors at the beginning of such period or whose election or nomination for election was previously so approved) cease for any reason to constitute a majority of the applicable board of directors then in office;

(3) the adoption of a plan relating to the liquidation or dissolution of the Company; or

(4) the merger or consolidation of the Company with or into another Person or the merger of another Person with or into the Company, or the sale, lease, transfer, conveyance or other disposition of all or substantially all the assets of the Company, to another Person and, in the case of any such merger or consolidation, other than a transaction following which holders of securities that represented 100% of the Voting Stock of the Company outstanding immediately prior to such transaction (or other securities into which such securities are converted as part of such merger or consolidation transaction) own directly or indirectly at least a majority of the voting power of the Voting Stock of the surviving Person in such merger or consolidation transaction immediately after such transaction and in substantially the same proportion as before the transaction.

"Chemed Capital Trust" means Chemed Capital Trust, a Delaware statutory business trust.

"Chemed Preferred Securities" means the convertible trust preferred securities of Chemed Capital Trust issued in exchange for shares of Company capital stock pursuant to an exchange offer completed on February 1, 2000. As of January 31, 2004, 522,149 Chemed Preferred Securities were outstanding.

"Closing Date" means the date of this Indenture.

"Closing Date Stock Award Plan" means the Company's employee stock award plan in existence on the Closing Date.

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

"Collateral" means all the collateral provided for under and described in the Security Documents.

"Collateral Agent" means Bank One, NA, in its capacity as collateral agent under the Security Documents, together with its successors and permitted assigns.

"Collateral Sharing Agreement" means the Collateral Sharing Agreement dated as of February 24, 2004, among the Collateral Agent, the Trustee, the Administrative Agent and the Company, as such agreement may be amended, supplemented or replaced pursuant to the terms of the Indenture.

"Company" means the party named as such in this Indenture until a successor replaces it and, thereafter, means the successor and, for purposes of any provision contained herein and required by the TIA, each other obligor on the indenture securities.

"Consolidated Indebtedness" means, as of any date of determination, the total Indebtedness of the Company and its Consolidated Restricted Subsidiaries, without duplication, other than, at any time prior to January 1, 2005, the Trust Securities.

"Consolidated Interest Expense" means, for any period, the total interest expense of the Company and its Consolidated Restricted Subsidiaries, plus, to the extent

Incurred by the Company and its Consolidated Restricted Subsidiaries in such period but not included in such interest expense, without duplication:

(1) interest expense attributable to Capitalized Lease Obligations and the interest expense attributable to leases constituting part of a Sale/Leaseback Transaction,

(2) amortization of debt discount and debt issuance costs, provided that the fees paid by the Company to the lenders under the Credit Agreement and to the placement agent in connection with the offering and sale on the Issue Date of the Fixed Rate Notes and the Original Securities shall not be included,

(3) capitalized interest,

(4) noncash interest expense,

(5) commissions, discounts and other fees and charges attributable to letters of credit and bankers' acceptance financing,

(6) interest accruing on any Indebtedness of any other Person to the extent such Indebtedness is Guaranteed by the Company or any Restricted Subsidiary,

(7) net costs associated with Hedging Obligations (including amortization of fees),

(8) dividends in respect of all Disqualified Stock of the Company and all Preferred Stock of any of the Subsidiaries of the Company, to the extent held by Persons other than the Company or a Wholly Owned Subsidiary; provided that regular, scheduled dividends on the Trust Securities declared or paid prior to January 1, 2005, shall not be included, and

(9) the cash contributions to any employee stock ownership plan or similar trust to the extent such contributions are used by such plan or trust to pay interest or fees to any Person (other than the Company) in connection with Indebtedness Incurred by such plan or trust.

Notwithstanding anything to the contrary herein, any premium paid in connection with the repayment of Indebtedness of the Company in connection with the Transactions and interest on the Trust Securities paid on or prior to January 1, 2005 shall not be included in Consolidated Interest Expense.

"Consolidated Leverage Ratio" as of any date of determination means the ratio of:

(1) Consolidated Indebtedness at such time to

(2) the aggregate amount of EBITDA for the period of the most recent four consecutive fiscal quarters ending at least 45 days prior to the date of such determination;

provided, however, that:

(A) if the Company or any Restricted Subsidiary has Incurred any Indebtedness since the beginning of such period that remains outstanding on such date of determination or if the transaction giving rise to the need to calculate the Consolidated Leverage Ratio is an Incurrence of Indebtedness, EBITDA for such period shall be calculated after giving effect on a pro forma basis to such Indebtedness as if such Indebtedness had been Incurred on the first day of such period and the discharge of any other Indebtedness repaid, repurchased, defeased or otherwise discharged with the proceeds of such new Indebtedness as if such discharge had occurred on the first day of such period,

(B) if the Company or any Restricted Subsidiary has repaid, repurchased, defeased or otherwise discharged any Indebtedness since the beginning of such period or if any Indebtedness is to be repaid, repurchased, defeased or otherwise discharged (in each case other than Indebtedness Incurred under any revolving credit facility unless such Indebtedness has been permanently repaid and has not been replaced) on the date of the transaction giving rise to the need to calculate the Consolidated Leverage Ratio, EBITDA for such period shall be calculated on a pro forma basis as if such discharge had

occurred on the first day of such period and as if the Company or such Restricted Subsidiary has not earned the interest income actually earned during such period in respect of cash or Temporary Cash Investments used to repay, repurchase, defease or otherwise discharge such Indebtedness,

(C) if since the beginning of such period the Company or any Restricted Subsidiary shall have made any Asset Disposition, the EBITDA for such period shall be reduced by an amount equal to the EBITDA (if positive) directly attributable to the assets that are the subject of such Asset Disposition for such period or increased by an amount equal to the EBITDA (if negative) directly attributable thereto for such period,

(D) if since the beginning of such period the Company or any Restricted Subsidiary (by merger or otherwise) shall have made an Investment in any Restricted Subsidiary (or any Person that becomes a Restricted Subsidiary) or an acquisition of assets, including any acquisition of assets occurring in connection with a transaction causing a calculation to be made hereunder, which constitutes all or substantially all of an operating unit of a business, EBITDA for such period shall be calculated after giving pro forma effect thereto (including the Incurrence of any Indebtedness) as if such Investment or acquisition occurred on the first day of such period, and

(E) if since the beginning of such period any Person (that subsequently became a Restricted Subsidiary or was merged with or into the Company or any Restricted Subsidiary since the beginning of such period) shall have Incurred any Indebtedness or discharged any Indebtedness or made any Asset Disposition or any Investment or acquisition of assets that would have required an adjustment pursuant to clause (C) or (D) above if made by the Company or a Restricted Subsidiary during such period, EBITDA for such period shall be calculated after giving pro forma effect thereto as if such Incurrence, discharge, Asset

Disposition, Investment or acquisition of assets occurred on the first day of such period.

For purposes of this definition, whenever pro forma effect is to be given to any calculation under this definition, the pro forma calculations shall be determined in good faith by a responsible financial or accounting Officer of the Company and (i) shall comply, to the extent not inconsistent with the provisions of the Indenture, with the requirements of Rule 11-02 of Regulation S-X of the SEC and (ii) may include adjustments for operating expense reductions that would be permitted by such Rule.

If any Indebtedness bears a floating rate of interest and is being given pro forma effect, the interest expense on such Indebtedness shall be calculated as if the rate in effect on the date of determination had been the applicable rate for the entire period (taking into account any Interest Rate Agreement applicable to such Indebtedness if such Interest Rate Agreement has a remaining term as at the date of determination in excess of 12 months).

"Consolidated Net Income" means, for any period, the net income (loss) of the Company and its Consolidated Subsidiaries for such period; provided, however, that there shall not be included in such Consolidated Net Income:

(1) any net income of any Person (other than the Company) if such Person is not a Restricted Subsidiary, except that:

(A) subject to the limitations contained in clause (4) below, the Company's equity in the net income of any such Person for such period shall be included in such Consolidated Net Income up to the aggregate amount of cash actually distributed by such Person during such period to the Company or a Restricted Subsidiary as a dividend or other distribution (subject, in the case of a dividend or other distribution made to a Restricted Subsidiary, to the limitations contained in clause (3) below) and

(B) the Company's equity in a net loss of any such Person for such period shall be included in determining such Consolidated Net Income;

(2) any net income (or loss) of any Person acquired by the Company or a Subsidiary of the Company in a pooling of interests transaction for any period prior to the date of such acquisition;

(3) any net income (or loss) of any Restricted Subsidiary if such Restricted Subsidiary is subject to restrictions, directly or indirectly, on the payment of dividends or the making of distributions by such Restricted Subsidiary, directly or indirectly, to the Company, except that:

(A) subject to the limitations contained in clause (4) below, the Company's equity in the net income of any such Restricted Subsidiary for such period shall be included in such Consolidated Net Income up to the aggregate amount of cash permitted to be distributed by such Restricted Subsidiary during such period to the Company or another Restricted Subsidiary as a dividend or other distribution (subject, in the case of a dividend or other distribution made to another Restricted Subsidiary, to the limitation contained in this clause) and

(B) the Company's equity in a net loss of any such Restricted Subsidiary for such period shall be included in determining such Consolidated Net Income;

(4) any gain (but not loss) realized upon the sale or other disposition of any asset of the Company or its Consolidated Subsidiaries (including pursuant to any Sale/Leaseback Transaction) that is not sold or otherwise disposed of in the ordinary course of business and any gain (but not loss) realized upon the sale or other disposition of any Capital Stock of any Person;

(5) the net after tax effect of any extraordinary gain or loss (including all fees and expenses related to such extraordinary gain or loss) or of any impairment loss on or writedown of goodwill; and

(6) the cumulative effect of a change in accounting principles.

Notwithstanding the foregoing, for the purpose of Section 4.04 only, there shall be excluded from Consolidated Net Income any dividends, repayments of loans or advances or other transfers of assets from Unrestricted Subsidiaries to the Company or a Restricted Subsidiary to the extent such dividends, repayments or transfers increase the amount of Restricted Payments permitted under Section 4.04(a)(4)(C)(iv).

"Consolidated Net Worth" means the total of the amounts shown on the balance sheet of the Company and its Restricted Subsidiaries, determined on a Consolidated basis, as of the end of the most recent fiscal quarter of the Company ending at least 45 days prior to the taking of any action for the purpose of which the determination is being made, as

(1) the par or stated value of all outstanding Capital Stock of the Company plus

(2) paid-in capital or capital surplus relating to such Capital Stock plus

(3) any retained earnings or earned surplus less

(A) any accumulated deficit and

(B) any amounts attributable to Disqualified Stock.

"Consolidation" means the consolidation of the accounts of each of the Restricted Subsidiaries with those of the Company in accordance with GAAP consistently applied; provided, however, that "Consolidation" will not include consolidation of the accounts of any Unrestricted Subsidiary, but the interest of the Company or any Restricted Subsidiary in an Unrestricted Subsidiary will be accounted for as an investment. The term "Consolidated" has a correlative meaning.

"Credit Agreement" means the credit agreement dated as of February 24, 2004, among the Company, Bank One, NA and others, together with any guarantees, collateral documents, instruments and agreements executed in connection therewith, in each case, as amended, restated, supplemented, waived, replaced (whether or not upon termination, and whether with the original lenders or otherwise), refinanced, restructured or otherwise modified

from time to time (except to the extent that any such amendment, restatement, supplement, waiver, replacement, refinancing, restructuring or other modification thereto would be prohibited by the terms of this Indenture, unless otherwise agreed to by the Holders of at least a majority in aggregate principal amount of Securities at the time outstanding).

"Credit Agreement Obligations" means (i) all Indebtedness outstanding under the Credit Agreement and (ii) all other obligations (not constituting Indebtedness) of the Company or a Subsidiary Guarantor under the Credit Agreement and (iii) all other obligations of the Company or any Subsidiary Guarantor owing in connection with Hedging Obligations to any lender under the Credit Agreement or any affiliate of any such lender, unless the Company and such lender mutually agree that such Hedging Obligation does not constitute a "Secured Obligation" as defined in the Credit Agreement.

"Currency Agreement" means with respect to any Person any foreign exchange contract, currency swap agreements or other similar agreement or arrangement to which such Person is a party or of which it is a beneficiary.

"Default" means any event which is, or after notice or passage of time or both would be, an Event of Default.

"Designated Percentage" means a majority unless (i) the Floating Rate Exchange Offer (as defined in the Registration Rights Agreement) has not occurred, (ii) a Notes Registration Statement (as defined in the Registration Rights Agreement) is not then effective and (iii) there are less than 15 Holders, in which case "Designated Percentage" means 67%.

"Discharge of Credit Agreement Obligations" means payment in full in cash of the principal of and interest and premium, if any, on all Indebtedness outstanding under the Credit Agreement or with respect to Hedging Obligations that are Credit Agreement Obligations or with respect to letters of credit outstanding thereunder, delivery of cash collateral or backstop letters of credit in respect thereof in compliance with such Credit Agreement, in each case after or concurrently with termination of all commitments to extend credit thereunder and payments in full of any

other Credit Agreement Obligations that are due and payable or otherwise accrued and owing at or prior to the time such principal, interest and premium, if any, are paid.

"Disqualified Stock" means, with respect to any Person, any Capital Stock which by its terms (or by the terms of any security into which it is convertible or for which it is exchangeable or exercisable) or upon the happening of any event:

(1) matures or is mandatorily redeemable pursuant to a sinking fund obligation or otherwise,

(2) is convertible or exchangeable for Indebtedness or Disqualified Stock (excluding Capital Stock convertible or exchangeable solely at the option of the Company or a Restricted Subsidiary; provided, however, that any such conversion or exchange shall be deemed an Incurrence of Indebtedness or Disqualified Stock, as applicable) or

(3) is redeemable at the option of the holder thereof, in whole or in part,

in the case of each of clauses (1), (2) and (3), on or prior to the first anniversary of the Stated Maturity of the Securities; provided, however, that any Capital Stock that would not constitute Disqualified Stock but for provisions thereof giving holders thereof the right to require such Person to repurchase or redeem such Capital Stock upon the occurrence of an "asset sale" or "change of control" occurring prior to the first anniversary of the Stated Maturity of the Securities shall not constitute Disqualified Stock if the "asset sale" or "change of control" provisions applicable to such Capital Stock are not more favorable to the holders of such Capital Stock than the provisions applicable to the Securities in Sections 4.06 and 4.10.

"Domestic Subsidiary" means any Restricted Subsidiary of the Company other than a Foreign Subsidiary.

"EBITDA" for any period means the Consolidated Net Income for such period, plus, without duplication, the following to the extent deducted in calculating such Consolidated Net Income:

(1) income tax expense of the Company and its Consolidated Restricted Subsidiaries,

(2) Consolidated Interest Expense,

(3) depreciation expense of the Company and its Consolidated Restricted Subsidiaries,

(4) amortization expense of the Company and its Consolidated Restricted Subsidiaries (including amortization recorded in connection with the application of Financial Accounting Standard No. 142 (Goodwill and Other Intangibles)),

(5) payments made in connection with the Non-Competition and Consulting Agreement dated as of December 18, 2003, between the Company and Hugh Westbrook (the "Westbrook Agreement") in the amount of $25.0 million and transaction fees and expenses paid in connection with the Transactions,

(6) any severance payments related to the acquisition of Vitas, as contemplated by the Private Placement Memorandum and not to exceed $14.5 million, plus any related employment taxes and employee benefit charges,

(7) dividends, distributions and payments not in excess of $2.8 million under the Closing Date Stock Award Plan, and

(8) all other noncash charges of the Company and its Consolidated Restricted Subsidiaries (excluding any such noncash charge to the extent it represents an accrual of or reserve for cash expenditures in any future period) less all non-cash items of income of the Company and its Consolidated Restricted Subsidiaries,

in each case for such period.

Notwithstanding the foregoing, the provision for taxes based on the income or profits of, and the depreciation and amortization and noncash charges of, a Restricted Subsidiary of the Company shall be added to Consolidated Net Income to compute EBITDA only to the extent (and in the same proportion) that the net income (loss) of such Restricted Subsidiary was included in

calculating Consolidated Net Income and only if a corresponding amount would be permitted at the date of determination to be dividended to the Company by such Restricted Subsidiary without prior approval (that has not been obtained), pursuant to the terms of its charter and all agreements, instruments, judgments, decrees, orders, statutes, rules and governmental regulations applicable to such Restricted Subsidiary or its stockholders.

"Eligible Indebtedness" has the meaning assigned to it under clause 3(A) of Section 4.06(a).

"Exchange Act" means the Securities Exchange Act of 1934, as amended.

"Exchange Securities" means the debt securities of the Company issued pursuant to this Indenture in exchange for, and in an aggregate principal amount equal to, the Initial Securities, in compliance with the terms of the Registration Rights Agreement.

"Fair Market Value" means, with respect to any asset or property, the price which could be negotiated in an arm's-length, free market transaction, for cash, between a willing seller and a willing and able buyer, neither of whom is under undue pressure or compulsion to complete the transaction. For all purposes of this Indenture, the Fair Market Value of property or assets which involve an aggregate amount in excess of $25.0 million shall be set forth in a resolution approved by the Board of Directors in good faith; provided that for property or assets, other than cash, Indebtedness or readily marketable securities, in an aggregate amount in excess of $50.0 million, Fair Market Value shall be determined in writing by a nationally recognized appraisal or investment banking firm.

"Fixed Rate Notes" means the 8 3/4% Fixed Rate Notes due 2011 issued by the Company under the Indenture dated as of February 24, 2004, between the Company and LaSalle Bank National Association, as trustee, and any exchange notes issued under such indenture.

"Foreign Subsidiary" means any Restricted Subsidiary of the Company that is not organized under the laws of the United States of America or any State thereof or the District of Columbia.

"GAAP" means generally accepted accounting principles in the United States of America as in effect as of the Closing Date, including those set forth in:

(1) the opinions and pronouncements of the Accounting Principles Board of the American Institute of Certified Public Accountants,

(2) statements and pronouncements of the Financial Accounting Standards Board,

(3) such other statements by such other entities as approved by a significant segment of the accounting profession, and

(4) the rules and regulations of the SEC governing the inclusion of financial statements (including pro forma financial statements) in periodic reports required to be filed pursuant to Section 13 of the Exchange Act, including opinions and pronouncements in staff accounting bulletins and similar written statements from the accounting staff of the SEC.

All ratios and computations based on GAAP contained in this Indenture shall be computed in conformity with GAAP.

"Guarantee" means any obligation, contingent or otherwise, of any Person directly or indirectly guaranteeing any Indebtedness or other obligation of any other Person and any obligation, direct or indirect, contingent or otherwise, of such Person:

(1) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness or other obligation of such other Person (whether arising by virtue of partnership arrangements, or by agreements to keep-well, to purchase assets, goods, securities or services, to take-or-pay, or to maintain financial statement conditions or otherwise) or

(2) entered into for purposes of assuring in any other manner the obligee of such Indebtedness or other obligation of the payment thereof or to protect such obligee against loss in respect thereof (in whole or in part);

provided, however, that the term "Guarantee" shall not include endorsements for collection or deposit in the ordinary course of business. The term "Guarantee" used as a verb has a corresponding meaning. The term "Guarantor" shall mean any Person Guaranteeing any obligation.

"Hedging Obligations" of any Person means the obligations of such Person pursuant to any Interest Rate Agreement or Currency Agreement.

"Holder" or "Securityholder" means the Person in whose name a Security is registered on the Registrar's books.

"Incur" means issue, assume, Guarantee, incur or otherwise become liable for; provided, however, that any Indebtedness or Capital Stock of a Person existing at the time such Person becomes a Subsidiary (whether by merger, consolidation, acquisition or otherwise) shall be deemed to be Incurred by such Person at the time it becomes a Subsidiary. The term "Incurrence" when used as a noun shall have a correlative meaning. Solely for purposes of determining compliance with Section 4.03:

(1) amortization of debt discount or the accretion of principal with respect to a non-interest bearing or other discount security;

(2) the payment of regularly scheduled interest in the form of additional Indebtedness of the same instrument or the payment of regularly scheduled dividends on Capital Stock (other than Disqualified Stock) in the form of additional Capital Stock of the same class and with the same terms; and

(3) the obligation to pay a premium in respect of Indebtedness arising in connection with the issuance of a notice of redemption or the making of a mandatory offer to purchase such Indebtedness

will not be deemed to be the Incurrence of Indebtedness.

"Indebtedness" means, with respect to any Person on any date of determination, without duplication:

(1) the principal of and premium (if any) in respect of indebtedness of such Person for borrowed money;

(2) the principal of and premium (if any) in respect of obligations of such Person evidenced by bonds, debentures, notes or other similar instruments;

(3) all obligations of such Person in respect of letters of credit or other similar instruments (including reimbursement obligations with respect thereto but excluding obligations in respect of letters of credit securing obligations (other than obligations in clauses (1), (2), (4) or (5) hereof) entered into in the ordinary course of business of such Person to the extent such letters of credit are not drawn upon or, if and to the extent drawn upon, such drawing is reimbursed no later than the tenth Business Day following payment on the letter of credit);

(4) all obligations of such Person to pay the deferred and unpaid purchase price of property or services (except Trade Payables or other obligations arising in the ordinary course of business), which purchase price is due more than six months after the date of placing such property in service or taking delivery and title thereto or the completion of such services;

(5) all Capitalized Lease Obligations and all Attributable Debt of such Person;

(6) the amount of all obligations of such Person with respect to the redemption, repayment or other repurchase of any Disqualified Stock or, with respect to any Subsidiary of such Person, any Preferred Stock (but excluding, in each case, any accrued dividends);

(7) all Indebtedness of other Persons secured by a Lien on any asset of such Person, whether or not such Indebtedness is assumed by such Person; provided, however, that the amount of Indebtedness of such Person shall be the lesser of:

(A) the Fair Market Value of such asset at such date of determination and

(B) the amount of such Indebtedness of such other Persons;

(8) all net obligations of such person in respect of Interest Rate Agreements or Currency Agreements; and

(9) all obligations of the type referred to in clauses (i) through (viii) of other Persons and all dividends of other Persons for the payment of which, in either case, such Person is responsible or liable, directly or indirectly, as obligor, guarantor or otherwise, including by means of any Guarantee.

The amount of Indebtedness of any Person at any date shall be the outstanding balance at such date of all unconditional obligations as described above and the maximum liability, upon the occurrence of the contingency giving rise to the obligation, of any contingent obligations at such date.

"Indenture Documents" means (a) this Indenture, the Securities and the Security Documents and (b) any other related document or instrument executed and delivered pursuant to any Indenture Document described in clause (a) of this definition evidencing or governing Obligations.

"Intellectual Property Security Agreements" means the intellectual property security agreements as the Company or any Subsidiary Guarantor may from time to time make in favor of the Collateral Agent for the benefit of the Holders and the other creditors of the Company subject to the Collateral Sharing Agreement, in each case as the same may be amended, restated, supplemented or otherwise modified from time to time.

"Interest Period" means, for any interest payment date, a period from and including the preceding interest payment date to but excluding such interest payment date, provided, however, that the initial Interest Period will be the period from and including the series issuance date to but excluding the May 15, 2004 interest payment date.

"Interest Rate Agreement" means with respect to any Person any interest rate protection agreement, interest rate future agreement, interest rate option agreement, interest rate swap agreement, interest rate cap agreement, interest rate collar agreement, interest rate hedge agreement or other similar agreement or arrangement to which such Person is party or of which it is a beneficiary.

"Investment" in any Person means any direct or indirect advance, loan (other than advances to customers in the ordinary course of business that are recorded as accounts receivable on the balance sheet of the lender) or other extension of credit (including by way of Guarantee or similar arrangement) or capital contribution to (by means of any transfer of cash or other property to others or any payment for property or services for the account or use of others), or any purchase or acquisition of Capital Stock, Indebtedness or other similar instruments issued by such Person. Except as otherwise provided for herein, the amount of an Investment shall be its fair value at the time the Investment is made and without giving effect to subsequent changes in value. For purposes of the definition of "Unrestricted Subsidiary" and Section 4.04:

(1) "Investment" shall include the portion (proportionate to the Company's equity interest in such Subsidiary) of the Fair Market Value of the net assets of any Subsidiary of the Company at the time that such Subsidiary is designated an Unrestricted Subsidiary; provided, however, that upon a redesignation of such Subsidiary as a Restricted Subsidiary, the Company shall be deemed to continue to have a permanent "Investment" in an Unrestricted Subsidiary in an amount (if positive) equal to:

(A) the Company's "Investment" in such Subsidiary at the time of such redesignation less

(B) the portion (proportionate to the Company's equity interest in such Subsidiary) of the Fair Market Value of the net assets of such Subsidiary at the time of such redesignation; and

(2) any property transferred to or from an Unrestricted Subsidiary shall be valued at its Fair Market Value at the time of such transfer.

"Issue Date" means February 24, 2004.

"Legal Holiday" means a Saturday, Sunday or other day on which banking institutions are not required by law or regulation to be open in the State of New York.

"Lien" means any mortgage, pledge, security interest, encumbrance, lien or charge of any kind

(including any conditional sale or other title retention agreement or lease in the nature thereof).

"Net Available Cash" from an Asset Disposition means cash payments received (including any cash payments received by way of deferred payment of principal pursuant to a note or installment receivable or otherwise and proceeds from the sale or other disposition of any securities received as consideration, but only as and when received, but excluding any other consideration received in the form of assumption by the acquiring Person of Indebtedness or other obligations relating to the properties or assets that are the subject of such Asset Disposition or received in any other noncash form) therefrom, in each case net of:

(1) all legal, accounting, investment, banking, title and recording tax expenses, commissions and other fees and expenses incurred, and all Federal, state, provincial, foreign and local taxes required to be paid or accrued as a liability under GAAP, as a consequence of such Asset Disposition,

(2) all payments made on any Indebtedness other than Indebtedness under this Indenture and the Credit Agreement which is secured by any assets subject to such Asset Disposition, in accordance with the terms of any Lien upon or other security agreement of any kind with respect to such assets, or which must by its terms, or in order to obtain a consent to such Asset Disposition, or by applicable law be repaid out of the proceeds from such Asset Disposition,

(3) all distributions and other payments required to be made to minority interest holders in Subsidiaries or joint ventures as a result of such Asset Disposition and

(4) appropriate amounts to be provided by the seller as a reserve, in accordance with GAAP, against any liabilities associated with the property or other assets disposed of in such Asset Disposition and retained by the Company or any Restricted Subsidiary after such Asset Disposition or liabilities under indemnification obligations associated with such Asset Disposition or any purchase price adjustments.

"Net Cash Proceeds", with respect to any issuance or sale of Capital Stock, means the cash proceeds of such issuance or sale net of attorneys' fees, accountants' fees, underwriters' or placement agents' fees, discounts or commissions and brokerage, consultant and other fees actually incurred in connection with such issuance or sale and net of taxes paid or payable as a result thereof.

"Non-Recourse Debt" means Indebtedness as to which neither the Company nor any Restricted Subsidiary (a) provides any Guarantee or credit support of any kind (including any undertaking, guarantee, indemnity, agreement or instrument that would constitute Indebtedness) or (b) is directly or indirectly liable (as guarantor or otherwise); and (c) as to which there is no recourse against any of the assets of the Company or its Restricted Subsidiaries (other than assets or Capital Stock of Unrestricted Subsidiaries, provided however, that Indebtedness of an Unrestricted Subsidiary which consists of a Guarantee of Indebtedness of the Company or a Restricted Subsidiary to a Person other than an Unrestricted Subsidiary, or a lien on property or stock of an Unrestricted Subsidiary that secures Indebtedness of the Company or a Restricted Subsidiary to a Person other than an Unrestricted Subsidiary, shall be deemed to constitute Non-Recourse Debt as long as the Unrestricted Subsidiary does not have recourse against the Company or a Restricted Subsidiary under such Indebtedness.

"Obligations" means all obligations of the Company and the Subsidiary Guarantors under this Indenture, the Securities and the other Indenture Documents, including obligations to the Trustee and the Collateral Agent whether for payment of principal of, interest, including Additional Interest, if any, on the Securities and all other monetary obligations of the Company and the Guarantors under this Indenture, the Securities and the other Indenture Documents, whether for fees, expenses, indemnification or otherwise.

"Officer" means the Chairman of the Board, the Chief Executive Officer, the Chief Financial Officer, the President, any Vice President, the Treasurer or the Secretary of the Company. "Officer" of a Subsidiary Guarantor has a correlative meaning.

"Officers' Certificate" means a certificate signed by two Officers.

"Opinion of Counsel" means a written opinion from legal counsel who is acceptable to the Trustee. The counsel may be an employee of or counsel to the Company, a Subsidiary Guarantor or the Trustee.

"Permitted Business" means any business engaged in by the Company or any Restricted Subsidiary on the Closing Date and any related, ancillary or complementary business.

"Permitted Investment" means an Investment by the Company or any Restricted Subsidiary in:

(1) the Company, a Restricted Subsidiary or a Person that will, upon the making of such Investment, become a Restricted Subsidiary; provided, however, that the primary business of such Restricted Subsidiary is a Permitted Business;

(2) another Person if as a result of such Investment such other Person is merged or consolidated with or into, or transfers or conveys all or substantially all its assets to, the Company or a Restricted Subsidiary; provided, however, that such Person's primary business is a Permitted Business;

(3) Temporary Cash Investments;

(4) receivables owing to the Company or any Restricted Subsidiary if created or acquired in the ordinary course of business and payable or dischargeable in accordance with customary trade terms; provided, however, that such trade terms may include such concessionary trade terms as the Company or any such Restricted Subsidiary deems reasonable under the circumstances;

(5) payroll, travel and similar advances to cover matters that are expected at the time of such advances ultimately to be treated as expenses for accounting purposes and that are made in the ordinary course of business;

(6) loans or advances to employees made in the ordinary course of business consistent with prudent practices and applicable law and not exceeding $2 million at any time outstanding;

(7) stock, obligations or securities received in settlement of debts created in the ordinary course of business and owing to the Company or any Restricted Subsidiary or in satisfaction of judgments;

(8) any Person to the extent such Investment represents the noncash portion of the consideration received for an Asset Disposition that was made pursuant to and in compliance with Section 4.06;

(9) any Person; provided, that the payment for such Investments consists solely of Capital Stock of the Company (other than Disqualified Stock);

(10) any Person consisting of the licensing of intellectual property pursuant to joint ventures, strategic alliances or joint marketing arrangements with such Person, in each case made in the ordinary course of business;

(11) a vendor or supplier consisting of loans or advances to such vendor or supplier in connection with any guarantees to the Company or any Restricted Subsidiary of supply by, or to fund the supply capacity of, such vendor or supplier, in any case not to exceed $2.0 million at any one time outstanding;

(12) loans to and other Investments in independent contractors and subcontractors of the Company or its Restricted Subsidiaries, not to exceed $4.0 million at any one time outstanding; or

(13) any other Investments to the extent such Investments, when taken together with all other Investments made pursuant to this clause (13) outstanding on the date such Investment is made, do not exceed $5.0 million.

"Permitted Liens" means, with respect to any Person:

(1) pledges or deposits by such Person under worker's compensation laws, unemployment insurance laws or similar legislation, or good faith deposits in connection with bids, tenders, contracts (other than for the payment of Indebtedness) or leases to which such Person is a party, or deposits to secure public or statutory obligations of such Person or deposits of

cash or United States government bonds to secure surety or appeal bonds to which such Person is a party, or deposits as security for contested taxes or import duties or for the payment of rent, in each case Incurred in the ordinary course of business;

(2) Liens imposed by law, such as landlords', carriers', warehousemen's and mechanics' Liens, in each case for sums not yet due or being contested in good faith by appropriate proceedings or other Liens arising out of judgments or awards against such Person with respect to which such Person shall then be proceeding with an appeal or other proceedings for review;

(3) Liens for taxes, assessments or governmental charges or levies either not yet due or payable or subject to penalties for non-payment or which are being contested in good faith by appropriate proceedings;

(4) Liens in favor of issuers of surety bonds or letters of credit issued pursuant to the request of and for the account of such Person in the ordinary course of its business; provided, however, that such letters of credit do not constitute Indebtedness;

(5) minor survey exceptions, minor encumbrances, easements or reservations of, or rights of others for, licenses, rights-of-way, sewers, electric lines, telegraph and telephone lines and other similar purposes, or zoning or other restrictions as to the use of real property or Liens incidental to the conduct of the business of such Person or to the ownership of its properties which were not Incurred in connection with Indebtedness and which do not in the aggregate materially adversely affect the value of said properties or materially impair their use in the operation of the business of such Person;

(6) Liens securing Indebtedness permitted to be Incurred pursuant to Section 4.03(b)(8); provided, however, that the Lien may not extend to any other property owned by such Person or any of its Subsidiaries at the time the Lien is Incurred;

(7) Liens to secure Indebtedness permitted pursuant to paragraph (a) or clauses (1), (3)(A), (9)

or (13) of Section 4.03(b)and other Credit Agreement Obligations;

(8) Liens existing on the Closing Date;

(9) Liens on property or shares of stock of another Person at the time such other Person becomes a Subsidiary of such Person; provided, however, that such Liens are not created, Incurred or assumed in connection with, or in contemplation of, such other Person becoming such a Subsidiary; provided further, however, that such Liens do not extend to any other property owned by such Person or any of its Subsidiaries;

(10) Liens on property at the time such Person or any of its Subsidiaries acquires the property, including any acquisition by means of a merger or consolidation with or into such Person or any Subsidiary of such Person; provided, however, that such Liens are not created, Incurred or assumed in connection with, or in contemplation of, such acquisition; provided further, however, that the Liens do not extend to any other property owned by such Person or any of its Subsidiaries;

(11) Liens securing obligations under Hedging Obligations so long as such obligations relate to Indebtedness permitted to be Incurred pursuant to Section 4.03 that is, and is permitted under this Indenture to be, secured by a Lien on the same property securing such obligations;

(12) Liens to secure any Refinancing (or successive Refinancings) as a whole, or in part, of any Indebtedness secured by any Lien referred to in the foregoing clauses (6), (7), (8), (9) or (10); provided, however, that:

(A) such new Lien shall be limited to all or part of the same property that secured the original Lien (plus improvements to or on such property) and

(B) the Indebtedness secured by such Lien at such time is not increased to any amount greater than the sum of:

(i) the outstanding principal amount or, if greater, committed amount of the Indebtedness secured by Liens described under clauses (6), (7), (8), (9) or (10) at the time the original Lien became a Permitted Lien under this Indenture and

(ii) an amount necessary to pay any fees and expenses, including premiums, related to such Refinancings; and

(13) Liens to secure Indebtedness permitted to be Incurred pursuant to Section 4.03 or other obligations in an aggregate principal amount which, when taken together with all other Indebtedness and obligations secured by Liens pursuant to this clause (13) and remaining outstanding, does not exceed $10.0 million at any time.

"Person" means any individual, corporation, partnership, limited liability company, joint venture, association, joint-stock company, trust, unincorporated organization, government or any agency or political subdivision thereof or any other entity.

"Pledge and Security Agreement" means the Pledge and Security Agreement dated as of February 24, 2004, among the Company, the Subsidiaries of the Company set forth on a schedule thereto and the Collateral Agent, as amended, restated, supplemented or otherwise modified from time to time.

"Preferred Stock", as applied to the Capital Stock of any Person, means Capital Stock of any class or classes (however designated) that is preferred as to the payment of dividends, or as to the distribution of assets upon any voluntary or involuntary liquidation or dissolution of such Person, over shares of Capital Stock of any other class of such Person.

"principal" of a Security means the principal of the Security plus the premium, if any, payable on the Security which is due or overdue or is to become due at the relevant time.

"Private Placement Memorandum" means the Private Placement Memorandum dated February 24, 2004, relating to the issuance by Roto-Rooter, Inc. of (i) 2,000,000 shares

of Capital Stock, par value $1.00 per share, (ii) $110.0 million of Securities and (iii) $150.0 million of Fixed Rate Notes.

"Purchase Money Indebtedness" means Indebtedness:

(1) consisting of the deferred purchase price of property, conditional sale obligations, obligations under any title retention agreement, other purchase money obligations and obligations in respect of industrial revenue bonds, in each case where the maturity of such Indebtedness does not exceed the anticipated useful life of the property being financed, and

(2) Incurred to finance the acquisition, construction or lease by the Company or a Restricted Subsidiary of the property, including additions and improvements thereto;

provided, however, that the Indebtedness is Incurred within 180 days after the acquisition, construction or lease of the property by the Company or Restricted Subsidiary.

"Refinance" means, in respect of any Indebtedness, to refinance, extend, renew, refund, repay, prepay, redeem, defease or retire, or to issue other Indebtedness exchange or replacement for, such Indebtedness. "Refinanced" and "Refinancing" shall have correlative meanings.

"Refinancing Indebtedness" means Indebtedness that is Incurred to Refinance any Indebtedness of the Company or any Restricted Subsidiary existing on the Closing Date or Incurred in compliance with this Indenture (including Indebtedness of the Company that Refinances Refinancing Indebtedness); provided, however, that:

(1) the Refinancing Indebtedness has a Stated Maturity no earlier than the Stated Maturity of the Indebtedness being Refinanced;

(2) the Refinancing Indebtedness has an Average Life at the time such Refinancing Indebtedness is Incurred that is equal to or greater than the Average Life of the Indebtedness being Refinanced;

(3) such Refinancing Indebtedness is Incurred in an aggregate principal amount (or if issued with original issue discount, an aggregate issue price) that is equal to or less than the aggregate principal amount (or if issued with original issue discount, the aggregate accreted value) then outstanding of the Indebtedness being Refinanced; and

(4) if the Indebtedness being Refinanced is contractually subordinated in right of payment to the Securities, such Refinancing Indebtedness is contractually subordinated in right of payment to the Securities at least to the same extent as the Indebtedness being Refinanced;

provided further, however, that Refinancing Indebtedness shall not include:

(A) Indebtedness of a Restricted Subsidiary that Refinances Indebtedness of the Company or

(B) Indebtedness of the Company or a Restricted Subsidiary that Refinances Indebtedness of an Unrestricted Subsidiary.

"Registration Rights Agreement" means the Registration Rights Agreement dated as of February 24, 2004, among the Company, the initial Holders, the initial holders of the Fixed Rate Notes and certain other Persons.

"Restricted Subsidiary" means any Subsidiary of the Company other than an Unrestricted Subsidiary.

"Sale/Leaseback Transaction" means an arrangement relating to property now owned or hereafter acquired by the Company or a Restricted Subsidiary whereby the Company or a Restricted Subsidiary transfers such property to a Person and the Company or such Restricted Subsidiary leases it from such Person, other than leases between the Company and a Wholly Owned Subsidiary or between Wholly Owned Subsidiaries.

"SEC" means the Securities and Exchange Commission.

"Secured Indebtedness" means any Indebtedness of the Company secured by a Lien. "Secured Indebtedness" of a Subsidiary Guarantor has a correlative meaning.

"Security Documents" means (a) the Pledge and Security Agreement, any Intellectual Property Security Agreement and any other document or instrument pursuant to which a Lien is granted by the Company or any Guarantor to secure any Obligations or under which rights or remedies with respect to such Lien are governed, as such agreements may be amended, modified or supplemented from time to time and (b) substantially identical agreements hereafter entered into pursuant to Section 10.09(c). Prior to the Discharge of Credit Agreement Obligations, the "Security Documents" will mean the Security Documents among the Company, the Subsidiary Guarantors and the Collateral Agent, as such agreements may be amended, modified or supplemented from time to time in accordance with their terms, this Indenture and the Collateral Sharing Agreement.

"Senior Indebtedness" of the Company or any Subsidiary means the principal of, premium (if any) and accrued and unpaid interest on (including interest accruing on or after the filing of any petition in bankruptcy or for reorganization of the Company or any Subsidiary, regardless of whether or not a claim for post-filing interest is allowed in such proceedings), and fees and other amounts owing in respect of, Indebtedness of the Company or any Subsidiary, as applicable, whether outstanding on the Closing Date or thereafter Incurred, unless in the instrument creating or evidencing the same or pursuant to which the same is outstanding it is provided that such obligations are subordinated in right of payment to the Securities or such Subsidiary's Subsidiary Guarantee, as applicable; provided, however, that Senior Indebtedness of the Company or any Subsidiary shall not include:

(1) any obligation of the Company to any Subsidiary of the Company or of such Subsidiary to the Company or any other Subsidiary of the Company;

(2) any liability for Federal, state, local or other taxes owed or owing by the Company or such Subsidiary, as applicable;

(3) any accounts payable or other liability to trade creditors arising in the ordinary course of business (including Guarantees thereof or instruments evidencing such liabilities);

(4) any Indebtedness or obligation of the Company (and any accrued and unpaid interest in

respect thereof) that by its terms is subordinate or junior in any respect to any other Indebtedness or obligation of the Company or such Subsidiary, as applicable, including any Subordinated Obligations of the Company or such Subsidiary, as applicable;

(5) any obligations with respect to any Capital Stock; or

(6) any Indebtedness Incurred in violation of this Indenture.

"Significant Subsidiary" means any Restricted Subsidiary that would be a "Significant Subsidiary" of the Company within the meaning of Rule 1-02 under Regulation S-X promulgated by the SEC.

"Stated Maturity" means, with respect to any security, the date specified in such security as the fixed date on which the final payment of principal of such security is due and payable, including pursuant to any mandatory redemption provision (but excluding any provision providing for the repurchase of such security at the option of the holder thereof upon the happening of any contingency beyond the control of the issuer unless such contingency has occurred).

"Subordinated Chemed Debentures" means the Convertible Junior Subordinated Debentures due 2030, issued by the Company pursuant to the indenture dated as of February 7, 2000, between the Company and Firstar Bank, National Association, as trustee.

"Subordinated Obligation" means any Indebtedness of the Company (whether outstanding on the Closing Date or thereafter Incurred) that is subordinate or junior in right of payment to the Securities pursuant to a written agreement. "Subordinated Obligation" of a Subsidiary Guarantor has a correlative meaning, except that the reference to "Securities" in the preceding sentence shall be deemed to refer to such Subsidiary's Subsidiary Guarantee.

"Subsidiary" of any Person means any corporation, association, partnership or other business entity of which more than 50% of the total voting power of shares of Capital Stock or other interests (including partnership interests) entitled (without regard to the occurrence of

any contingency) to vote in the election of directors, managers or trustees thereof is at the time owned or controlled, directly or indirectly, by:

(1) such Person,

(2) such Person and one or more Subsidiaries of such Person or

(3) one or more Subsidiaries of such Person.

"Subsidiary Guarantee" means each Guarantee of the obligations with respect to the Securities issued by a Subsidiary of the Company pursuant to the terms of this Indenture.

"Subsidiary Guarantor" means any Subsidiary that has issued a Subsidiary Guarantee.

"Temporary Cash Investments" means any of the following:

(1) any investment in direct obligations of the United States of America or any agency thereof or obligations Guaranteed by the United States of America or any agency thereof;

(2) investments in time deposit accounts, certificates of deposit and money market deposits maturing within 180 days of the date of acquisition thereof issued by a bank or trust company that is organized under the laws of the United States of America, any state thereof or any foreign country recognized by the United States of America having capital, surplus and undivided profits aggregating in excess of $250,000,000 (or the foreign currency equivalent thereof) and whose long-term debt is rated "A" (or such similar equivalent rating) or higher by at least one nationally recognized statistical rating organization (as defined in Rule 436 under the Securities Act);

(3) repurchase obligations with a term of not more than 30 days for underlying securities of the types described in clause (1) above entered into with a bank meeting the qualifications described in clause (2) above;

(4) investments in commercial paper, maturing not more than 90 days after the date of acquisition, issued by a corporation (other than an Affiliate of the Company) organized and in existence under the laws of the United States of America or any foreign country recognized by the United States of America with a rating at the time as of which any investment therein is made of "P-1" (or higher) according to Moody's Investors Service, Inc. or "A-1" (or higher) according to Standard and Poor's Ratings Service, a division of The McGraw-Hill Companies, Inc. ("S and P"); and

(5) investments in securities with maturities of six months or less from the date of acquisition issued or fully guaranteed by any state, commonwealth or territory of the United States of America, or by any political subdivision or taxing authority thereof, and rated at least "A" by S&P or "A" by Moody's Investors Service, Inc.

"TIA" means the Trust Indenture Act of 1939 (15 U.S.C. ss.ss. 77aaa-77bbbb) as in effect on the date of this Indenture.

"Trade Payables" means, with respect to any Person, any accounts payable or any indebtedness or monetary obligation to trade creditors created, assumed or Guaranteed by such Person arising in the ordinary course of business in connection with the acquisition of goods or services.

"Transactions" means, collectively, the following transactions, which shall be consummated on or about the date of the closing of the offering of the Original Securities: (i) the consummation of the merger of Vitas with and into an indirect Wholly Owned Subsidiary of the Company pursuant to a merger agreement dated as of December 18, 2003, among the Company, Vitas and Marlin Merger Corp., (ii) the repayment of approximately $74.4 million of existing indebtedness of Vitas, plus accrued interest thereon, (iii) the repayment of approximately $29.4 million of existing indebtedness of the Company (including a $3.0 million make whole premium), plus accrued interest thereon, (iv) the assignment of the Westbrook Agreement by the Company to Vitas, the payment of $25.0 million by Vitas to Hugh A. Westbrook pursuant to the Westbrook Agreement and the performance of the other obligations under the Westbrook Agreement, (v) the consummation of the offering

and sale of the Original Securities, Fixed Rate Notes and Capital Stock of the Company and the execution and delivery of notes, indentures and other agreements in connection therewith, (vi) the Company and certain of its Subsidiaries entering into the Credit Agreement and the borrowing on the Closing Date of $75.0 million thereunder (vii) the issuance or deemed issuance of letters of credit under the Credit Agreement to replace or backstop, or the cash collateralization of, letters of credit issued for the account of the Company or any of its Subsidiaries or Vitas or any of its Subsidiaries, (viii) the cancelation of a warrant held by the Company for shares of Vitas stock and (ix) the payment of fees and expenses in connection with the foregoing.

"Trustee" means the party named as such in the Indenture until a successor replaces it and, thereafter, means the successor.

"Trust Officer" means the Chairman of the Board, the President or any other officer or assistant officer of the Trustee assigned by the Trustee to administer its corporate trust matters.

"Trust Securities" means the Chemed Preferred Securities, the Subordinated Chemed Debentures and the guarantee by the Company to the holders of the Chemed Preferred Securities of amounts payable thereunder.

"Uniform Commercial Code" means the New York Uniform Commercial Code as in effect from time to time.

"Unrestricted Subsidiary" means:

(1) any Subsidiary of the Company that at the time of determination shall be designated an Unrestricted Subsidiary by the Board of Directors in the manner provided below and

(2) any Subsidiary of an Unrestricted Subsidiary.

The Board of Directors may designate any Subsidiary of the Company (including any newly acquired or newly formed Subsidiary of the Company) to be an Unrestricted Subsidiary unless such Subsidiary or any of its Subsidiaries owns any Capital Stock or Indebtedness of, or owns or holds any Lien on any property of, the Company

or any other Subsidiary of the Company that is not a Subsidiary of the Subsidiary to be so designated; provided, however, that either:

(A) the Subsidiary to be so designated has total Consolidated assets of $1,000 or less, or

(B) if such Subsidiary has Consolidated assets greater than $1,000, then such designation would be permitted under Section 4.04.

The Board of Directors may designate any Unrestricted Subsidiary to be a Restricted Subsidiary; provided, however, that immediately after giving effect to such designation:

(C) the Company could Incur $1.00 of additional Indebtedness under Section 4.03(a) and

(D) no Default shall have occurred and be continuing.

Any such designation of a Subsidiary as a Restricted Subsidiary or Unrestricted Subsidiary by the Board of Directors shall be evidenced to the Trustee by promptly filing with the Trustee a copy of the resolution of the Board of Directors giving effect to such designation and an Officers' Certificate certifying that such designation complied with the foregoing provisions.

"U.S. Government Obligations" means direct obligations (or certificates representing an ownership interest in such obligations) of the United States of America (including any agency or instrumentality thereof) for the payment of which the full faith and credit of the United States of America is pledged and which are not callable or redeemable at the issuer's option.

"Vitas" means Vitas Healthcare Corporation or any successor thereto by any merger, consolidation or other transaction which is permitted hereunder.

"VNF" means Vitas of North Florida, Inc., a Florida not-for-profit corporation and a Wholly Owned Subsidiary of Vitas.

"Voting Stock" of a Person means all classes of Capital Stock or other interests (including partnership

interests) of such Person then outstanding and normally entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers or trustees thereof.

"Westbrook Agreement" has the meaning assigned to such term in the definition of "EBITDA".

"Wholly Owned Subsidiary" means a Restricted Subsidiary of the Company all the Capital Stock of which (other than directors' qualifying shares or shares issued to third parties to the extent necessary to satisfy any licensing requirements under applicable law with respect to the Company's or any of its Subsidiaries' business) is owned by the Company or another Wholly Owned Subsidiary.

SECTION 1.02. Other Definitions.

Term	Defined in Section
"Affiliate Transaction"	4.07(a)
"Bankruptcy Law"	6.01
"Change of Control Offer"	4.09(b)
"covenant defeasance option"	8.01(b)
"Custodian"	6.01
"Event of Default"	6.01
"Initial Lien"	4.11
"legal defeasance option"	8.01(b)
"Offer"	4.06(b)
"Offer Amount"	4.06(c)(2)
"Offer Period"	4.06(c)(2)
"Paying Agent"	2.03
"Purchase Date"	4.06(c)(1)
"Registrar"	2.03
"Successor Company"	5.01(a)(1)

SECTION 1.03. Incorporation by Reference of Trust Indenture Act. This Indenture is subject to the mandatory provisions of the TIA which are incorporated by reference in and made a part of this Indenture. The following TIA terms have the following meanings:

"Commission" means the SEC;

"indenture securities" means the Securities and the Subsidiary Guarantees;

"indenture security holder" means a Securityholder;

"indenture to be qualified" means this Indenture;

"indenture trustee" or "institutional trustee" means the Trustee; and

"obligor" on the indenture securities means the Company, each Subsidiary Guarantor and any other obligor on the indenture securities.

All other TIA terms used in this Indenture that are defined by the TIA, defined by TIA reference to another statute or defined by SEC rule have the meanings assigned to them by such definitions.

SECTION 1.04. Rules of Construction. Unless the context otherwise requires:

(1) a term has the meaning assigned to it;

(2) an accounting term not otherwise defined has the meaning assigned to it in accordance with GAAP;

(3) "or" is not exclusive;

(4) "including" means including without limitation;

(5) words in the singular include the plural and words in the plural include the singular;

(6) unsecured Indebtedness shall not be deemed to be subordinate or junior to secured Indebtedness merely by virtue of its nature as unsecured Indebtedness;

(7) secured Indebtedness shall not be deemed to be subordinate or junior to any other secured Indebtedness merely because it has a junior priority with respect to the same collateral;

(8) the principal amount of any noninterest bearing or other discount security at any date shall be the principal amount thereof that would be shown on a balance sheet of the issuer dated such date prepared in accordance with GAAP;

(9) the principal amount of any Preferred Stock shall be (A) the maximum liquidation value of such Preferred Stock or (B) the maximum mandatory redemption or mandatory repurchase price with respect to such Preferred Stock, whichever is greater;

(10) all references to the date the Securities were originally issued shall refer to the Issue Date; and

(11) references to "interest" with respect to Securities in this Indenture shall include any additional interest payable pursuant to the Registration Rights Agreement.

ARTICLE 2

The Securities

SECTION 2.01. Form and Dating. Provisions relating to the Initial Securities and the Exchange Securities are set forth in the Appendix attached hereto (the "Appendix") which is hereby incorporated in, and expressly made part of, this Indenture. The Initial Securities and the Trustee's certificate of authentication thereof shall be substantially in the form of Exhibit 1 to the Appendix which is hereby incorporated in, and expressly made a part of, this Indenture. The Exchange Securities and the Trustee's certificate of authentication thereof shall be substantially in the form of Exhibit A, which is hereby incorporated in and expressly made a part of this Indenture. The Securities may have notations, legends or endorsements required by law, stock exchange rule, agreements to which the Company is subject, if any, or usage (provided that any such notation, legend or endorsement is in a form acceptable to the Company). Each Security shall be dated the date of its authentication. The terms of the Securities set forth in the Appendix and Exhibit A are part of the terms of this Indenture.

SECTION 2.02. Execution and Authentication. An Officer shall sign the Securities for the Company by manual or facsimile signature.

If an Officer whose signature is on a Security no longer holds that office at the time the Trustee authenticates the Security, the Security shall be valid nevertheless.

A Security shall not be valid until an authorized signatory of the Trustee manually signs the certificate of authentication on the Security. The signature shall be conclusive evidence that the Security has been authenticated under this Indenture.

On the Issue Date, the Trustee shall authenticate and deliver $110.0 million of the Securities and, at any time and from time to time thereafter, the Trustee shall authenticate and deliver Securities for original issue in an aggregate principal amount specified in such order, in each case, upon a written order of the Company signed by two Officers or by an Officer and either an Assistant Treasurer or an Assistant Secretary of the Company. Such

order shall specify the amount of the Securities to be authenticated and the date on which the original issue of Securities is to be authenticated and, in the case of an issuance of Additional Securities pursuant to Section 2.13 after the Issue Date, shall certify that such issuance is in compliance with Section 4.03. The aggregate principal amount of Securities outstanding at any time may not exceed $220.0 million except as provided in Section 2.07.

The Trustee may appoint an authenticating agent reasonably acceptable to the Company to authenticate the Securities. Unless limited by the terms of such appointment, an authenticating agent may authenticate Securities whenever the Trustee may do so. Each reference in this Indenture to authentication by the Trustee includes authentication by such agent. An authenticating agent has the same rights as any Registrar, Paying Agent or agent for service of notices and demands.

SECTION 2.03. Registrar and Paying Agent. The Company shall maintain an office or agency where Securities may be presented for registration of transfer or for exchange (the "Registrar") and an office or agency where Securities may be presented for payment (the "Paying Agent"). The Registrar shall keep a register of the Securities and of their transfer and exchange. The Company may have one or more co-registrars and one or more additional paying agents. The term "Paying Agent" includes any additional paying agent.

The Company shall enter into an appropriate agency agreement with any Registrar, Paying Agent or co-registrar not a party to this Indenture, which shall incorporate the terms of the TIA. The agreement shall implement the provisions of this Indenture that relate to such agent. The Company shall notify the Trustee of the name and address of any such agent. If the Company fails to maintain a Registrar or Paying Agent, the Trustee shall act as such and shall be entitled to appropriate compensation therefor pursuant to Section 7.07. The Company or any Wholly Owned Subsidiary incorporated or organized within The United States of America may act as Paying Agent, Registrar, co-registrar or transfer agent.

The Company initially appoints the Trustee as Registrar and Paying Agent in connection with the Securities.

SECTION 2.04. Paying Agent To Hold Money in Trust. Prior to each due date of the principal and interest on any Security, the Company shall deposit with the Paying Agent a sum sufficient to pay such principal and interest when so becoming due. The Company shall require each Paying Agent (other than the Trustee) to agree in writing that the Paying Agent shall hold in trust for the benefit of Securityholders or the Trustee all money held by the Paying Agent for the payment of principal of or interest on the Securities and shall notify the Trustee of any default by the Company in making any such payment. If the Company or a Subsidiary acts as Paying Agent, it shall segregate the money held by it as Paying Agent and hold it as a separate trust fund. The Company at any time may require a Paying Agent to pay all money held by it to the Trustee and to account for any funds disbursed by the Paying Agent. Upon complying with this Section, the Paying Agent shall have no further liability for the money delivered to the Trustee.

SECTION 2.05. Securityholder Lists. The Trustee shall preserve in as current a form as is reasonably practicable the most recent list available to it of the names and addresses of Securityholders. If the Trustee is not the Registrar, the Company shall furnish to the Trustee, in writing at least five Business Days before each interest payment date and at such other times as the Trustee may request in writing, a list in such form and as of such date as the Trustee may reasonably require of the names and addresses of Securityholders.

SECTION 2.06. Transfer and Exchange. The Securities shall be issued in registered form and shall be transferable only upon the surrender of a Security for registration of transfer. When a Security is presented to the Registrar or a co-registrar with a request to register a transfer, the Registrar shall register the transfer as requested if the requirements of this Indenture and Section 8-401(1) of the Uniform Commercial Code are met. When Securities are presented to the Registrar or a co-registrar with a request to exchange them for an equal principal amount of Securities of other denominations, the Registrar shall make the exchange as requested if the same requirements are met. To permit registration of transfers and exchanges, the Company shall execute and the Trustee shall authenticate Securities at the Registrar's or co-registrar's request. The Company may require payment of a

sum sufficient to pay all taxes, assessments or other governmental charges in connection with any transfer or exchange pursuant to this Section (other than any such transfer taxes, assessments or similar governmental charge payable upon exchange or transfer pursuant to Sections 3.06, 4.10 and 9.05). The Company shall not be required to make and the Registrar need not register transfers or exchanges of Securities selected for redemption (except, in the case of Securities to be redeemed in part, the portion thereof not to be redeemed) or any Securities for a period of 15 days before a selection of Securities to be redeemed or 15 days before an interest payment date.

Prior to the due presentation for registration of transfer of any Security, the Company, the Trustee, the Paying Agent, the Registrar or any co-registrar may deem and treat the person in whose name a Security is registered as the absolute owner of such Security for the purpose of receiving payment of principal of and interest on such Security and for all other purposes whatsoever, whether or not such Security is overdue, and none of the Company, the Trustee, the Paying Agent, the Registrar or any co-registrar shall be affected by notice to the contrary.

All Securities issued upon any transfer or exchange pursuant to the terms of this Indenture shall evidence the same debt and shall be entitled to the same benefits under this Indenture as the Securities surrendered upon such transfer or exchange.

SECTION 2.07. Replacement Securities. If a mutilated Security is surrendered to the Registrar or if the Holder of a Security claims that the Security has been lost, destroyed or wrongfully taken, the Company shall issue and the Trustee shall authenticate a replacement Security if the requirements of Section 8-405 of the Uniform Commercial Code are met and the Holder satisfies any other reasonable requirements of the Trustee. If required by the Trustee or the Company, such Holder shall furnish an indemnity bond sufficient in the judgment of the Company and the Trustee to protect the Company, the Trustee, the Paying Agent, the Registrar and any co-registrar from any loss which any of them may suffer if a Security is replaced. The Company and the Trustee may charge the Holder for their expenses in replacing a Security.

Every replacement Security is an additional Obligation of the Company.

SECTION 2.08. Outstanding Securities. Securities outstanding at any time are all Securities authenticated by the Trustee except for those canceled by it, those delivered to it for cancellation and those described in this Section as not outstanding. A Security does not cease to be outstanding because the Company or an Affiliate of the Company holds the Security.

If a Security is replaced pursuant to Section 2.07, it ceases to be outstanding unless the Trustee and the Company receive proof satisfactory to them that the replaced Security is held by a bona fide purchaser.

If the Paying Agent segregates and holds in trust, in accordance with this Indenture, on a redemption date or maturity date money sufficient to pay all principal and interest payable on that date with respect to the Securities (or portions thereof) to be redeemed or maturing, as the case may be, then on and after that date such Securities (or portions thereof) cease to be outstanding and interest on them ceases to accrue.

SECTION 2.09. Temporary Securities. Until definitive Securities are ready for delivery, the Company may prepare and the Trustee shall authenticate temporary Securities. Temporary Securities shall be substantially in the form of definitive Securities but may have variations that the Company considers appropriate for temporary Securities. Without unreasonable delay, the Company shall prepare and the Trustee shall authenticate definitive Securities and deliver them in exchange for temporary Securities.

SECTION 2.10. Cancellation. The Company at any time may deliver Securities to the Trustee for cancellation. The Registrar and the Paying Agent shall forward to the Trustee any Securities surrendered to them for registration of transfer, exchange or payment. The Trustee and no one else shall cancel and destroy (subject to the record retention requirements of the Exchange Act) all Securities surrendered for registration of transfer, exchange, payment or cancellation and deliver a certificate of such destruction to the Company unless the Company directs the Trustee to deliver canceled Securities to the

Company. The Company may not issue new Securities to replace Securities it has redeemed, paid or delivered to the Trustee for cancellation.

SECTION 2.11. Defaulted Interest. If the Company defaults in a payment of interest on the Securities, the Company shall pay defaulted interest (plus interest on such defaulted interest to the extent lawful) in any lawful manner. The Company may pay the defaulted interest to the persons who are Securityholders on a subsequent special record date. The Company shall fix or cause to be fixed any such special record date and payment date to the reasonable satisfaction of the Trustee and shall promptly mail to each Securityholder a notice that states the special record date, the payment date and the amount of defaulted interest to be paid.

SECTION 2.12. CUSIP Numbers. The Company in issuing the Securities may use "CUSIP" numbers (if then generally in use) and, if so, the Trustee shall use "CUSIP" numbers in notices of redemption as a convenience to Holders; provided, however, that any such notice may state that no representation is made as to the correctness of such numbers either as printed on the Securities or as contained in any notice of a redemption and that reliance may be placed only on the other identification numbers printed on the Securities, and any such redemption shall not be affected by any defect in or omission of such numbers.

SECTION 2.13. Issuance of Additional Securities. The Company shall be entitled, subject to its compliance with Section 4.03, to issue Additional Securities (in an aggregate principal amount not to exceed $110,000,000) under this Indenture which shall have identical terms as the Initial Securities issued on the Issue Date, other than with respect to the date of issuance and issue price. The Initial Securities issued on the Issue Date, any Additional Securities and all Exchange Securities issued in exchange therefor shall be treated as a single class for all purposes under this Indenture.

With respect to any Additional Securities, the Company shall set forth in a resolution of the Board of Directors and an Officers' Certificate, a copy of each which shall be delivered to the Trustee, the following information:

(1) the aggregate principal amount of such Additional Securities to be authenticated and delivered pursuant to this Indenture;

(2) the issue price, the issue date and the CUSIP number of such Additional Securities; provided, however, that no Additional Securities may be issued at a price that would cause such Additional Securities to have "original issue discount" within the meaning of Section 1273 of the Code; and

(3) whether such Additional Securities shall be Transfer Restricted Securities and issued in the form of Initial Securities as set forth in the Appendix to this Indenture or shall be issued in the form of Exchange Securities as set forth in Exhibit A.

ARTICLE 3

Redemption

SECTION 3.01. Notices to Trustee. If the Company elects to redeem Securities pursuant to paragraph 5 of the Securities, it shall notify the Trustee in writing of the redemption date, the principal amount of Securities to be redeemed and the paragraph of the Securities pursuant to which the redemption will occur.

The Company shall give each notice to the Trustee provided for in this Section at least 60 days before the redemption date unless the Trustee consents to a shorter period. Such notice shall be accompanied by an Officers' Certificate and an Opinion of Counsel from the Company to the effect that such redemption will comply with the conditions herein.

Any notice of redemption may provide that the redemption will be subject to specified conditions, provided that such conditions are not solely within the Company's control.

SECTION 3.02. Selection of Securities to Be Redeemed. If fewer than all the Securities are to be redeemed, the Trustee shall select the Securities to be redeemed pro rata or by lot or by a method that complies with applicable legal and securities exchange requirements, if any, and that the Trustee in its sole discretion shall deem to be fair and appropriate and in accordance with

methods generally used at the time of selection by fiduciaries in similar circumstances. The Trustee shall make the selection from outstanding Securities not previously called for redemption. The Trustee may select for redemption portions of the principal of Securities that have denominations larger than $1,000. Securities and portions of them the Trustee selects shall be in principal amounts of $1,000 or a whole multiple of $1,000. Provisions of this Indenture that apply to Securities called for redemption also apply to portions of Securities called for redemption. The Trustee shall notify the Company promptly of the Securities or portions of Securities to be redeemed.

SECTION 3.03. Notice of Redemption. At least 30 days but not more than 60 days before a date for redemption of Securities, the Company shall mail a notice of redemption by first-class mail to each Holder of Securities to be redeemed at such Holder's registered address.

The notice shall identify the Securities to be redeemed and shall state:

(1) the redemption date;

(2) the redemption price;

(3) the name and address of the Paying Agent;

(4) that Securities called for redemption must be surrendered to the Paying Agent to collect the redemption price;

(5) if fewer than all the outstanding Securities are to be redeemed, the identification and principal amounts of the particular Securities to be redeemed;

(6) that, unless the Company defaults in making such redemption payment, interest on Securities (or portion thereof) called for redemption ceases to accrue on and after the redemption date;

(7) that no representation is made as to the correctness or accuracy of the CUSIP number, if any, listed in such notice or printed on the Securities; and

(8) any condition to such redemption permitted under Section 3.01.

At the Company's request, the Trustee shall give the notice of redemption in the Company's name and at the Company's expense. In such event, the Company shall provide the Trustee with the information required by this Section.

SECTION 3.04. Effect of Notice of Redemption. Once notice of redemption is mailed, Securities called for redemption become due and payable on the redemption date and at the redemption price stated in the notice; provided that if there is any condition to the Company's obligation to redeem such Securities which is permitted by Section 3.01 and stated in the notice of redemption, such Securities shall not be deemed due and payable unless and until such condition is satisfied or waived. Upon surrender to the Paying Agent, such Securities shall be paid at the redemption price stated in the notice, plus accrued interest to the redemption date (subject to the right of Holders of record on the relevant record date to receive interest due on the related interest payment date). Failure to give notice or any defect in the notice to any Holder shall not affect the validity of the notice to any other Holder.

SECTION 3.05. Deposit of Redemption Price. Prior to the redemption date, the Company shall deposit with the Paying Agent (or, if the Company or a Subsidiary is the Paying Agent, shall segregate and hold in trust) money sufficient to pay the redemption price of and accrued interest on all Securities to be redeemed on that date other than Securities or portions of Securities called for redemption which have been delivered by the Company to the Trustee for cancellation.

SECTION 3.06. Securities Redeemed in Part. Upon surrender of a Security that is redeemed in part, the Company shall execute and the Trustee shall authenticate for the Holder (at the Company's expense) a new Security equal in principal amount to the unredeemed portion of the Security surrendered.

ARTICLE 4

Covenants

SECTION 4.01. Payment of Securities. The Company shall promptly pay the principal of and interest on the Securities on the dates and in the manner provided in the Securities and in this Indenture. Principal and interest shall be considered paid on the date due if on such date the Trustee or the Paying Agent holds in accordance with this Indenture money sufficient to pay all principal and interest then due.

The Company shall pay interest on overdue principal at the rate specified therefor in the Securities, and it shall pay interest on overdue installments of interest at the same rate to the extent lawful.

SECTION 4.02. SEC Reports. Whether or not required by the SEC's rules and regulations, so long as any Securities are outstanding, the Company will furnish to the Holders, within the time periods specified in the SEC's rules and regulations:

(1) all quarterly and annual reports that would be required to be filed with the SEC on Forms 10-Q and 10-K if the Company was required to file such reports; and

(2) all current reports that would be required to be filed with the SEC on Form 8-K if the Company was required to file such reports.

All such reports will be prepared in all material respects in accordance with all of the SEC's rules and regulations applicable to such reports, and each annual report on Form 10-K will include a report on the Company's consolidated financial statements by the Company's certified independent accountants. The Company's reporting obligations with respect to clauses (1) and (2) above shall be deemed satisfied in the event the Company files these reports with the SEC on EDGAR.

If, at any time, the Company is no longer subject to the periodic reporting requirements of the Exchange Act for any reason, the Company will nevertheless be required to continue to file the reports specified in the preceding paragraph with the SEC within the time periods specified

above unless the SEC will not accept such a filing. The Company agrees that it will not take any action for the sole purpose of causing the SEC not to accept any such filings (it being understood and agreed that, if the Company is entitled to suspend its reporting obligations under the Exchange Act, the Company shall not be prevented from making any filings necessary to suspend such obligations). If, notwithstanding the foregoing, the SEC will not accept the Company's filings for any reason, the Company will post the reports referred to in the preceding paragraph on its website within the time periods that would apply if the Company was required to file those reports with the SEC.

In addition, the Company agrees that, for so long as any Securities remain outstanding, at any time they are not required to file the reports required by the preceding paragraphs with the SEC, they will furnish to the Holders and to securities analysts and prospective investors, upon their written request, the information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act.

SECTION 4.03. Limitation on Indebtedness. (a) The Company shall not, and shall not permit any Restricted Subsidiary to, Incur, directly or indirectly, any Indebtedness; provided, however, that the Company and its Restricted Subsidiaries may Incur Indebtedness if on the date of such Incurrence and after giving effect thereto the Consolidated Leverage Ratio would be no greater than (i) 5.75 to 1, if such Incurrence occurs on or prior to December 31, 2004 and (ii) 5.5 to 1, if such Incurrence occurs after December 31, 2004.

(b) Notwithstanding the foregoing paragraph (a), the Company and its Restricted Subsidiaries may Incur the following Indebtedness:

(1) Indebtedness Incurred pursuant to the Credit Agreement in an aggregate principal amount not to exceed $135.0 million less the aggregate amount of all Net Available Cash applied by the Company or any of its Restricted Subsidiaries to repay Indebtedness under the Credit Agreement pursuant to Section 4.06(a)(3)(A) solely to the extent the corresponding commitments relating to such Indebtedness are permanently reduced;

(2) Indebtedness of the Company owed to and held by any Restricted Subsidiary or Indebtedness of a Restricted Subsidiary owed to and held by the Company or any Restricted Subsidiary; provided, however, that (A) any subsequent issuance or transfer of any Capital Stock or any other event that results in any such Restricted Subsidiary ceasing to be a Restricted Subsidiary or any subsequent transfer of any such Indebtedness (except to the Company or a Restricted Subsidiary) shall be deemed, in each case, to constitute the Incurrence of such Indebtedness by the issuer thereof and (B) if the Company or a Subsidiary Guarantor is the obligor on such Indebtedness, such Indebtedness is expressly subordinated to the prior payment in full in cash of all obligations with respect to the Securities or the Subsidiary Guarantees, as applicable;

(3) Indebtedness represented by (A) the Securities (not including any Additional Securities), the Subsidiary Guarantees and any Exchange Notes and (B) the Fixed Rate Notes (but not including any additional Fixed Rate Notes but including any exchange notes under the indenture for the Fixed Rate Notes);

(4) Indebtedness outstanding on the Closing Date (other than the Indebtedness described in clauses (1), (2) or (3) above);

(5) Indebtedness of a Restricted Subsidiary Incurred and outstanding on or prior to the date on which such Restricted Subsidiary was acquired by the Company (other than Indebtedness Incurred in contemplation of, in connection with, as consideration in, or to provide all or any portion of the funds or credit support utilized to consummate, the transaction or series of related transactions pursuant to which such Restricted Subsidiary became a Subsidiary of or was otherwise acquired by the Company); provided, however, that on the date that such Restricted Subsidiary is acquired by the Company, either (x) the Company would have been able to incur $1.00 of additional indebtedness pursuant to Section 4.03(a) after giving effect to such acquisition or (y) the Consolidated Leverage Ratio after giving effect to such acquisition and any related transactions would be no greater than the Consolidated Leverage Ratio as of

such date without giving effect to such acquisition and any related transactions;

(6) Refinancing Indebtedness in respect of any Indebtedness Incurred pursuant to Section 4.03(a) or clause (3), (4), this clause (6) or clause (9) of this paragraph (b);

(7) Indebtedness (A) in respect of performance bonds, bankers' acceptances, letters of credit and surety or appeal bonds provided by the Company and the Restricted Subsidiaries in the ordinary course of their business, and (B) under Interest Rate Agreements entered into for bona fide hedging purposes of the Company in the ordinary course of business; provided, however, that such Interest Rate Agreements do not increase the Indebtedness of the Company outstanding at any time other than as a result of fluctuations in interest rates or by reason of fees, indemnities and compensation payable thereunder;

(8) Purchase Money Indebtedness, mortgage financings and Capitalized Lease Obligations in an aggregate principal amount not in excess of $3.0 million at any time outstanding;

(9) Indebtedness Incurred at a Restricted Subsidiary, to the extent the proceeds of such Indebtedness are used to repay Indebtedness under the Credit Agreement and/or the Securities;

(10) Indebtedness arising from the honoring by a bank or other financial institution of a check, draft or similar instrument drawn against insufficient funds in the ordinary course of business, provided that such Indebtedness is extinguished within five Business Days of its Incurrence;

(11) the Incurrence by the Company or any of its Restricted Subsidiaries of Indebtedness constituting reimbursement obligations with respect to letters of credit issued in the ordinary course of business; provided, however, that upon the drawing of such letters of credit, such obligations are reimbursed within 30 days following such drawing;

(12) obligations arising from or representing deferred compensation to employees of the Company or

its Subsidiaries that constitute or are deemed to be Indebtedness under GAAP and that are Incurred in the ordinary course of business; or

(13) Indebtedness (other than Indebtedness permitted to be Incurred pursuant to the foregoing paragraph (a) or any other clause of this paragraph (b)) in an aggregate principal amount on the date of Incurrence that, when added to all other Indebtedness Incurred pursuant to this clause (13) and then outstanding, will not exceed $5.0 million.

(c) Notwithstanding the foregoing, neither the Company nor any Restricted Subsidiary may Incur any Indebtedness pursuant to paragraph (b) above if the proceeds thereof are used, directly or indirectly, to repay, prepay, redeem, defease, retire, refund or refinance any Subordinated Obligations unless such Indebtedness will be subordinated to the Securities to at least the same extent as such Subordinated Obligations.

(d) Notwithstanding any other provision of this Section 4.03, the maximum amount of Indebtedness that the Company or any Restricted Subsidiary may Incur pursuant to this Section 4.03 shall not be deemed to be exceeded solely as a result of fluctuations in the exchange rates of currencies. For purposes of determining the outstanding principal amount of any particular Indebtedness Incurred pursuant to this Section 4.03:

(1) Indebtedness Incurred pursuant to the Credit Agreement prior to or on the Closing Date shall be treated as Incurred pursuant to clause (1) of paragraph (b) above,

(2) Indebtedness permitted by this Section 4.03 need not be permitted solely by reference to one provision permitting such Indebtedness but may be permitted in part by one such provision and in part by one or more other provisions of this Section 4.03 permitting such Indebtedness, and

(3) in the event that Indebtedness meets the criteria of more than one of the types of Indebtedness described in this Section 4.03, the Company, in its sole discretion, shall classify such Indebtedness and only be required to include the amount of such Indebtedness in one of such clauses.

(e) In addition, the Company will not permit any of its Unrestricted Subsidiaries to incur any Indebtedness other than Non-Recourse Debt (or issue any shares of Disqualified Stock that is either mandatorily redeemable by the Company or convertible or exchangeable for Indebtedness other than Non-Recourse Debt). If at any time an Unrestricted Subsidiary becomes a Restricted Subsidiary, any Indebtedness of such Subsidiary shall be deemed to be Incurred by a Restricted Subsidiary of the Company as of such date (and, if such Indebtedness is not permitted to be Incurred as of such date under this clause (e), the Company shall be in Default of this Section 4.03).

SECTION 4.04. Limitation on Restricted Payments. (a) The Company shall not, and shall not permit any Restricted Subsidiary, directly or indirectly, to:

(1) declare or pay any dividend, make any distribution on or in respect of its Capital Stock or make any similar payment (including any payment in connection with any merger or consolidation involving the Company or any Subsidiary of the Company) to the direct or indirect holders of its Capital Stock, except (x) dividends or distributions payable solely in its Capital Stock (other than Disqualified Stock or Preferred Stock) and (y) dividends or distributions payable to the Company or a Restricted Subsidiary (and, if such Restricted Subsidiary has shareholders other than the Company or other Restricted Subsidiaries, to its other shareholders on a pro rata basis),

(2) purchase, repurchase, redeem, retire or otherwise acquire for value any Capital Stock of the Company or any Restricted Subsidiary held by Persons other than the Company or a Restricted Subsidiary,

(3) purchase, repurchase, redeem, retire, defease or otherwise acquire for value, prior to scheduled maturity, scheduled repayment or scheduled sinking fund payment any Subordinated Obligations (other than the purchase, repurchase, redemption, retirement, defeasance or other acquisition for value of Subordinated Obligations acquired in anticipation of satisfying a sinking fund obligation, principal installment or final maturity, in each case due within one year of the date of acquisition), or

(4) make any Investment (other than a Permitted Investment) in any Person;

(any such dividend, distribution, payment, purchase, redemption, repurchase, defeasance, retirement, or other acquisition or Investment described in clauses (1) through (4) above being herein referred to as a "Restricted Payment") if at the time the Company or such Restricted Subsidiary makes such Restricted Payment:

(A) a Default shall have occurred and be continuing (or would result therefrom);

(B) after giving effect, on a pro forma basis, to such Restricted Payment, the Company could not Incur at least $1.00 of additional Indebtedness under Section 4.03(a); or

(C) the aggregate amount of such Restricted Payment and all other Restricted Payments (the amount so expended, if other than in cash, shall be the Fair Market Value of the property or other non-cash assets that constitute such Restricted Payment) declared or made subsequent to the Closing Date would exceed the sum, without duplication, of:

(i) 50% of the Consolidated Net Income accrued during the period (treated as one accounting period) from the beginning of the fiscal quarter immediately following the fiscal quarter during which the Closing Date occurs to the end of the most recent fiscal quarter ending at least 45 days prior to the date of such Restricted Payment (or, in case such Consolidated Net Income shall be a deficit, minus 100% of such deficit);

(ii) the aggregate Net Cash Proceeds received by the Company from the issuance or sale of its Capital Stock (other than Disqualified Stock) subsequent to the Closing Date (other than an issuance or sale to (x) a Subsidiary of the Company or (y) an employee stock ownership plan or other trust established by the Company or any of its Subsidiaries);

(iii) the amount by which Indebtedness of the Company or its Restricted Subsidiaries is reduced on the Company's balance sheet upon the conversion or exchange (other than by a Subsidiary of the Company) subsequent to the Closing Date of any Indebtedness of the Company or its Restricted Subsidiaries issued after the Closing Date which is convertible or exchangeable for Capital Stock (other than Disqualified Stock) of the Company (less the amount of any cash or the Fair Market Value of other property distributed by the Company or any Restricted Subsidiary upon such conversion or exchange); and

(iv) an amount equal to the sum of (x) the net reduction in any Investments (excluding Permitted Investments) made by the Company or any Restricted Subsidiary in any Person resulting from repurchases, repayments or redemptions of such Investments by such Person, net cash proceeds realized on the sale of such Investment and net cash proceeds representing the return of capital (excluding dividends and distributions), in each case received by the Company or any Restricted Subsidiary, and (y) to the extent such Person is an Unrestricted Subsidiary, the portion (proportionate to the Company's equity interest in such Subsidiary) of the Fair Market Value of the net assets of such Unrestricted Subsidiary if such Unrestricted Subsidiary is designated a Restricted Subsidiary, with such Fair Market Value measured at the time of any such designation; provided, however, that the foregoing sum shall not exceed, in the case of any such Person or Unrestricted Subsidiary, the amount of Investments (excluding Permitted Investments) previously made by the Company or any Restricted Subsidiary in such Person or Unrestricted Subsidiary and included in the calculation of the amount of Restricted Payments.

(b) The provisions of the foregoing paragraph (a) shall not prohibit:

(1) any purchase, repurchase, redemption, retirement or other acquisition for value of Capital Stock of the Company made by exchange for, or out of the proceeds of the substantially concurrent sale of, Capital Stock of the Company (other than Disqualified Stock and other than Capital Stock issued or sold to a Subsidiary of the Company or an employee stock ownership plan or other trust established by the Company or any of its Subsidiaries); provided, however, that:

(A) such purchase, repurchase, redemption, retirement or other acquisition for value will be excluded in the calculation of the amount of Restricted Payments, and

(B) the Net Cash Proceeds from such sale applied in the manner set forth in this clause (1) will be excluded from the calculation of amounts under clause (4)(C)(ii) of paragraph (a) above;

(2) any prepayment, repayment, purchase, repurchase, redemption, retirement, defeasance or other acquisition for value of Subordinated Obligations of the Company made by exchange for, or out of the proceeds of the substantially concurrent sale of, Indebtedness of the Company that is permitted to be Incurred pursuant to Section 4.03(b); provided, however, that such prepayment, repayment, purchase, repurchase, redemption, retirement, defeasance or other acquisition for value will be excluded in the calculation of the amount of Restricted Payments;

(3) any prepayment, repayment, purchase, repurchase, redemption, retirement, defeasance or other acquisition for value of Subordinated Obligations from Net Available Cash to the extent permitted by Section 4.06; provided, however, that such prepayment, repayment, purchase, repurchase, redemption, retirement, defeasance or other acquisition for value will be excluded in the calculation of the amount of Restricted Payments;

(4) dividends paid within 60 days after the date of declaration thereof if at such date of declaration such dividends would have complied with this Section 4.04; provided, however, that such dividends will be included in the calculation of the amount of Restricted Payments;

(5) any purchase, repurchase, redemption, retirement or other acquisition for value of shares of, or options to purchase shares of, Capital Stock of the Company or any of its Subsidiaries from employees, former employees, directors or former directors of the Company or any of its Subsidiaries (or permitted transferees of such employees, former employees, directors or former directors), pursuant to the terms of agreements (including employment agreements) or plans (or amendments thereto) approved by the Board of Directors under which such individuals purchase or sell or are granted the option to purchase or sell, shares of such Capital Stock; provided, however, that the aggregate amount of such purchases, repurchases, redemptions, retirements and other acquisitions for value will not exceed $2.0 million in any calendar year; provided further, however, that such purchases, repurchases, redemptions, retirements and other acquisitions for value shall be excluded in the calculation of the amount of Restricted Payments;

(6) repurchases of Capital Stock deemed to occur upon exercise of stock options if such Capital Stock represents a portion of the exercise price of such options, and repurchases of Capital Stock of Subsidiaries consisting of directors' qualifying shares or shares issued to third parties in the ordinary course to the extent necessary to satisfy any licensing requirements under applicable law with respect to the Company's or any of its Subsidiary's business; provided, however, that such Restricted Payments shall be excluded in the calculation of the amount of Restricted Payments;

(7) cash payments in lieu of the issuance of fractional shares in connection with the exercise of warrants, options or other securities convertible into or exchangeable for Capital Stock of the Company; provided, however, that any such cash payment shall not be for the purpose of evading the limitation of this Section 4.04 (as determined in good faith by the

Board of Directors); provided further, however, that such payments shall be included in the calculation of the amount of Restricted Payments;

(8) payments of intercompany subordinated Indebtedness, the Incurrence of which was permitted under Section 4.03(b)(2); provided, however, that no Default has occurred and is continuing or would otherwise result therefrom; provided further, however, that such payments shall be excluded in the calculation of the amount of Restricted Payment;

(9) the payment of cash dividends on the Capital Stock of the Company in an amount not to exceed (x) $0.48 per share per fiscal year and (y) $7.0 million in the aggregate for such dividends in any fiscal year; provided, however, that such dividends shall be included in the amount of Restricted Payments;

(10) the payment of scheduled, quarterly cash dividends on the Chemed Preferred Securities declared on or prior to December 31, 2004 in an amount not to exceed $2.00 per share per year, and the redemption of the Chemed Preferred Securities and the Subordinated Chemed Debentures at the applicable scheduled redemption prices on or prior to December 31, 2004; provided that such dividends and redemption amounts shall not be included in the amount of Restricted Payments;

(11) dividends or distributions of Capital Stock subject to the Closing Date Stock Award Plan so long as the aggregate amount of such dividends or distributions made pursuant to this clause (11) does not exceed $2.8 million; provided, that such dividends or distributions shall be excluded in the amount of Restricted Payments; and

(12) other Restricted Payments in an aggregate amount not to exceed $5.0 million; provided, however, that such Restricted Payments shall be included in the calculation of the amount of Restricted Payments.

SECTION 4.05. Limitation on Restrictions on Distributions from Restricted Subsidiaries. The Company shall not, and shall not permit any Restricted Subsidiary to, create or otherwise cause or permit to exist or become

effective any consensual encumbrance or restriction on the ability of any Restricted Subsidiary to:

(1) pay dividends or make any other distributions on its Capital Stock or pay any Indebtedness or other obligations owed to the Company;

(2) make any loans or advances to the Company; or

(3) transfer any of its property or assets to the Company, except:

(A) with respect to clauses (1), (2) or (3):

(i) any encumbrance or restriction pursuant to applicable law or an agreement in effect at or entered into on the Closing Date;

(ii) any encumbrance or restriction with respect to a Restricted Subsidiary pursuant to an agreement relating to any Indebtedness Incurred by such Restricted Subsidiary prior to the date on which such Restricted Subsidiary was acquired by the Company (other than Indebtedness Incurred as consideration in, in contemplation of, or to provide all or any portion of the funds or credit support utilized to consummate the transaction or series of related transactions pursuant to which such Restricted Subsidiary became a Restricted Subsidiary or was otherwise acquired by the Company) and outstanding on such date;

(iii) any encumbrance or restriction pursuant to an agreement effecting a Refinancing of Indebtedness Incurred pursuant to an agreement referred to in clause (i) or (ii) of this Section 4.05(3)(A) or this clause (iii) or contained in any amendment to an agreement referred to in clause (i) or (ii) of this Section 4.05(3)(A) or this

clause (iii); provided, however, that the encumbrances and restrictions contained in any such Refinancing agreement or amendment, taken as a whole, are not materially more disadvantageous to the Holders than the encumbrances and restrictions contained in such predecessor agreements (as determined by the Company in good faith);

(iv) any encumbrance or restriction contained in the terms of any Indebtedness Incurred pursuant to Section 4.03(b)(9) or any agreement pursuant to which such Indebtedness was Incurred; provided, however that the encumbrances and restrictions contained in such Indebtedness, taken as a whole, are not materially more disadvantageous to the holders of the Securities than the encumbrances and restrictions contained in the agreements for the Indebtedness being repaid (as determined by the Company in good faith);

(v) with respect to a Restricted Subsidiary, any encumbrance or restriction imposed pursuant to an agreement entered into in connection with the sale or disposition of all or substantially all the Capital Stock or assets of such Restricted Subsidiary; provided that in any such case such encumbrance or restriction is in effect only for the period pending the closing of such sale, disposition or distribution; and

(B) in the case of clause (3), any encumbrance or restriction

(i) that restricts in a customary manner the subletting, assignment or transfer of any property or asset that is subject to a lease, license or similar contract, or

(ii) contained in security agreements securing Indebtedness of a Restricted Subsidiary to the extent such encumbrance or restriction restricts the transfer of the property subject to such security agreements.

SECTION 4.06. Limitation on Sales of Assets and Subsidiary Stock. (a) The Company will not, and will not permit any Restricted Subsidiary to, make any Asset Disposition unless:

(1) the Company or such Restricted Subsidiary receives consideration (including by way of relief from, or by any other Person assuming sole responsibility for, any liabilities, contingent or otherwise) at the time of such Asset Disposition at least equal to the Fair Market Value of the shares and assets subject to such Asset Disposition,

(2) at least 75% of the consideration thereof received by the Company or such Restricted Subsidiary is in the form of cash or cash equivalents and

(3) an amount equal to 100% of the Net Available Cash from such Asset Disposition is applied by the Company (or such Restricted Subsidiary, as the case may be)

(A) first, to the extent the Company elects (or is required by the terms of any Indebtedness), to prepay, repay, purchase, repurchase, redeem, retire, defease or otherwise acquire for value Senior Indebtedness of the Company or Senior Indebtedness (other than obligations in respect of Preferred Stock) of a Restricted Subsidiary (in each case other than Indebtedness owed to the Company or an Affiliate of the Company and other than obligations in respect of Disqualified Stock) (collectively "Eligible Indebtedness") within one year from the later of the date of such Asset Disposition or the receipt of such Net Available Cash;

(B) second, to the extent of the balance of Net Available Cash after application in accordance with clause (A), to the extent the Company or such Restricted Subsidiary elects, to

reinvest in Additional Assets (including by means of an Investment in Additional Assets by a Restricted Subsidiary with Net Available Cash received by the Company or another Restricted Subsidiary) within one year from the later of such Asset Disposition or the receipt of such Net Available Cash;

(C) third, to the extent of the balance of such Net Available Cash after application in accordance with clauses (A) and (B), to make an Offer (as defined in Section 4.06(b)) to purchase Securities pursuant to and subject to the conditions set forth in Section 4.06(b); provided, however, that if the Company so elects (or is required by the terms of any other Senior Indebtedness), such Offer may be made ratably to purchase the Securities and other Senior Indebtedness of the Company; and

(D) fourth, to the extent of the balance of such Net Available Cash after application in accordance with clauses (A), (B) and (C) or the proviso to this Section 4.06(a)(3), for any general corporate purpose permitted by the terms of this Indenture;

provided, however, that for purposes of (x) the proviso to Section 11.03(a) or (y) Section 11.03(b) with respect to the release of Collateral, an Asset Disposition shall constitute a "Ratable Paydown Disposition" if the Company shall apply all Net Available Cash, to the extent not applied at the option of the Company to reinvest in Additional Assets as provided in clause (B) above, to make an Offer in accordance with Section 4.06(b) and to repay Indebtedness under the Credit Agreement (or, at the election of the Company, to pay or offer to purchase any other Eligible Indebtedness in lieu of Indebtedness under the Credit Agreement), in such respective amounts as are in proportion to the respective aggregate outstanding amount of Securities and outstanding Indebtedness under the Credit Agreement; and provided, further, that in connection with any prepayment, repayment, purchase, repurchase, redemption, retirement, defeasance or other acquisition for value of Indebtedness pursuant to clause (A) or (C) above, the Company or such

Restricted Subsidiary will retire such Indebtedness and will cause the related loan commitment (if any) to be permanently reduced in an amount equal to the principal amount so prepaid, repaid, purchased, repurchased, redeemed, retired, defeased or otherwise acquired for value.

Notwithstanding the foregoing provisions of this Section 4.06, the Company and the Restricted Subsidiaries will not be required to apply any Net Available Cash in accordance with this Section 4.06(a) except to the extent that the aggregate Net Available Cash from all Asset Dispositions that is not otherwise applied in accordance with this Section 4.06(a) exceeds $5.0 million.

For the purposes of this Section 4.06, the following are deemed to be cash or cash equivalents:

(x) the assumption of Indebtedness of the Company (other than obligations in respect of Disqualified Stock of the Company) or any Restricted Subsidiary and the release of the Company or such Restricted Subsidiary from all liability on such Indebtedness in connection with such Asset Disposition and

(y) securities received by the Company or any Restricted Subsidiary from the transferee that within 90 days are converted by the Company or such Restricted Subsidiary into cash.

(b) In the event of an Asset Disposition that requires the purchase of Securities pursuant to Section 4.06(a)(3)(C) or in respect of which the Company elects to make an offer pursuant to the proviso to Section 4.06(a)(3), the Company shall be required (i) to purchase Securities tendered pursuant to an offer by the Company for the Securities (the "Offer") at a purchase price of 100% of their principal amount plus accrued and unpaid interest to the date of purchase (subject to the right of Holders of record on the relevant date to receive interest due on the relevant Interest Payment Date) in accordance with the procedures (including prorating in the event of oversubscription), set forth in Section 4.06(c) and (ii) to purchase other Senior Indebtedness of the Company on the terms and to the extent contemplated thereby (provided that in no event shall the Company offer to purchase such other Senior Indebtedness of the Company at a purchase price in

excess of 100% of its principal amount (without premium), plus accrued and unpaid interest thereon). If the aggregate purchase price of Securities (and other Senior Indebtedness) tendered pursuant to the Offer is less than the Net Available Cash allotted to the purchase of the Securities (and other Senior Indebtedness), the Company will apply the remaining Net Available Cash in accordance with Section 4.06(a)(3)(D). The Company will not be required to make an Offer for Securities (and other Senior Indebtedness) pursuant to this Section 4.06 if the Net Available Cash available therefor (after application of the proceeds as provided in clauses (A) and (B) of Section 4.06(a)(3)) is less than $5.0 million for any particular Asset Disposition or related series of Asset Dispositions (which lesser amount will be carried forward for purposes of determining whether an Offer is required with respect to the Net Available Cash from any subsequent Asset Disposition). Upon completion of such an offer to purchase, Net Available Cash will be deemed to be reduced by the aggregate amount of such offer.

(c) (1) Promptly, and in any event within 10 days after the Company becomes obligated to make an Offer, the Company shall deliver to the Trustee and send, by first-class mail to each Holder, a written notice stating that the Holder may elect to have his Securities purchased by the Company either in whole or in part (subject to prorating as described in Section 4.06(b) in the event the Offer is oversubscribed) in integral multiples of $1,000 of principal amount, at the applicable purchase price. The notice shall specify a purchase date not less than 30 days nor more than 60 days after the date of such notice (the "Purchase Date") and shall contain such information concerning the business of the Company which the Company in good faith believes will enable such Holders to make an informed decision (which at a minimum will include (A) the most recently filed Annual Report on Form 10-K (including audited consolidated financial statements) of the Company, the most recent subsequently filed Quarterly Report on Form 10-Q and any Current Report on Form 8-K of the Company filed subsequent to such Quarterly Report, other than Current Reports describing Asset Dispositions otherwise described in the offering materials (or corresponding successor reports), (B) a description of material developments in the Company's business subsequent to the date of the latest of such Reports, and (C) if material, appropriate pro forma financial information) and

all instructions and materials necessary to tender Securities pursuant to the Offer, together with the information contained in clause (3) of this Section 4.06(c).

(2) Not later than the date upon which written notice of an Offer is delivered to the Trustee as provided below, the Company shall deliver to the Trustee an Officers' Certificate as to (A) the amount of the Offer (the "Offer Amount"), including information as to any other Senior Indebtedness included in the Offer, (B) the allocation of the Net Available Cash from the Asset Dispositions pursuant to which such Offer is being made and (C) the compliance of such allocation with the provisions of Section 4.06(a) and (b). On such date, the Company shall also irrevocably deposit with the Trustee or with a Paying Agent (or, if the Company is acting as its own Paying Agent, segregate and hold in trust) in Temporary Cash Investments, maturing on the last day prior to the Purchase Date or on the Purchase Date if funds are immediately available by open of business, an amount equal to the Offer Amount to be held for payment in accordance with the provisions of this Section. If the Offer includes other Senior Indebtedness, the deposit described in the preceding sentence may be made with any other paying agent pursuant to arrangements satisfactory to the Trustee. Upon the expiration of the period for which the Offer remains open (the "Offer Period"), the Company shall deliver to the Trustee for cancellation the Securities or portions thereof which have been properly tendered to and are to be accepted by the Company. The Trustee shall, on the Purchase Date, mail or deliver payment (or cause the delivery of payment) to each tendering Holder in the amount of the purchase price. In the event that the aggregate purchase price of the Securities delivered by the Company to the Trustee is less than the Offer Amount applicable to the Securities, the Trustee shall deliver the excess to the Company immediately after the expiration of the Offer Period for application in accordance with this Section 4.06.

(3) Holders electing to have a Security purchased shall be required to surrender the Security, with an appropriate form duly completed, to the

Company at the address specified in the notice at least three Business Days prior to the Purchase Date. Holders shall be entitled to withdraw their election if the Trustee or the Company receives not later than one Business Day prior to the Purchase Date, a telex, facsimile transmission or letter setting forth the name of the Holder, the principal amount of the Security which was delivered for purchase by the Holder and a statement that such Holder is withdrawing his election to have such Security purchased. Holders whose Securities are purchased only in part shall be issued new Securities equal in principal amount to the unpurchased portion of the Securities surrendered.

(4) At the time the Company delivers Securities to the Trustee which are to be accepted for purchase, the Company shall also deliver an Officers' Certificate stating that such Securities are to be accepted by the Company pursuant to and in accordance with the terms of this Section. A Security shall be deemed to have been accepted for purchase at the time the Trustee, directly or through an agent, mails or delivers payment therefor to the surrendering Holder.

(d) The Company shall comply, to the extent applicable, with the requirements of Section 14(e) of the Exchange Act and any other securities laws or regulations in connection with the repurchase of Securities pursuant to this Section. To the extent that the provisions of any securities laws or regulations conflict with provisions of this Section, the Company shall comply with the applicable securities laws and regulations and shall not be deemed to have breached its obligations under this Section by virtue of its compliance with such securities laws or regulations.

SECTION 4.07. Limitation on Affiliate Transactions. (a) The Company shall not, and shall not permit any Restricted Subsidiary to, directly or indirectly, enter into or conduct any transaction or series of related transactions (including the purchase, sale, lease or exchange of any property or the rendering of any service) with any Affiliate of the Company (an "Affiliate Transaction") unless such transaction is on terms that:

(1) are no less favorable to the Company or such Restricted Subsidiary, as the case may be, than those that could be obtained at the time of such transaction

in arm's-length dealings with a Person who is not such an Affiliate;

(2) in the event such Affiliate Transaction involves an aggregate amount in excess of $5.0 million,

(A) are set forth in writing, and

(B) have been approved by a majority of the members of the Board of Directors and by a majority of the members of such Board of Directors having no personal stake in such transaction, if any (and such majority or majorities, as the case may be, determines that such Affiliate Transaction satisfies the criteria in clause (1) above); and

(3) in the event such Affiliate Transaction involves an amount in excess of $20.0 million, have been determined by a nationally recognized appraisal or investment banking firm to be fair, from a financial standpoint, to the Company and its Restricted Subsidiaries or is not less favorable to the Company and its Restricted Subsidiaries than could reasonably be expected to be obtained at the time in an arms length transaction with a Person who is not an Affiliate.

(b) The provisions of the foregoing paragraph (a) will not prohibit:

(1) any Investment or other Restricted Payment permitted to be made pursuant to Section 4.04,

(2) any issuance of securities, or other payments, awards or grants in cash, securities or otherwise pursuant to, or the funding of, employment arrangements, stock options and stock ownership plans approved by the Board of Directors,

(3) the grant of stock options or similar rights to employees and directors of the Company pursuant to plans approved by the Board of Directors,

(4) loans or advances to employees in the ordinary course of business of the Company or its Restricted Subsidiaries and consistent with prudent

practices and applicable law, not to exceed $2.0 million outstanding at any one time,

(5) the payment of reasonable and customary fees, compensation or employee benefit arrangements to and any indemnity provided for the benefit of directors, officers or employees of the Company and its Subsidiaries in the ordinary course of business,

(6) any transaction with a Restricted Subsidiary which would constitute an Affiliate Transaction solely because the Company or a Restricted Subsidiary owns an equity interest in, or otherwise controls, such Restricted Subsidiary,

(7) the Transactions, or

(8) the making of severance payments to directors, officers or employees of Vitas that are required pursuant to arrangements in effect prior to the date that the Company acquired Vitas, in an aggregate amount not to exceed $14.5 million (which arrangements may be modified so long as such aggregate amount is not exceeded).

SECTION 4.08. Limitation on Lines of Business. The Company shall not, and shall not permit any Restricted Subsidiary to, engage in any business other than a Permitted Business.

SECTION 4.09. Limitation on the Sale or Issuance of Capital Stock of Restricted Subsidiaries. The Company will not sell or otherwise dispose of any shares of Capital Stock of a Restricted Subsidiary to any Person (other than the Company or a Wholly Owned Subsidiary), and will not permit any Restricted Subsidiary, directly or indirectly, to issue or sell or otherwise dispose of any shares of its Capital Stock (other than directors' qualifying shares or shares issued to third parties in the ordinary course to the extent necessary to satisfy any licensing requirements under applicable law with respect to the Company's or any of its Subsidiary's business) to any Person (other than the Company or a Wholly Owned Subsidiary), unless:

(1) immediately after giving effect to such issuance, sale or other disposition, neither the Company nor any of its Restricted Subsidiaries owns any Capital Stock of such Restricted Subsidiary; or

(2) immediately after giving effect to such issuance or sale, such Restricted Subsidiary would no longer constitute a Restricted Subsidiary and any Investment in such Person remaining after giving effect thereto would have been permitted to be made under Section 4.04 if made on the date of such issuance, sale or other disposition (and such Investment shall be deemed to be an Investment for the purposes of Section 4.04 as of the effective date of the applicable transaction).

The proceeds of any sale of such Capital Stock permitted under clause (1) or (2) above will be treated as Net Available Cash from an Asset Disposition and must be applied in accordance with the terms of Section 4.06.

For avoidance of doubt, the Company will not be permitted to issue, directly or indirectly, any of its Capital Stock that is exchangeable or convertible, with or without conditions, into any Capital Stock of any Restricted Subsidiary without complying with this Section 4.09.

SECTION 4.10. Change of Control. (a) Upon the occurrence of a Change of Control, each Holder shall have the right to require that the Company purchase all or any part of such Holder's Securities at a purchase price in cash equal to 101% of the principal amount thereof plus accrued and unpaid interest, if any, to, but excluding, the date of purchase (subject to the right of holders of record on the relevant record date to receive interest on the relevant interest payment date), in accordance with the terms contemplated in Section 4.10(b); provided, however, that notwithstanding the occurrence of a Change of Control, the Company shall not be obligated to purchase the Securities pursuant to this section in the event that it has exercised its right to redeem all the Securities under the terms of paragraph 5 of the Securities.

(b) Within 30 days following any Change of Control, the Company shall mail a notice to each Holder with a copy to the Trustee (the "Change of Control Offer") stating:

(1) that a Change of Control has occurred and that such Holder has the right to require the Company to purchase all or any part of such Holder's Securities at a purchase price in cash equal to 101%

of the principal amount thereof on the date of purchase, plus accrued and unpaid interest, if any, to the date of purchase (subject to the right of Holders of record on the relevant record date to receive interest on the relevant interest payment date);

(2) the circumstances and relevant facts and financial information regarding such Change of Control;

(3) the purchase date (which shall be no earlier than 30 days nor later than 60 days from the date such notice is mailed); and

(4) the instructions, as determined by the Company, consistent with this Section, that a Holder must follow in order to have its Securities purchased.

(c) Holders electing to have a Security purchased will be required to surrender the Security, with an appropriate form duly completed, to the Company at the address specified in the notice at least three Business Days prior to the purchase date. Holders will be entitled to withdraw their election if the Trustee or the Company receives not later than one Business Day prior to the purchase date, a telegram, telex, facsimile transmission or letter setting forth the name of the Holder, the principal amount of the Security which was delivered for purchase by the Holder and a statement that such Holder is withdrawing his election to have such Security purchased.

(d) On the purchase date, all Securities purchased by the Company under this Section shall be delivered by the Company to the Trustee for cancellation, and the Company shall pay the purchase price plus accrued and unpaid interest, if any, to the Holders entitled thereto.

(e) Notwithstanding the foregoing provisions of this Section, the Company shall not be required to make a Change of Control Offer following a Change of Control if a third party makes the Change of Control Offer in the manner, at the times and otherwise in compliance with the requirements set forth in this Section applicable to a Change of Control Offer made by the Company and purchases all Securities validly tendered and not withdrawn under such Change of Control Offer.

(f) The Company shall comply, to the extent applicable, with the requirements of Section 14(e) of the Exchange Act and any other securities laws or regulations in connection with the repurchase of Securities pursuant to this Section. To the extent that the provisions of any securities laws or regulations conflict with provisions of this Section, the Company shall comply with the applicable securities laws and regulations and shall not be deemed to have breached its obligations under this Section by virtue of its compliance with such securities laws or regulations.

SECTION 4.11. Limitation on Liens. The Company shall not, and shall not permit any Restricted Subsidiary to, directly or indirectly, Incur or permit to exist any Lien of any nature whatsoever on any of its property or assets(including Capital Stock of a Restricted Subsidiary, but excluding Capital Stock of an Unrestricted Subsidiary), whether owned at the Closing Date or thereafter acquired, other than Permitted Liens.

SECTION 4.12. Limitation on Sale/Leaseback Transactions. The Company shall not, and shall not permit any Restricted Subsidiary to, enter into any Sale/Leaseback Transaction with respect to any property unless:

(1) the Company or such Restricted Subsidiary would be entitled to:

(A) Incur Indebtedness in an amount equal to the Attributable Debt with respect to such Sale/Leaseback Transaction pursuant to Section 4.03; and

(B) create a Lien on such property securing such Attributable Debt without equally and ratably securing the Securities pursuant to Section 4.11,

(2) the net proceeds received by the Company or such Restricted Subsidiary in connection with such Sale/Leaseback Transaction are at least equal to the Fair Market Value of such property and

(3) the transfer of such property is permitted by, and the Company applies the proceeds of such transaction in compliance with Section 4.06.

SECTION 4.13. Future Subsidiary Guarantors; Additional Security. (a) The Company will cause each Subsidiary that enters into a Guarantee of any of the Credit Agreement Obligations, to become a Subsidiary Guarantor, and if applicable, execute and deliver to the Trustee a supplemental indenture in the form set forth in the Indenture pursuant to which such Subsidiary will Guarantee the payment and performance of all obligations under the Securities to the same extent as such Subsidiary Guarantees such Credit Agreement Obligations. Each Subsidiary Guarantee will be limited to an amount not to exceed the maximum amount that can be Guaranteed by that Subsidiary Guarantor, without rendering the Subsidiary Guarantee, as it relates to such Subsidiary Guarantor voidable under applicable law relating to fraudulent conveyance or fraudulent transfer or similar laws affecting the rights of creditors generally.

(b) If the Company or any Subsidiary Guarantor creates any initial or additional Lien on any property to secure any Credit Agreement Obligations (other than Liens on cash and cash equivalents to secure obligations in respect of letters of credit), it shall concurrently grant a Lien that is equal and ratable with such Lien upon such property as security for the Securities, in accordance with the Security Documents and the Collateral Sharing Agreement. In connection therewith, the Company shall execute any and all further Security Documents, financing statements, agreements and instruments, upon substantially all the same terms as the Security Documents and in a form reasonably satisfactory to the Collateral Agent, and take all such actions (including the filing and recording of financing statements, fixture filings, mortgages and other documents) that may be required under any applicable law, or which the Collateral Agent may reasonably request to create such Lien, all at the expense of the Company, including all reasonable fees and expenses of counsel incurred by the Collateral Agent or the Trustee in connection therewith and deliver to the Trustee an Opinion of Counsel, reasonably satisfactory to the Trustee, that such Security Documents are valid, binding and enforceable obligations of the Company subject to customary exceptions for bankruptcy, fraudulent conveyance and equitable principles.

SECTION 4.14. Ratings. As promptly as reasonably practicable after the Closing Date, the Company

will use its reasonable efforts to obtain a rating of the Securities from either Standard & Poor's Ratings Group, Inc. or Moody's Investors Service, Inc.

SECTION 4.15. Impairment of Security Interest. The Company will not, and will not permit any of its Restricted Subsidiaries to, take or omit to take, any action which action or omission would have the result of materially impairing the security interest with respect to the Collateral for the benefit of the Holders; provided, however, that the taking of any action with respect to the Collateral that is not prohibited by the terms of the Security Documents or the Collateral Sharing Agreement, or the failure to take any action with respect to the Collateral that is not specifically required pursuant to the terms of the Security Documents or the Collateral Sharing Agreement, will not be deemed to impair such security interest. The Company will not, and will not permit any of its Restricted Subsidiaries to, grant to any Person (other than the Collateral Agent, for the benefit of the Holders and holders of any pari passu debt), any interest whatsoever in any of the Collateral other than Permitted Liens and as contemplated by the Security Documents.

SECTION 4.16. Compliance Certificate. The Company shall deliver to the Trustee within 120 days after the end of each fiscal year of the Company an Officers' Certificate stating that in the course of the performance by the signers of their duties as Officers of the Company they would normally have knowledge of any Default and whether or not the signers know of any Default that occurred during such period. If they do, the certificate shall describe the Default, its status and what action the Company is taking or proposes to take with respect thereto. The Company also shall comply with TIA ss. 314(a)(4).

SECTION 4.17. Further Instruments and Acts. Upon request of the Trustee, the Company will execute and deliver such further instruments and do such further acts as may be reasonably necessary or proper to carry out more effectively the purpose of this Indenture.

ARTICLE 5

Successor Company

SECTION 5.01. When Company May Merge or Transfer Assets. (a) The Company shall not consolidate with or merge with or into, or convey, transfer or lease, all or substantially all its assets to, any Person, unless:

(1) the resulting, surviving or transferee Person (the "Successor Company") shall be a Person organized and existing under the laws of the United States of America, any State thereof or the District of Columbia and the Successor Company (if not the Company) shall expressly assume, by an indenture supplemental hereto, executed and delivered to the Trustee, in form satisfactory to the Trustee, all the obligations of the Company under the Securities and this Indenture;

(2) immediately after giving pro forma effect to such transaction (and treating any Indebtedness which becomes an obligation of the Successor Company or any Subsidiary as a result of such transaction as having been Incurred by the Successor Company or such Subsidiary at the time of such transaction), no Default shall have occurred and be continuing;

(3) immediately after giving pro forma effect to such transaction, the Successor Company would be able to Incur an additional $1.00 of Indebtedness pursuant to Section 4.03(a);

(4) immediately after giving pro forma effect to such transaction, the Successor Company shall have Consolidated Net Worth in an amount that is not less than the Consolidated Net Worth of the Company immediately prior to such transaction; and

(5) the Company shall have delivered to the Trustee an Officers' Certificate and an Opinion of Counsel, each stating that such consolidation, merger or transfer and such supplemental indenture (if any) comply with this Indenture.

The Successor Company will succeed to, and be substituted for, and may exercise every right and power of, the Company under this Indenture, and the predecessor

Company, except in the case of a lease, shall be released from the obligation to pay the principal of and interest on the Securities.

(b) In addition, the Company will not permit any Subsidiary Guarantor to, and the Subsidiary Guarantors will not, consolidate with or merge with or into, or convey, transfer or lease all or substantially all of its assets to any Person unless:

(1) the resulting, surviving or transferee Person (the "Successor Guarantor") will be a corporation organized and existing under the laws of the United States of America, any State thereof or the District of Columbia, and such Person (if not such Subsidiary Guarantor) will expressly assume, by a supplemental indenture, executed and delivered to the Trustee, in form satisfactory to the Trustee, all the obligations of such Subsidiary Guarantor under its Subsidiary Guarantee;

(2) immediately after giving effect to such transaction on a pro forma basis (and treating any Indebtedness which becomes an obligation of the Successor Guarantor or any Restricted Subsidiary as a result of such transaction as having been Incurred by the Successor Guarantor or such Restricted Subsidiary at the time of such transaction), no Default shall have occurred and be continuing; and

(3) the Company will have delivered to the Trustee an Officers' Certificate and an Opinion of Counsel, each stating that such consolidation, merger or transfer and such supplemental indenture (if any) comply with this Indenture.

Notwithstanding the foregoing:

(A) any Restricted Subsidiary may consolidate with, merge into or transfer all or part of its properties and assets to the Company or to any Subsidiary Guarantor;

(B) the Company may merge with an Affiliate incorporated solely for the purpose of reincorporating the Company in another jurisdiction to realize tax or other benefits; and

(C) nothing herein shall limit any conveyance, transfer or lease of assets between or among any of the Company and the Subsidiary Guarantors.

ARTICLE 6

Defaults and Remedies

SECTION 6.01. Events of Default. An "Event of Default" occurs if:

(1) the Company defaults in any payment of interest on any Security when the same becomes due and payable, and such default continues for a period of 30 days;

(2) the Company (A) defaults in the payment of principal of any Security when the same becomes due and payable at its Stated Maturity, upon optional redemption, upon declaration of acceleration or otherwise, or (B) fails to purchase Securities when required pursuant to this Indenture or the Securities;

(3) the Company or any Restricted Subsidiary fails to comply with Section 5.01;

(4) the Company fails to comply with Section 4.02, 4.03, 4.04, 4.05, 4.06, 4.07, 4.08, 4.09, 4.10, 4.11, 4.12, 4.13 or 4.14 (other than a failure to purchase Securities when required under Section 4.06 or 4.10) and such failure continues for 60 days after the notice specified below;

(5) the Company fails to comply with any covenant set forth in the Securities or this Indenture (other than those referred to in clause (1), (2), (3) or (4) above) and such failure continues for 90 days after the notice specified below;

(6) Indebtedness of the Company or any Significant Subsidiary is not paid within any applicable grace period after final maturity or is accelerated by the holders thereof because of a default and the total amount of such Indebtedness unpaid or accelerated exceeds $5.0 million or its foreign currency equivalent at the time;

(7) the Company or any Significant Subsidiary pursuant to or within the meaning of any Bankruptcy Law:

(A) commences a voluntary case;

(B) consents to the entry of an order for relief against it in an involuntary case;

(C) consents to the appointment of a Custodian of it or for any substantial part of its property; or

(D) makes a general assignment for the benefit of its creditors;

or takes any comparable action under any foreign laws relating to insolvency;

(8) a court of competent jurisdiction enters an order or decree under any Bankruptcy Law that:

(A) is for relief against the Company or any Significant Subsidiary in an involuntary case;

(B) appoints a Custodian of the Company or any Significant Subsidiary or for any substantial part of its property; or

(C) orders the winding up or liquidation of the Company or any Significant Subsidiary;

or any similar relief is granted under any foreign laws and the order or decree remains unstayed and in effect for 60 days;

(9) any judgment or decree for the payment of money in excess of $5.0 million or its foreign currency equivalent at the time is entered against the Company or any Significant Subsidiary if:

(A) an enforcement proceeding thereon is commenced by any creditor or

(B) such judgment or decree remains outstanding for a period of 60 days following such judgment or decree and is not discharged,

waived or stayed (the "judgment default provision");

(10) a Subsidiary Guarantee ceases to be in full force and effect (other than in accordance with the terms of such Subsidiary Guarantee) or a Subsidiary Guarantor denies or disaffirms its obligations under its Subsidiary Guarantee and such Default continues for 10 days after receipt of the notice specified below; or

(11) the material impairment of the security interests granted to the Collateral Agent for the benefit of the Holders and the Trustee under the Security Documents (other than in accordance with the terms of the Security Documents, the Collateral Sharing Agreement and this Indenture, as each may be amended from time to time) for any reason other than the satisfaction in full of all obligations under this Indenture and discharge of the Security Documents and the Indenture or any security interest granted to the Collateral Agent for the benefit of the Holders and the Trustee thereunder shall be declared invalid or unenforceable or the Company or any of its Restricted Subsidiaries asserting, in any pleading in any court of competent jurisdiction, that any such security interest is invalid or unenforceable.

The foregoing will constitute Events of Default whatever the reason for any such Event of Default and whether it is voluntary or involuntary or is effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body.

The term "Bankruptcy Law" means Title 11, United States Code, or any similar Federal or state law for the relief of debtors. The term "Custodian" means any receiver, trustee, assignee, liquidator, custodian or similar official under any Bankruptcy Law.

A Default under clause (4), (5) or (6) is not an Event of Default until the Trustee or the holders of at least 25% in principal amount of the outstanding Securities notify the Company of the Default and the Company does not cure such Default within the time specified in clause (4), (5) or (6) after receipt of such notice. Such notice must

specify the Default, demand that it be remedied and state that such notice is a "Notice of Default".

The Company shall deliver to the Trustee, within 30 days after the occurrence thereof, written notice in the form of an Officers' Certificate of any Event of Default under clause (9), (10) or (11) and any event which with the giving of notice or the lapse of time would become an Event of Default under clause (4), (5) or (6), its status and what action the Company is taking or proposes to take with respect thereto.

SECTION 6.02. Acceleration. If an Event of Default (other than an Event of Default specified in Section 6.01(7) or (8) with respect to the Company) occurs and is continuing, the Trustee by notice to the Company, or the Holders of at least 25% in principal amount of the outstanding Securities by notice to the Company and the Trustee, may declare the principal of and accrued but unpaid interest on all the Securities to be due and payable. Upon such a declaration, such principal and interest and any premium on the Securities shall be due and payable immediately. If an Event of Default specified in Section 6.01(7) or (8) with respect to the Company occurs, the principal of and interest on all the Securities shall ipso facto become and be immediately due and payable without any declaration or other act on the part of the Trustee or any Securityholders. The Holders of a majority in principal amount of the outstanding Securities by notice to the Trustee may rescind an acceleration and its consequences if the rescission would not conflict with any judgment or decree and if all existing Events of Default have been cured or waived except nonpayment of principal or interest that has become due solely because of acceleration. No such rescission shall affect any subsequent Default or impair any right consequent thereto.

SECTION 6.03. Other Remedies. If an Event of Default occurs and is continuing, the Trustee may pursue any available remedy to collect the payment of principal of or interest on the Securities or to enforce the performance of any provision of the Securities or this Indenture, subject to the terms of the Collateral Sharing Agreement.

The Trustee may maintain a proceeding even if it does not possess any of the Securities or does not produce any of them in the proceeding. A delay or omission by the Trustee or any Securityholder in exercising any right or

remedy accruing upon an Event of Default shall not impair the right or remedy or constitute a waiver of or acquiescence in the Event of Default. No remedy is exclusive of any other remedy. All available remedies are cumulative.

SECTION 6.04. Waiver of Past Defaults. The Holders of a majority in principal amount of the Securities by notice to the Trustee may waive an existing Default and its consequences except (a) a Default in the payment of the principal of or interest on a Security, (b) a Default arising from the failure to redeem or purchase any Security when required pursuant to this Indenture or (c) a Default in respect of a provision that under Section 9.02 cannot be amended without the consent of each Securityholder affected. When a Default is waived, it is deemed cured, but no such waiver shall extend to any subsequent or other Default or impair any consequent right.

SECTION 6.05. Control by Majority. The Holders of a majority in principal amount of the outstanding Securities may direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or of exercising any trust or power conferred on the Trustee. However, the Trustee may refuse to follow any direction that conflicts with law, this Indenture or the Collateral Sharing Agreement or, subject to Section 7.01, that the Trustee determines is unduly prejudicial to the rights of other Securityholders or would involve the Trustee in personal liability; provided, however, that the Trustee may take any other action deemed proper by the Trustee that is not inconsistent with such direction. Prior to taking any action hereunder, the Trustee shall be entitled to indemnification satisfactory to it in its sole discretion against all losses and expenses caused by taking or not taking such action.

SECTION 6.06. Limitation on Suits. Except to enforce the right to receive payment of principal, premium (if any) or interest when due, no Securityholder may pursue any remedy with respect to this Indenture or the Securities unless:

(1) the Holder gives to the Trustee written notice stating that an Event of Default is continuing;

(2) the Holders of at least 25% in principal amount of the outstanding Securities make a written request to the Trustee to pursue the remedy;

(3) such Holders offer to the Trustee reasonable security or indemnity against any loss, liability or expense;

(4) the Trustee does not comply with the request within 60 days after receipt of the request and the offer of security or indemnity; and

(5) the Holders of a majority in principal amount of the Securities do not give the Trustee a direction inconsistent with the request during such 60-day period.

A Securityholder may not use this Indenture to prejudice the rights of another Securityholder or to obtain a preference or priority over another Securityholder.

SECTION 6.07. Rights of Holders to Receive Payment. Notwithstanding any other provision of this Indenture, the right of any Holder to receive payment of principal of and interest on the Securities held by such Holder, on or after the respective due dates expressed in the Securities, or to bring suit for the enforcement of any such payment on or after such respective dates, shall not be impaired or affected without the consent of such Holder.

SECTION 6.08. Collection Suit by Trustee. If an Event of Default specified in Section 6.01(1) or (2) occurs and is continuing, the Trustee may recover judgment in its own name and as trustee of an express trust against the Company for the whole amount then due and owing (together with interest on any unpaid interest to the extent lawful) and the amounts provided for in Section 7.07.

SECTION 6.09. Trustee May File Proofs of Claim. The Trustee may file such proofs of claim and other papers or documents as may be necessary or advisable in order to have the claims of the Trustee and the Securityholders allowed in any judicial proceedings relative to the Company, its creditors or its property and, unless prohibited by law or applicable regulations, may vote on behalf of the Holders in any election of a trustee in bankruptcy or other Person performing similar functions, and any Custodian in any such judicial proceeding is hereby

authorized by each Holder to make payments to the Trustee and, in the event that the Trustee shall consent to the making of such payments directly to the Holders, to pay to the Trustee any amount due it for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and its counsel, and any other amounts due the Trustee under Section 7.07.

SECTION 6.10. Priorities. If the Trustee collects any money or property pursuant to this Article 6, it shall pay out the money or property in the following order:

FIRST: to the Trustee for amounts due under Section 7.07;

SECOND: to Securityholders for amounts due and unpaid on the Securities for principal and interest, ratably, without preference or priority of any kind, according to the amounts due and payable on the Securities for principal and interest, respectively; and

THIRD: to the Company.

The Trustee may fix a record date and payment date for any payment to Securityholders pursuant to this Section. At least 15 days before such record date, the Company shall mail to each Securityholder and the Trustee a notice that states the record date, the payment date and amount to be paid.

SECTION 6.11. Undertaking for Costs. In any suit for the enforcement of any right or remedy under this Indenture or in any suit against the Trustee for any action taken or omitted by it as Trustee, a court in its discretion may require the filing by any party litigant in the suit of an undertaking to pay the costs of the suit, and the court in its discretion may assess reasonable costs, including reasonable attorneys' fees, against any party litigant in the suit, having due regard to the merits and good faith of the claims or defenses made by the party litigant. This Section does not apply to a suit by the Trustee, a suit by a Holder pursuant to Section 6.07 or a suit by Holders of more than 10% in principal amount of the Securities.

SECTION 6.12. Waiver of Stay or Extension Laws. The Company (to the extent it may lawfully do so) shall not at any time insist upon, or plead, or in any manner whatsoever claim or take the benefit or advantage of, any stay or extension law wherever enacted, now or at any time hereafter in force, which may affect the covenants or the performance of this Indenture; and the Company (to the extent that it may lawfully do so) hereby expressly waives all benefit or advantage of any such law, and shall not hinder, delay or impede the execution of any power herein granted to the Trustee, but shall suffer and permit the execution of every such power as though no such law had been enacted.

ARTICLE 7

Trustee

SECTION 7.01. Duties of Trustee. (a) If an Event of Default has occurred and is continuing, the Trustee shall exercise the rights and powers vested in it by this Indenture and use the same degree of care and skill in their exercise as a prudent Person would exercise or use under the circumstances in the conduct of such Person's own affairs.

(b) Except during the continuance of an Event of Default:

(1) the Trustee undertakes to perform such duties and only such duties as are specifically set forth in this Indenture and no implied covenants or obligations shall be read into this Indenture against the Trustee; and

(2) in the absence of bad faith on its part, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Trustee and conforming to the requirements of this Indenture. However, the Trustee shall examine the certificates and opinions to determine whether or not they conform to the requirements of this Indenture.

(c) The Trustee may not be relieved from liability for its own negligent action, its own negligent failure to act or its own wilful misconduct, except that:

(1) this paragraph does not limit the effect of paragraph (b) of this Section;

(2) the Trustee shall not be liable for any error of judgment made in good faith by a Trust Officer unless it is proved that the Trustee was negligent in ascertaining the pertinent facts; and

(3) the Trustee shall not be liable with respect to any action it takes or omits to take in good faith in accordance with a direction received by it pursuant to Section 6.05.

(d) Every provision of this Indenture that in any way relates to the Trustee is subject to paragraphs (a), (b) and (c) of this Section.

(e) The Trustee shall not be liable for interest on any money received by it except as the Trustee may agree in writing with the Company.

(f) Money held in trust by the Trustee need not be segregated from other funds except to the extent required by law.

(g) No provision of this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur financial liability in the performance of any of its duties hereunder or in the exercise of any of its rights or powers, if it shall have reasonable grounds to believe that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.

(h) Every provision of this Indenture relating to the conduct or affecting the liability of or affording protection to the Trustee shall be subject to the provisions of this Section and to the provisions of the TIA.

SECTION 7.02. Rights of Trustee. (a) The Trustee may rely on any document believed by it to be genuine and to have been signed or presented by the proper person. The Trustee need not investigate any fact or matter stated in the document.

(b) Before the Trustee acts or refrains from acting, it may require an Officers' Certificate or an Opinion of Counsel. The Trustee shall not be liable for

any action it takes or omits to take in good faith in reliance on the Officers' Certificate or Opinion of Counsel.

(c) The Trustee may act through agents and shall not be responsible for the misconduct or negligence of any agent appointed with due care, including the Collateral Agent.

(d) The Trustee shall not be liable for any action it takes or omits to take in good faith which it believes to be authorized or within its rights or powers; provided, however, that the Trustee's conduct does not constitute wilful misconduct or negligence.

(e) The Trustee may consult with counsel, and the advice or opinion of counsel with respect to legal matters relating to this Indenture and the Securities shall be full and complete authorization and protection from liability in respect to any action taken, omitted or suffered by it hereunder in good faith and in accordance with the advice or opinion of such counsel.

(f) Except with respect to Section 4.01, the Trustee shall have no duty to inquire as to the performance of the Company with respect to the covenants contained in Article 4. In addition, the Trustee shall not be deemed to have knowledge of an Event of Default except (i) any Default or Event of Default occurring pursuant to Section 4.01, 6.01(1) or (2) or (ii) any Default or Event of Default of which the Trustee shall have received written notification or otherwise obtained actual knowledge.

(g) Delivery of reports, information and documents to the Trustee under Section 4.02 is for informational purposes only and the Trustee's receipt of the foregoing shall not constitute constructive notice of any information contained therein or determinable from information contained therein, including the Company's compliance with any of the covenants hereunder.

SECTION 7.03. Individual Rights of Trustee. The Trustee in its individual or any other capacity may become the owner or pledgee of Securities and may otherwise deal with the Company or its Affiliates with the same rights it would have if it were not Trustee. Any Paying Agent, Registrar, co-registrar or co-paying agent may do the same

with like rights. However, the Trustee must comply with Sections 7.10 and 7.11.

SECTION 7.04. Trustee's Disclaimer. The Trustee shall not be responsible for and makes no representation as to the validity or adequacy of this Indenture or the Securities, it shall not be accountable for the Company's use of the proceeds from the Securities, and it shall not be responsible for any statement of the Company in the Indenture or in any document issued in connection with the sale of the Securities or in the Securities other than the Trustee's certificate of authentication.

SECTION 7.05. Notice of Defaults. If a Default occurs and is continuing and if it is known to the Trustee, the Trustee shall mail to each Securityholder notice of the Default within the earlier of 90 days after it occurs or 30 days after it is known to a Trust Officer or written notice of it is received by the Trustee. Except in the case of a Default in payment of principal of or interest on any Security (including payments pursuant to the redemption provisions of such Security, if any), the Trustee may withhold the notice if and so long as a committee of its Trust Officers in good faith determines that withholding the notice is in the interests of Securityholders.

SECTION 7.06. Reports by Trustee to Holders. As promptly as practicable after each February 15 beginning with the February 15 following the date of this Indenture, and in any event prior to May 15 in each year, the Trustee shall mail to each Securityholder a brief report dated as of February 15 that complies with TIA ss. 313(a). The Trustee also shall comply with TIA ss. 313(b).

A copy of each report at the time of its mailing to Securityholders shall be filed with the SEC and each stock exchange (if any) on which the Securities are listed. The Company agrees to notify promptly the Trustee whenever the Securities become listed on any stock exchange and of any delisting thereof.

SECTION 7.07. Compensation and Indemnity. The Company shall pay to the Trustee from time to time reasonable compensation for its services. The Trustee's compensation shall not be limited by any law on compensation of a trustee of an express trust. The Company shall reimburse the Trustee upon request for all reasonable out-of-pocket expenses incurred or made by it, including

costs of collection, in addition to the compensation for its services. Such expenses shall include the reasonable compensation and expenses, disbursements and advances of the Trustee's agents, counsel, accountants and experts. The Company shall indemnify the Trustee against any and all loss, liability or expense (including attorneys' fees) incurred by it in connection with the administration of this trust and the performance of its duties hereunder. The Trustee shall notify the Company promptly of any claim for which it may seek indemnity. Failure by the Trustee to so notify the Company shall not relieve the Company of its obligations hereunder. The Company shall defend the claim and the Trustee may have separate counsel and the Company shall pay the fees and expenses of such counsel. The Company need not reimburse any expense or indemnify against any loss, liability or expense incurred by the Trustee through the Trustee's own wilful misconduct, negligence or bad faith.

To secure the Company's payment obligations in this Section, the Trustee shall have a lien prior to the Securities on all money or property held or collected by the Trustee other than money or property held in trust to pay principal of and interest on particular Securities.

The Company's payment obligations pursuant to this Section shall survive the discharge of this Indenture. When the Trustee incurs expenses after the occurrence of a Default specified in Section 6.01(7) or (8) with respect to the Company, the expenses are intended to constitute expenses of administration under the Bankruptcy Law.

SECTION 7.08. Replacement of Trustee. The Trustee may resign at any time by so notifying the Company. The Holders of a majority in principal amount of the Securities may remove the Trustee by so notifying the Trustee and may appoint a successor Trustee. The Company shall remove the Trustee if:

(1) the Trustee fails to comply with Section 7.10;

(2) the Trustee is adjudged bankrupt or insolvent;

(3) a receiver or other public officer takes charge of the Trustee or its property; or

(4) the Trustee otherwise becomes incapable of acting.

If the Trustee resigns, is removed by the Company or by the Holders of a majority in principal amount of the Securities and such Holders do not reasonably promptly appoint a successor Trustee, or if a vacancy exists in the office of Trustee for any reason (the Trustee in such event being referred to herein as the retiring Trustee), the Company shall promptly appoint a successor Trustee.

A successor Trustee shall deliver a written acceptance of its appointment to the retiring Trustee and to the Company. Thereupon the resignation or removal of the retiring Trustee shall become effective, and the successor Trustee shall have all the rights, powers and duties of the Trustee under this Indenture. The successor Trustee shall mail a notice of its succession to Securityholders. The retiring Trustee shall promptly transfer all property held by it as Trustee to the successor Trustee, subject to the lien provided for in Section 7.07.

If a successor Trustee does not take office within 60 days after the retiring Trustee resigns or is removed, the retiring Trustee or the Holders of 10% in principal amount of the Securities may petition any court of competent jurisdiction for the appointment of a successor Trustee.

If the Trustee fails to comply with Section 7.10, any Securityholder may petition any court of competent jurisdiction for the removal of the Trustee and the appointment of a successor Trustee.

Notwithstanding the replacement of the Trustee pursuant to this Section, the Company's obligations under Section 7.07 shall continue for the benefit of the retiring Trustee.

SECTION 7.09. Successor Trustee by Merger. If the Trustee consolidates with, merges or converts into, or transfers all or substantially all its corporate trust business or assets to, another corporation or banking association, the resulting, surviving or transferee corporation without any further act shall be the successor Trustee.

In case at the time such successor or successors by merger, conversion or consolidation to the Trustee shall succeed to the trusts created by this Indenture any of the Securities shall have been authenticated but not delivered, any such successor to the Trustee may adopt the certificate of authentication of any predecessor trustee, and deliver such Securities so authenticated; and in case at that time any of the Securities shall not have been authenticated, any successor to the Trustee may authenticate such Securities either in the name of any predecessor hereunder or in the name of the successor to the Trustee; and in all such cases such certificates shall have the full force which it is anywhere in the Securities or in this Indenture provided that the certificate of the Trustee shall have.

SECTION 7.10. Eligibility; Disqualification. The Trustee shall at all times satisfy the requirements of TIA ss. 310(a). The Trustee shall have a combined capital and surplus of at least $50,000,000 as set forth in its most recent published annual report of condition. The Trustee shall comply with TIA ss. 310(b); provided, however, that there shall be excluded from the operation of TIA ss. 310(b)(1) any indenture or indentures under which other securities or certificates of interest or participation in other securities of the Company are outstanding if the requirements for such exclusion set forth in TIA ss. 310(b)(1) are met.

SECTION 7.11. Preferential Collection of Claims Against Company. The Trustee shall comply with TIA ss. 311(a), excluding any creditor relationship listed in TIA ss. 311(b). A Trustee who has resigned or been removed shall be subject to TIA ss. 311(a) to the extent indicated.

ARTICLE 8

Discharge of Indenture; Defeasance

SECTION 8.01. Discharge of Liability on Securities; Defeasance. (a) When (1) the Company delivers to the Trustee all outstanding Securities (other than Securities replaced pursuant to Section 2.07) for cancellation or (2) all outstanding Securities have become due and payable, whether at maturity or on a redemption date as a result of the mailing of a notice of redemption pursuant to Article 3 hereof and the Company irrevocably deposits with the Trustee funds sufficient to pay at maturity or upon redemption all outstanding Securities,

including interest thereon to maturity or such redemption date (other than Securities replaced pursuant to Section 2.07), and if in either case the Company pays all other sums payable hereunder by the Company, then this Indenture shall, subject to Section 8.01(c), cease to be of further effect. The Trustee shall acknowledge satisfaction and discharge of this Indenture on demand of the Company accompanied by an Officers' Certificate and an Opinion of Counsel and at the cost and expense of the Company.

(b) Subject to Sections 8.01(c) and 8.02, the Company at any time may terminate (1) all its obligations under the Securities and this Indenture ("legal defeasance option") or (2) its obligations under Sections 4.02, 4.03, 4.04, 4.05, 4.06, 4.07, 4.08, 4.09, 4.10, 4.11, 4.12, 4.13 and 4.14 and the operation of Sections 6.01(3), 6.01(4), 6.01(5), 6.01(6), 6.01(7), 6.01(8), 6.01(9), 6.01(10) and 6.01(11) (but, in the case of Sections 6.01(7) and (8), with respect only to Significant Subsidiaries) and the limitations contained in Sections 5.01(a)(3) and (4) ("covenant defeasance option"). The Company may exercise its legal defeasance option notwithstanding its prior exercise of its covenant defeasance option.

If the Company exercises its legal defeasance option, payment of the Securities may not be accelerated because of an Event of Default with respect thereto. If the Company exercises its covenant defeasance option, payment of the Securities may not be accelerated because of an Event of Default specified in Section 6.01(3), 6.01(4), 6.01(5), 6.01(6), 6.01(7), 6.01(8), 6.01(9), 6.01(10) or 6.01(11) (but, in the case of Sections 6.01(7) and (8), with respect only to Significant Subsidiaries) or because of the failure of the Company to comply with Section 5.01(a)(3) or (4). If the Company exercises its legal defeasance option or its covenant defeasance option, each Subsidiary Guarantor, if any, shall be released from all its obligations with respect to its Subsidiary Guarantee and the Security Documents.

Upon satisfaction of the conditions set forth herein and upon request of the Company, the Trustee shall acknowledge in writing the discharge of those obligations that the Company terminates.

(c) Notwithstanding clauses (a) and (b) above, the Company's obligations in Sections 2.03, 2.04, 2.05, 2.06, 2.07, 2.08, 7.07 and 7.08 and in this Article 8 shall

survive until the Securities have been paid in full. Thereafter, the Company's obligations in Sections 7.07, 8.04 and 8.05 shall survive.

SECTION 8.02. Conditions to Defeasance. The Company may exercise its legal defeasance option or its covenant defeasance option only if:

(1) the Company irrevocably deposits in trust with the Trustee money or U.S. Government Obligations, the principal of and interest on which will be sufficient, or a combination thereof sufficient, to pay the principal of and premium (if any) and interest on the Securities to maturity or redemption, as the case may be;

(2) the Company delivers to the Trustee a certificate from a nationally recognized firm of independent accountants expressing their opinion that the payments of principal and interest when due and without reinvestment on the deposited U.S. Government Obligations plus any deposited money without investment will provide cash at such times and in such amounts as will be sufficient to pay principal and interest when due on all the Securities to maturity or redemption, as the case may be;

(3) 123 days pass after the deposit is made and during the 123-day period no Default specified in Sections 6.01(7) or (8) with respect to the Company occurs which is continuing at the end of the period;

(4) the deposit does not constitute a default under any other agreement binding on the Company;

(5) the Company delivers to the Trustee an Opinion of Counsel to the effect that the trust resulting from the deposit does not constitute, or is qualified as, a regulated investment company under the Investment Company Act of 1940;

(6) in the case of the legal defeasance option, the Company shall have delivered to the Trustee an Opinion of Counsel stating that (A) the Company has received from, or there has been published by, the Internal Revenue Service a ruling, or (B) since the date of this Indenture there has been a change in the applicable Federal income tax law, in either case to

the effect that, and based thereon such Opinion of Counsel shall confirm that, the Securityholders will not recognize income, gain or loss for Federal income tax purposes as a result of such defeasance and will be subject to Federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such defeasance had not occurred;

(7) in the case of the covenant defeasance option, the Company shall have delivered to the Trustee an Opinion of Counsel to the effect that the Securityholders will not recognize income, gain or loss for Federal income tax purposes as a result of such covenant defeasance and will be subject to Federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such covenant defeasance had not occurred; and

(8) the Company delivers to the Trustee an Officers' Certificate and an Opinion of Counsel, each stating that all conditions precedent to the defeasance and discharge of the Securities as contemplated by this Article 8 have been complied with.

Before or after a deposit, the Company may make arrangements satisfactory to the Trustee for the redemption of Securities at a future date in accordance with Article 3.

SECTION 8.03. Application of Trust Money. The Trustee shall hold in trust money or U.S. Government Obligations deposited with it pursuant to this Article 8. It shall apply the deposited money and the money from U.S. Government Obligations through the Paying Agent and in accordance with this Indenture to the payment of principal of and interest on the Securities.

SECTION 8.04. Repayment to Company. The Trustee and the Paying Agent shall promptly turn over to the Company upon request any excess money or securities held by them at any time.

Subject to any applicable abandoned property law, the Trustee and the Paying Agent shall pay to the Company upon request any money held by them for the payment of principal or interest that remains unclaimed for two years,

and, thereafter, Securityholders entitled to the money must look to the Company for payment as general creditors.

SECTION 8.05. Indemnity for Government Obligations. The Company shall pay and shall indemnify the Trustee against any tax, fee or other charge imposed on or assessed against deposited U.S. Government Obligations or the principal and interest received on such U.S. Government Obligations.

SECTION 8.06. Reinstatement. If the Trustee or Paying Agent is unable to apply any money or U.S. Government Obligations in accordance with this Article 8 by reason of any legal proceeding or by reason of any order or judgment of any court or governmental authority enjoining, restraining or otherwise prohibiting such application, the Company's obligations under this Indenture and the Securities shall be revived and reinstated as though no deposit had occurred pursuant to this Article 8 until such time as the Trustee or Paying Agent is permitted to apply all such money or U.S. Government Obligations in accordance with this Article 8; provided, however, that, if the Company has made any payment of interest on or principal of any Securities because of the reinstatement of its obligations, the Company shall be subrogated to the rights of the Holders of such Securities to receive such payment from the money or U.S. Government Obligations held by the Trustee or Paying Agent.

ARTICLE 9

Amendments

SECTION 9.01. Without Consent of Holders. The Company, the Subsidiary Guarantors and the Trustee may amend this Indenture, the Security Documents, the Collateral Sharing Agreement or the Securities without notice to or consent of any Securityholder:

(1) to cure any ambiguity, omission, defect or inconsistency;

(2) to comply with Article 5 and to provide for the assumption by a successor corporation of the obligations of the Company under this Indenture;

(3) to provide for uncertificated Securities in addition to or in place of certificated Securities;

provided, however, that the uncertificated Securities are issued in registered form for purposes of Section 163(f) of the Code or in a manner such that the uncertificated Securities are described in Section 163(f)(2)(B) of the Code;

(4) to add Guarantees with respect to the Securities or to secure the Securities;

(5) to add to the covenants of the Company or any Subsidiary Guarantor for the benefit of the Holders or to surrender any right or power herein conferred upon the Company or any Subsidiary Guarantor;

(6) to comply with any requirements of the SEC in connection with qualifying, or maintaining the qualification of, this Indenture under the TIA;

(7) to make any change that does not adversely affect the rights of any Securityholder;

(8) to provide for the issuance of the Exchange Securities or Additional Securities;

(9) if necessary, in connection with any addition or release of Collateral permitted under the terms of the Indenture, the Security Documents or the Collateral Sharing Agreement; or

(10) at any time when the Aggregate Credit Agreement Exposure is more than $55 million or more than the aggregate principal amount of outstanding Notes, to make any amendment or modification to any Security Document or the Collateral Sharing Agreement that applies equally to the lenders under the Credit Agreement and the Holders or that does not materially adversely affect the rights of the Holders; provided, however, that no amendment under this clause (10) shall directly or indirectly effect a release of collateral that is not permitted under Section 11.03 without the consent of Holders representing the Designated Percentage of the aggregate principal amount of Securities outstanding.

After an amendment under this Section becomes effective, the Company shall mail to Securityholders a notice briefly describing such amendment. The failure to

give such notice to all Securityholders, or any defect therein, shall not impair or affect the validity of an amendment under this Section.

SECTION 9.02. With Consent of Holders. The Company, the Subsidiary Guarantors and the Trustee may amend this Indenture, the Security Documents, the Collateral Sharing Agreement or the Securities without notice to any Securityholder but with the written consent of the Holders of at least a majority in principal amount of the Securities then outstanding (including consents obtained in connection with a tender offer or exchange for the Securities). However, without the consent of each Securityholder affected thereby, an amendment or waiver may not:

(1) reduce the amount of Securities whose Holders must consent to an amendment;

(2) reduce the rate of or extend the time for payment of interest on any Security;

(3) reduce the principal of or extend the Stated Maturity of any Security;

(4) reduce the premium payable upon the redemption of any Security or change the time at which any Security may be redeemed pursuant to paragraph 5 of the Securities;

(5) make any Security payable in money other than that stated in the Security;

(6) impair the right of any Holder to receive payment of principal of and interest or any premium on such Holder's Securities on or after the due dates therefore or to institute suit for the enforcement of any payment on or with respect to such Holder's Securities;

(7) make any change in Section 6.04 or 6.07 or the second sentence of this Section; or

(8) waive (A) any Default or Event of Default in the payment of the principal or interest on a Security or (B) a Default arising from the failure to redeem or purchase any Security when required pursuant to this Indenture.

It shall not be necessary for the consent of the Holders under this Section to approve the particular form of any proposed amendment, but it shall be sufficient if such consent approves the substance thereof.

After an amendment under this Section becomes effective, the Company shall mail to Securityholders a notice briefly describing such amendment. The failure to give such notice to all Securityholders, or any defect therein, shall not impair or affect the validity of an amendment under this Section.

SECTION 9.03. Compliance with Trust Indenture Act. Every amendment to this Indenture or the Securities shall comply with the TIA as then in effect.

SECTION 9.04. Revocation and Effect of Consents and Waivers. A consent to an amendment or a waiver by a Holder of a Security shall bind the Holder and every subsequent Holder of that Security or portion of the Security that evidences the same debt as the consenting Holder's Security, even if notation of the consent or waiver is not made on the Security. However, any such Holder or subsequent Holder may revoke the consent or waiver as to such Holder's Security or portion of the Security if the Trustee receives the notice of revocation before the date the amendment or waiver becomes effective. After an amendment or waiver becomes effective, it shall bind every Securityholder. An amendment or waiver becomes effective upon the execution of such amendment or waiver by the Trustee.

The Company may, but shall not be obligated to, fix a record date for the purpose of determining the Securityholders entitled to give their consent or take any other action described above or required or permitted to be taken pursuant to this Indenture. If a record date is fixed, then notwithstanding the immediately preceding paragraph, those Persons who were Securityholders at such record date (or their duly designated proxies), and only those Persons, shall be entitled to give such consent or to revoke any consent previously given or to take any such action, whether or not such Persons continue to be Holders after such record date. No such consent shall be valid or effective for more than 120 days after such record date.

SECTION 9.05. Notation on or Exchange of Securities. If an amendment changes the terms of a

Security, the Trustee may require the Holder of the Security to deliver it to the Trustee. The Trustee may place an appropriate notation on the Security regarding the changed terms and return it to the Holder. Alternatively, if the Company or the Trustee so determines, the Company in exchange for the Security shall issue and the Trustee shall authenticate a new Security that reflects the changed terms. Failure to make the appropriate notation or to issue a new Security shall not affect the validity of such amendment.

SECTION 9.06. Trustee To Sign Amendments. The Trustee shall sign any amendment authorized pursuant to this Article 9 if the amendment does not adversely affect the rights, duties, liabilities or immunities of the Trustee. If it does, the Trustee may but need not sign it. In signing such amendment the Trustee shall be entitled to receive indemnity reasonably satisfactory to it and to receive, and (subject to Section 7.01) shall be fully protected in relying upon, an Officers' Certificate and an Opinion of Counsel stating that such amendment is authorized or permitted by this Indenture.

ARTICLE 10

Subsidiary Guarantees

SECTION 10.01. Guarantees. Each Subsidiary Guarantor hereby unconditionally and irrevocably guarantees, jointly and severally, to each Holder and to the Trustee and its successors and assigns (a) the full and punctual payment of principal of and interest on the Securities when due, whether at maturity, by acceleration, by redemption or otherwise, and all other monetary obligations of the Company under this Indenture, the Security Documents, the Collateral Sharing Agreement and the Securities and (b) the full and punctual performance within applicable grace periods of all other obligations of the Company under this Indenture and the Securities (all the foregoing being hereinafter collectively called the "Obligations"). Each Subsidiary Guarantor further agrees that the Obligations may be extended or renewed, in whole or in part, without notice or further assent from such Subsidiary Guarantor and that such Subsidiary Guarantor will remain bound under this Article 10 notwithstanding any extension or renewal of any Obligation.

Each Subsidiary Guarantor waives presentation to, demand of, payment from and protest to the Company or any other Subsidiary Guarantor of any of the Obligations and also waives notice of protest for nonpayment. Each Subsidiary Guarantor waives notice of any default or Event of Default under the Securities or the Obligations. The obligations of each Subsidiary Guarantor hereunder shall be unconditional and absolute and shall not be affected by (1) the failure of any Holder or the Trustee to assert any claim or demand or to enforce any right or remedy against the Company or any other Person (including any Subsidiary Guarantor) under this Indenture, the Securities or any other agreement or otherwise; (2) any extension or renewal of any Obligation; (3) any rescission, waiver, amendment, modification or supplement of any of the terms or provisions of this Indenture, the Securities, any Security Document or any other agreement; (4) the release of any security held by any Holder or the Trustee for the Obligations or any of them; (5) the failure of any Holder or the Trustee to exercise any right or remedy against any other guarantor of any Obligations or the failure of any other Subsidiary Guarantor to sign or become party to the Indenture or any amendment, change, or reaffirmation of this Indenture; (6) the election by, or on behalf of, any one or more of the Holders, in any proceeding instituted under Chapter 11 of Title 11 of the United States Code (11 U.S.C. 101 et seq.) (the "Bankruptcy Code"), of the application of Section 1111(b)(2) of the Bankruptcy Code; (7) any borrowing or grant of a security interest by the Company, as debtor-in-possession, under Section 364 of the Bankruptcy Code; (8) the disallowance, under Section 502 of the Bankruptcy Code, of all or any portion of the claims of any of the holders of secured Obligations for repayment of all or any part of the guaranteed Obligations; or (9) except as set forth in Section 10.06, any change in the organizational structure or ownership of the Company or any Subsidiary Guarantor.

Except as expressly set forth in Sections 8.01(b), 10.02 and 10.06, the obligations of each Subsidiary Guarantor hereunder shall not be subject to any reduction, limitation, impairment or termination for any reason, including any claim of waiver, release, surrender, alteration or compromise, and shall not be subject to any defense of setoff, counterclaim, recoupment or termination whatsoever or by reason of the invalidity, illegality or unenforceability of the Obligations or otherwise. Without

limiting the generality of the foregoing, the obligations of each Subsidiary Guarantor herein shall not be discharged or impaired or otherwise affected by the failure of any Holder or the Trustee or the Collateral Agent to assert any claim or demand or to enforce any remedy under this Indenture, the Securities, the Security Documents or any other agreement, by any waiver or modification of any thereof, by any default, failure or delay, willful or otherwise, in the performance of the obligations, or by any other act or thing or omission or delay to do any other act or thing which may or might in any manner or to any extent vary the risk of such Subsidiary Guarantor or would otherwise operate as a discharge of such Subsidiary Guarantor as a matter of law or equity.

Each Subsidiary Guarantor further agrees that its Guarantee herein shall continue to be effective or be reinstated, as the case may be, if at any time payment, or any part thereof, of principal of or interest on any Obligation is rescinded or must otherwise be restored by any Holder or the Trustee upon the bankruptcy or reorganization of the Company or otherwise.

In furtherance of the foregoing and not in limitation of any other right which any Holder or the Trustee has at law or in equity against any Subsidiary Guarantor by virtue hereof, upon the failure of the Company to pay the principal of or premium or interest on any Obligation when and as the same shall become due, whether at maturity, by acceleration, by redemption or otherwise, or to perform or comply with any other Obligation, each Subsidiary Guarantor hereby promises to and shall, upon receipt of written demand by the Trustee, forthwith pay, or cause to be paid, in cash, to the Collateral Agent for the benefit of the Holders an amount equal to the sum of (A) the unpaid amount of such Obligations, (B) accrued and unpaid interest on such Obligations (but only to the extent not prohibited by law) and (C) all other monetary Obligations of the Company to the Holders and the Trustee.

Each Subsidiary Guarantor agrees that it shall not be entitled to exercise any right of subrogation in relation to the Holders in respect of any Obligations guaranteed hereby until payment in full of all Obligations. Each Subsidiary Guarantor agrees that any and all claims of such Subsidiary Guarantor against the Company or any other Subsidiary Guarantor hereunder (each an "Obligor") with respect to any "Intercompany Indebtedness" (as

hereinafter defined), shall be subordinate and subject in right of payment to the prior payment, in full and in cash, of all Obligations; provided that, and not in contravention of the foregoing, unless an Event of Default has occurred and is continuing and such Subsidiary Guarantor receives from the Trustee a payment blockage notice hereunder that has not been withdrawn such Subsidiary Guarantor may make loans to and receive payments with respect to such Intercompany Indebtedness from each such Obligor to the extent not prohibited by the terms of this Indenture. "Intercompany Indebtedness", for purposes of this paragraph, means any payment or distribution of any kind or character, either in cash, securities or other property, which shall be payable or deliverable upon or with respect to any indebtedness of any Obligor to any Subsidiary Guarantor. Each Subsidiary Guarantor further agrees that, as between it, on the one hand, and the Holders and the Trustee, on the other hand, (i) the maturity of the Obligations Guaranteed hereby may be accelerated as provided in Article 6 for the purposes of such Subsidiary Guarantor's Subsidiary Guarantee herein, notwithstanding any stay, injunction or other prohibition preventing such acceleration in respect of the Obligations guaranteed hereby, and (ii) in the event of any declaration of acceleration of such Obligations as provided in Article 6, such Obligations (whether or not due and payable) shall forthwith become due and payable by such Subsidiary Guarantor for the purposes of this Section.

Each Subsidiary Guarantor also agrees to pay any and all costs and expenses (including reasonable attorneys' fees) incurred by the Trustee or any Holder in enforcing any rights under this Section.

SECTION 10.02. Limitation on Liability. Any term or provision of this Indenture to the contrary notwithstanding, the maximum aggregate amount of the Obligations guaranteed hereunder by any Subsidiary Guarantor shall not exceed the maximum amount that can be hereby guaranteed without rendering this Indenture, as it relates to such Subsidiary Guarantor, voidable under applicable law relating to fraudulent conveyance or fraudulent transfer or similar laws affecting the rights of creditors generally.

SECTION 10.03. Successors and Assigns. This Article 10 shall be binding upon each Subsidiary Guarantor and its successors and assigns and shall inure to the

benefit of the successors and assigns of the Trustee and the Holders and, in the event of any transfer or assignment of rights by any Holder or the Trustee, the rights and privileges conferred upon that party in this Indenture and in the Securities shall automatically extend to and be vested in such transferee or assignee, all subject to the terms and conditions of this Indenture.

SECTION 10.04. No Waiver. Neither a failure nor a delay on the part of either the Trustee or the Holders in exercising any right, power or privilege under this Article 10 shall operate as a waiver thereof, nor shall a single or partial exercise thereof preclude any other or further exercise of any right, power or privilege. The rights, remedies and benefits of the Trustee and the Holders expressly specified herein and in the Collateral Sharing Agreement and the Security Documents are cumulative and not exclusive of any other rights, remedies or benefits which either may have under this Article 10 at law, in equity, by statute or otherwise.

SECTION 10.05. Modification. No modification, amendment or waiver of any provision of this Article 10, nor the consent to any departure by any Subsidiary Guarantor therefrom, shall in any event be effective unless the same shall be in writing and signed by the Trustee, and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given. No notice to or demand on any Subsidiary Guarantor in any case shall entitle such Subsidiary Guarantor to any other or further notice or demand in the same, similar or other circumstances.

SECTION 10.06. Release of Subsidiary Guarantor. Upon any release of a Subsidiary Guarantor by the Collateral Agent that is permitted under the Indenture and the Collateral Sharing Agreement, such Subsidiary Guarantor shall be deemed released from all obligations under this Article 10 without any further action required on the part of the Trustee or any Holder. At the request of the Company, the Trustee shall execute and deliver an appropriate instrument evidencing such release.

In addition, a Subsidiary Guarantee of the Securities provided by a Subsidiary Guarantor will be released without any actions required on the part of the Trustee or any Holder:

(1) if (a) all of the Capital Stock of, or other equity interests in, or all or substantially all of the assets of such Subsidiary Guarantor is sold or otherwise disposed of (including by way of merger or consolidation) to a person other than the Company or any of the Company's Domestic Subsidiaries or (b) such Subsidiary Guarantor ceases to be a Restricted Subsidiary, and in each case the Company otherwise complies, to the extent applicable, with Sections 4.06, 4.09 and 11.03;

(2) if the Company designates such Subsidiary Guarantor as an Unrestricted Subsidiary;

(3) upon the Company's request if the fair market value of the assets of the applicable Subsidiary Guarantor (as determined in good faith by the Board of Directors), together with the fair market value of the assets of other Subsidiary Guarantors whose Subsidiary Guarantee was released in the same calendar year, pursuant to this clause and any other assets released pursuant to Section 11.03(a)(6) in the same calendar year do not exceed $1.0 million (subject to cumulative carryover for amounts not used in any prior calendar year); or

(4) if the guarantee by such Subsidiary Guarantor of the Credit Agreement Obligations is released; provided that any release of the liens of the Security Documents on the assets or stock of such Subsidiary in connection with such release is permitted under Section 11.03 of this Indenture.

SECTION 10.07. Contribution. Each Subsidiary Guarantor that makes a payment under its Subsidiary Guarantee shall be entitled upon payment in full of all guarantied obligations under this Indenture to a contribution from each other Subsidiary Guarantor in an amount equal to such other Subsidiary Guarantor's pro rata portion of such payment based on the respective net assets of all the Subsidiary Guarantors at the time of such payment determined in accordance with GAAP.

ARTICLE 11

Collateral and Security

SECTION 11.01. Security Documents. The due and punctual payment of the principal of and accrued and unpaid interest, if any, on the Securities when and as the same shall be due and payable, whether on an interest payment date, at maturity, by acceleration, repurchase, redemption or otherwise, and interest on the overdue principal of and interest and premium, if any, on the Securities and performance of all other Obligations of the Company and the Subsidiary Guarantors to the Holders or the Trustee under this Indenture and the Securities, according to the terms hereunder or thereunder, are secured as provided in the Security Documents which define the terms of the Liens that secure the Obligations and provide that the Liens granted thereunder secure the Obligations on a first-priority basis equally and ratably with all Credit Agreement Obligations, subject to the terms of the Collateral Sharing Agreement. Each Holder, by its acceptance of a Security, consents and agrees to all of the terms of the Security Documents and the Collateral Sharing Agreement (including the provisions providing for the exercise of remedies and release of Collateral) as the same may be in effect or may be amended from time to time in accordance with their terms and the terms of this Indenture, and authorizes and directs the Trustee to enter into the Security Documents and the Collateral Sharing Agreement and to perform its obligations and exercise its rights thereunder in accordance therewith. The Company shall deliver to the Trustee (if it is not itself then the Collateral Agent) copies of all documents delivered to the Collateral Agent pursuant to the Security Documents and the Collateral Sharing Agreement, and will do or cause to be done all such acts and things as may be required by the next sentence of this Section 11.01, to assure and confirm to the Trustee the Liens upon the Collateral contemplated hereby, by the Security Documents or any part thereof, as from time to time constituted, so as to render the same available for the security and benefit of this Indenture and of the Obligations secured hereby, according to the intent and purposes herein expressed. To the extent required pursuant to the Security Documents, the Company shall take, and shall cause its Restricted Subsidiaries to take, any and all actions reasonably required to cause the Security Documents to create and maintain, as security for the Obligations of the

Company and the Subsidiary Guarantors hereunder, a valid and enforceable perfected Lien on all the Collateral, in favor of the Collateral Agent for the ratable benefit of the Secured Parties (as defined in the Collateral Sharing Agreement), equal in priority (subject to Permitted Liens) to any and all Liens at any time granted upon the Collateral to secure Credit Agreement Obligations or any other first-priority Liens. Each of the Trustee and the Company hereby acknowledge and agree that the Collateral Agent holds the Collateral for the ratable benefit of the Holders, the Trustee and the other Secured Parties (as defined in the Collateral Sharing Agreement) pursuant to the terms of the Security Documents and subject to the terms of the Collateral Sharing Agreement.

SECTION 11.02. Recording and Opinions. (a)The Company shall deliver to the Trustee:

(1) Promptly after the issuance of the Exchange Securities, an Opinion of Counsel either stating that in the opinion of such counsel this Indenture and the Security Documents (or including financing statements or other instruments, as applicable) have been properly recorded and filed so as to make effective the Lien intended to be created for the benefit of the Holders, and reciting the details of such action, or stating that in the opinion of such counsel no such action is necessary to make such Lien effective; and

(2) On or before February 15 of each year, an Opinion of Counsel either stating that in the opinion of such counsel such action has been taken with respect to the recording, filing, re-recording and re-filing of the Indenture and the Security Documents (or financing statements or other instruments, as applicable) as is necessary to maintain the Lien intended to be created thereby for the benefit of the Holders, and reciting the details of such action, or stating that in the opinion of such counsel no such action is necessary to maintain such Lien.

(b) The Company shall otherwise comply with the provisions of TIA Section 314(b).

SECTION 11.03. Release of Collateral. (a) Subject to subsection (b) and (c) of this Section 11.03, without the consent of the Trustee or any Holder, the Company and the Subsidiary Guarantors will be entitled

to releases of assets included in the Collateral from the Liens securing the Securities under any one or more of the following circumstances:

(1) if all other Liens on that asset securing Credit Agreement Obligations (including commitments thereunder) then secured by that asset are released;

(2) if such asset is sold, transferred, leased or otherwise disposed of in a transaction that constitutes an Asset Disposition;

(3) if such asset is sold, transferred, leased or otherwise disposed of in a transaction that does not constitute an Asset Disposition as provided in clause (1) through (9) of the definition thereof;

(4) if the Company provides substitute collateral with at least an equivalent fair value as determined in good faith by the Board of Directors;

(5) if any Subsidiary Guarantor is released from its Subsidiary Guarantee in accordance with the terms of this Indenture, the Security Documents and the Collateral Sharing Agreement, then such Subsidiary's assets and the stock of such Subsidiary that is pledged to the Collateral Agent shall be released;

(6) in respect of assets included in the Collateral with a fair value, as determined in good faith by the Board of Directors, of up to $1 million in any calendar year, subject to a cumulative carryover for any amount not used in any prior calendar year; or

(7) upon satisfaction by the Company of the conditions set forth in Article 8 to its legal defeasance option, its covenant defeasance option or the discharge of this Indenture, all Liens on the Collateral of this Indenture and the Security Documents shall be released;

provided, however, that the consent of Holders representing the Designated Percentage of the aggregate principal amount of Securities outstanding shall be required for any such release pursuant to clause (1), (2) or (5) if the sum of the aggregate fair value (as determined in good faith by the Board

of Directors) of Collateral released pursuant to clauses (1), (2) and (5) since the Issue Date exceeds $50 million (including for purposes of such calculation the instant release, but excluding all releases since the Issue Date that are or were in connection with Asset Dispositions and that constitute or constituted Ratable Paydown Dispositions under Section 4.06).

(b) Except as provided in subsection (c) below, at any time when an Event of Default has occurred and is continuing, the consent of Holders representing the Designated Percentage of the aggregate principal amount of Securities outstanding shall be required for any release of Collateral pursuant to clauses (1), (2) and (5) of subsection (a) above, unless such release is in connection with a Ratable Paydown Disposition or unless such release is in connection with a disposition of Collateral in which the proceeds thereof are to be held or applied in accordance with Article IV of the Collateral Sharing Agreement.

(c) Nothing herein shall be deemed to limit or restrict the release of Collateral or dispositions of assets in connection with the exercise of remedies by the Collateral Agent pursuant to and in accordance with the terms of the Collateral Sharing Agreement and the Security Documents.

(d) The release of any Collateral from the terms of this Indenture and the Security Documents shall not be deemed to impair the security under this Indenture in contravention of the provisions hereof if and to the extent the Collateral is released pursuant to the terms of the Security Documents, the Collateral Sharing Agreement and this Indenture. To the extent applicable, the Company will cause TIA ss. 313(b), relating to reports, and TIA ss. 314(d), relating to the release of property or securities from the Lien and security interest of the Security Documents and relating to the substitution therefor of any property or securities to be subjected to the Lien and security interest of the Security Documents, to be complied with. Any certificate or opinion required by TIA ss. 314(d) may be made by an Officer of the Company except in cases where TIA ss. 314(d) requires that such certificate or opinion be made by an independent Person, which Person will be an independent engineer, appraiser or other expert selected or

approved by the Trustee and the Collateral Agent in the exercise of reasonable care.

(e) Certificates. To the extent applicable, the Company shall furnish to the Trustee and the Collateral Agent all documents required by TIA ss. 314(d) (as the same may be modified by any exemptive relief granted to the Company by the SEC).

The Trustee may, to the extent permitted by Sections 7.01 and 7.02 hereof, accept as conclusive evidence of compliance with the foregoing provisions the appropriate statements contained in such documents. The Company shall furnish to the Trustee photocopies of all certificates of officers of the Company delivered to the Collateral Agent pursuant to the Security Documents or the Collateral Sharing Agreement in connection with a release of property or securities from the Lien and security interest of the Security Documents.

SECTION 11.04. [Reserved]

SECTION 11.05. Authorization of Actions to Be Taken by the Trustee Under the Security Documents and the Collateral Sharing Agreement. Subject to the provisions of Section 7.01 and 7.02 hereof and the Collateral Sharing Agreement, the Trustee may, in its sole discretion and without the consent of the Holders, take, on behalf of the Holders, or direct, on behalf of the Holders, the Collateral Agent to take, all actions it deems necessary or appropriate in order to:

(a) enforce any of the terms of the Security Documents and the Collateral Sharing Agreement; and

(b) collect and receive any and all amounts payable in respect of the Obligations of the Company and the Subsidiary Guarantors hereunder.

Subject to the Collateral Sharing Agreement, the Trustee will have power to institute and maintain such suits and proceedings as it may deem expedient to prevent any impairment of the Collateral by any acts that may be unlawful or in violation of the Security Documents or this Indenture, and such suits and proceedings as the Trustee may deem expedient to preserve or protect its interests and the interests of the Holders in the Collateral (including power to institute and maintain suits or proceedings to

restrain the enforcement of or compliance with any legislative or other governmental enactment, rule or order that may be unconstitutional or otherwise invalid if the enforcement of, or compliance with, such enactment, rule or order would impair the security interest hereunder or be prejudicial to the interests of the Holders or of the Trustee).

SECTION 11.06. Authorization of Receipt and Distribution of Funds by the Trustee Under the Security Documents and the Collateral Sharing Agreement. The Trustee is authorized to receive any funds for the benefit of the Holders distributed under the Security Documents and the Collateral Sharing Agreement, and to make further distributions of such funds to the Holders according to the provisions of this Indenture.

SECTION 11.07. Termination of Security Interest. The Trustee will, at the request of the Company, deliver a certificate to the Collateral Agent stating that the Obligations have been paid in full, and instruct the Collateral Agent to release the Liens securing the Obligations pursuant to this Indenture and the Security Documents upon (1) payment in full of the principal of, and accrued and unpaid interest, if any, on, the Securities and all other Obligations under this Indenture, the Subsidiary Guarantees and the Security Documents that are due and payable at or prior to the time such principal, accrued and unpaid interest, if any, are paid, (2) a satisfaction and discharge of this Indenture as described in Article 8 or (3) a legal defeasance or covenant defeasance as described in Article 8. Upon receipt of such instruction, the Trustee, if it is the Collateral Agent, shall, or, if it is not the Collateral Agent, shall request the Collateral Agent to, execute, deliver or acknowledge any necessary or proper instruments of termination, satisfaction or release to evidence the release of all such Liens.

SECTION 11.08. Trustee Serving as Collateral Agent; Amendments or Supplements to, or Replacements of, the Security Documents and the Collateral Agency Agreement. (a) If the Trustee shall become the Collateral Agent, it shall be authorized to appoint co-Collateral Agents as necessary in its sole discretion. Except as otherwise explicitly provided herein or in the Security Documents or the Collateral Sharing Agreement, neither the Trustee nor any of its respective officers, directors, employees or agents shall be liable for failure to demand, collect or

realize upon any of the Collateral or for any delay in doing so or shall be under any obligation to sell or otherwise dispose of any Collateral upon the request of any other Person or to take any other action whatsoever with regard to the Collateral or any part thereof. The Trustee shall be accountable only for amounts that it actually receives as a result of the exercise of such powers, and neither the Trustee nor any of its officers, directors, employees or agents shall be responsible for any act or failure to act hereunder, except for its own willful misconduct, negligence or bad faith.

(b) The Trustee is authorized and directed to (i) if the Trustee shall become the Collateral Agent, enter into the Security Documents, (ii) enter into the Collateral Sharing Agreement, (iii) bind the Holders on the terms as set forth in the Security Documents and the Collateral Sharing Agreement and (iv) perform and observe its obligations under the Security Documents and the Collateral Sharing Agreement.

(c) If at any time following the Discharge of Credit Agreement Obligations the Company or any Subsidiary Guarantor (i) incurs Indebtedness under any bank credit facility pursuant to Section 4.03, the Company shall deliver to the Trustee an Officers' Certificate so stating and requesting the Trustee to enter into one or more amendments or supplements to, or replacements of, the Security Documents, as applicable, and the Collateral Sharing Agreement establishing and setting forth the respective rights of the holders of such bank credit facility Obligations and the Holders in respect of their shared first priority Lien on the Collateral. Any such amendment, supplement or replacement of the Collateral Sharing Agreement shall include substantially the same terms as are set forth in the Collateral Sharing Agreement. The Trustee shall (and is hereby authorized and directed to) enter into such amendments or supplements to, or replacements of, the Security Documents, as applicable, and the Collateral Sharing Agreement, bind the Holders on the terms set forth therein, and perform and observe its obligations thereunder.

SECTION 11.09. Designations. For purposes of the provisions hereof and the Collateral Sharing Agreement requiring the Company to designate Indebtedness for the purposes of the term "Credit Agreement Obligations", "First Lien Credit Facilities" or any other such designations

hereunder or any such similar designations under the Collateral Sharing Agreement, any such designation shall be sufficient if the relevant designation is set forth in writing, signed on behalf of the Company by an Officer and delivered to the Trustee and the Collateral Agent. For all purposes hereof and the Collateral Sharing Agreement, the Company hereby designates the Credit Facilities provided pursuant to the Credit Agreement as a "First Lien Credit Facility" and any obligations in respect of the Credit Agreement as "Credit Agreement Obligations".

ARTICLE 12

Miscellaneous

SECTION 12.01. Trust Indenture Act Controls. If any provision of this Indenture limits, qualifies or conflicts with another provision which is required to be included in this Indenture by the TIA, the required provision shall control.

SECTION 12.02. Notices. Any notice or communication shall be in writing and delivered in person or mailed by first-class mail addressed as follows:

if to the Company or any Subsidiary Guarantor:

Roto-Rooter, Inc.
255 East Fifth Street
Cincinnati, Ohio 45202
Facsimile: (513) 287-6216

Attention: General Counsel

if to the Trustee:

Wells Fargo Bank, N.A.
Corporate Trust
Sixth Street and Marquette Avenue
MAC N303-120
Minneapolis, MN 55475
Facsimile: (612) 667-9875

Attention: Jeffrey T. Rose

The Company, any Subsidiary Guarantor or the Trustee by notice to the other may designate additional or

different addresses for subsequent notices or communications.

Any notice or communication mailed to a Securityholder shall be mailed to the Securityholder at the Securityholder's address as it appears on the registration books of the Registrar and shall be sufficiently given if so mailed within the time prescribed.

Failure to mail a notice or communication to a Securityholder or any defect in it shall not affect its sufficiency with respect to other Securityholders. If a notice or communication is mailed in the manner provided above, it is duly given, whether or not the addressee receives it.

SECTION 12.03. Communication by Holders with Other Holders. Securityholders may communicate pursuant to TIA ss. 312(b) with other Securityholders with respect to their rights under this Indenture or the Securities. The Company, any Subsidiary Guarantor, the Trustee, the Registrar and anyone else shall have the protection of TIA ss. 312(c).

SECTION 12.04. Certificate and Opinion as to Conditions Precedent. Upon any request or application by the Company to the Trustee to take or refrain from taking any action under this Indenture, the Company shall furnish to the Trustee:

(1) an Officers' Certificate in form and substance reasonably satisfactory to the Trustee stating that, in the opinion of the signers, all conditions precedent, if any, provided for in this Indenture relating to the proposed action have been complied with; and

(2) an Opinion of Counsel in form and substance reasonably satisfactory to the Trustee stating that, in the opinion of such counsel, all such conditions precedent have been complied with.

SECTION 12.05. Statements Required in Certificate or Opinion. Each certificate or opinion with respect to compliance with a covenant or condition provided for in this Indenture shall include:

(1) a statement that the individual making such certificate or opinion has read such covenant or condition;

(2) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based;

(3) a statement that, in the opinion of such individual, he has made such examination or investigation as is necessary to enable him to express an informed opinion as to whether or not such covenant or condition has been complied with; and

(4) a statement as to whether or not, in the opinion of such individual, such covenant or condition has been complied with.

SECTION 12.06. When Securities Disregarded. In determining whether the Holders of the required principal amount of Securities have concurred in any direction, waiver or consent, Securities owned by the Company or by any Person directly or indirectly controlling or controlled by or under direct or indirect common control with the Company shall be disregarded and deemed not to be outstanding, except that, for the purpose of determining whether the Trustee shall be protected in relying on any such direction, waiver or consent, only Securities which the Trustee knows are so owned shall be so disregarded. Also, subject to the foregoing, only Securities outstanding at the time shall be considered in any such determination.

SECTION 12.07. Rules by Trustee, Paying Agent and Registrar. The Trustee may make reasonable rules for action by or a meeting of Securityholders. The Registrar and the Paying Agent may make reasonable rules for their functions.

SECTION 12.08. Legal Holidays. If a payment date is a Legal Holiday, payment shall be made on the next succeeding day that is not a Legal Holiday, and no interest shall accrue for the intervening period. If a regular record date is a Legal Holiday, the record date shall not be affected.

SECTION 12.09. Governing Law. This Indenture and the Securities shall be governed by, and construed in

accordance with, the laws of the State of New York but without giving effect to applicable principles of conflicts of law to the extent that the application of the laws of another jurisdiction would be required thereby.

SECTION 12.10. No Recourse Against Others. A director, officer, employee or stockholder, as such, of the Company or any Subsidiary Guarantor shall not have any liability for any obligations of the Company under the Securities or this Indenture or of such Subsidiary Guarantor under its Subsidiary Guarantee or this Indenture or for any claim based on, in respect of or by reason of such obligations or their creation. By accepting a Security, each Securityholder shall waive and release all such liability. The waiver and release shall be part of the consideration for the issue of the Securities.

SECTION 12.11. Successors. All agreements of the Company and the Subsidiary Guarantors in this Indenture and the Securities shall bind their respective successors. All agreements of the Trustee in this Indenture shall bind its successors.

SECTION 12.12. Multiple Originals. The parties may sign any number of copies of this Indenture. Each signed copy shall be an original, but all of them together represent the same agreement. One signed copy is enough to prove this Indenture.

SECTION 12.13. Table of Contents; Headings. The table of contents, cross-reference sheet and headings of the Articles and Sections of this Indenture have been inserted for convenience of reference only, are not intended to be considered a part hereof and shall not modify or restrict any of the terms or provisions hereof.

IN WITNESS WHEREOF, the parties have caused this Indenture to be duly executed as of the date first written above.

ROTO-ROOTER, INC.

By: /s/ Kevin J. McNamara

Name: Kevin J. McNamara
Title: President and
Chief Executive Officer

JET RESOURCE, INC.

By: /s/ Naomi C. Dallob

Name: Naomi C. Dallob
Title: Secretary

NUROTOCO OF NEW JERSEY, INC.

By: /s/ Naomi C. Dallob

Name: Naomi C. Dallob
Title: Secretary

CCR OF OHIO INC.

By: /s/ Kevin J. McNamara

Name: Kevin J. McNamara
Title: Vice Chairman

ROTO-ROOTER DEVELOPMENT COMPANY

By: /s/ Naomi C. Dallob

Name: Naomi C. Dallob
Title: Secretary

ROTO-ROOTER MANAGEMENT COMPANY

By: /s/ Kevin J. McNamara

Name: Kevin J. McNamara
Title: Vice Chairman

R.R. UK, INC.

By: /s/ Naomi C. Dallob

Name: Naomi C. Dallob
Title: Secretary

SERVICE AMERICA NETWORK, INC.

By: /s/ Naomi C. Dallob

Name: Naomi C. Dallob
Title: Secretary

ROTO-ROOTER CORPORATION

By: /s/ Naomi C. Dallob

Name: Naomi C. Dallob
Title: Secretary

ROTO-ROOTER SERVICES COMPANY

By: /s/ Naomi C. Dallob

Name: Naomi C. Dallob
Title: Secretary

NUROTOCO OF MASSACHUSETTS, INC.

By: /s/ Naomi C. Dallob

Name: Naomi C. Dallob
Title: Assistant Clerk

COMFORT CARE HOLDINGS CO.

By: /s/ Kevin J. McNamara

Name: Kevin J. McNamara
Title: Vice President

R.R. PLUMBING SERVICES CORPORATION

By: /s/ Naomi C. Dallob

Name: Naomi C. Dallob
Title: Secretary

COMPLETE PLUMBING SERVICES, INC.

By: /s/ Naomi C. Dallob

Name: Naomi C. Dallob
Title: Secretary

CONSOLIDATED HVAC, INC.

By: /s/ Naomi C. Dallob

Name: Naomi C. Dallob
Title: Secretary

VITAS HEALTHCARE CORPORATION

By: /s/ Timothy S. O'Toole

Name: Timothy S. O'Toole
Title: President

VITAS HOSPICE SERVICES, L.L.C.

By: /s/ Timothy S. O'Toole

Name: Timothy S. O'Toole
Title: President

VITAS HEALTHCARE CORPORATION OF CALIFORNIA

By: /s/ Timothy S. O'Toole

Name: Timothy S. O'Toole
Title: President

VITAS HEALTHCARE CORPORATION OF ILLINOIS

By: /s/ Timothy S. O'Toole

Name: Timothy S. O'Toole
Title: President

VITAS HEALTHCARE CORPORATION OF OHIO

By: /s/ Timothy S. O'Toole

Name: Timothy S. O'Toole
Title: President

VITAS HEALTHCARE CORPORATION OF PENNSYLVANIA

By: /s/ Timothy S. O'Toole

Name: Timothy S. O'Toole
Title: President

VITAS HEALTHCARE CORPORATION OF WISCONSIN

By: /s/ Timothy S. O'Toole

Name: Timothy S. O'Toole
Title: President

VITAS HME SOLUTIONS, INC.

By: /s/ Timothy S. O'Toole

Name: Timothy S. O'Toole
Title: President

VITAS HOLDINGS CORPORATION

By: /s/ Timothy S. O'Toole

Name: Timothy S. O'Toole
Title: President

HOSPICE CARE INCORPORATED

By: /s/ Timothy S. O'Toole
Name: Timothy S. O'Toole
Title: President

HOSPICE, INC.

By: /s/ Timothy S. O'Toole

Name: Timothy S. O'Toole
Title: President

VITAS HEALTHCARE CORPORATION OF FLORIDA

By: /s/ Timothy S. O'Toole

Name: Timothy S. O'Toole
Title: President

VITAS HEALTHCARE CORPORATION OF CENTRAL FLORIDA

By: /s/ Timothy S. O'Toole

Name: Timothy S. O'Toole
Title: President

VITAS HEALTHCARE OF TEXAS, L.P.

By: Vitas Hospice Services, L.L.C., its General Partner

By: /s/ Timothy S. O'Toole

Name: Timothy S. O'Toole
Title: President

Wells Fargo Bank, N.A.

By

/s/ Jeffrey Rose

Name: Jeffrey Rose
Title: Corporate Trust Officer

SCHEDULE I

CCR of Ohio Inc.
Comfort Care Holdings CO.
Complete Plumbing Services, Inc.
Consolidated HVAC, Inc.
Jet Resource, Inc.
Nurotoco of Massachusetts, Inc.
Nurotoco of New Jersey, Inc.
R.R. UK, Inc.
Roto-rooter Corporation
Roto-Rooter Development Company
Roto-Rooter Management Company
Roto-Rooter Services Company
R.R. Plumbing Services Corporation
Service America Network, Inc.
Hospice Care Incorporated
Hospice, Inc.
Vitas Healthcare Corporation
Vitas Healthcare Corporation of California
Vitas Healthcare Corporation of Central Florida
Vitas Healthcare Corporation of Florida
Vitas Healthcare Corporation of Illinois
Vitas Healthcare Corporation of Ohio
Vitas Healthcare Corporation of Pennsylvania
Vitas Healthcare Corporation of Wisconsin
Vitas HME Solutions, Inc.
Vitas Holdings Corporation
Vitas Hospice Services, L.L.C.
Vitas Healthcare of Texas, L.P.

APPENDIX

CERTAIN PROVISIONS RELATING TO SECURITIES

1. Definitions

1.1 Definitions

For the purposes of this Appendix the following terms shall have the meanings indicated below:

"Accredited Investor" has the meaning assigned to such term in Regulation D.

"Depository" means The Depository Trust Company, its nominees and their respective successors.

"Exchange Securities" means (1) the Floating Rate Senior Secured Notes Due 2010 issued pursuant to the Indenture in connection with a Registered Exchange Offer pursuant to a Registration Rights Agreement and (2) Additional Securities, if any, issued pursuant to a registration statement filed with the SEC under the Securities Act.

"Initial Holders" means (1) with respect to the Initial Securities issued on the Issue Date, the purchasers thereof, as set forth in the Purchase Agreements and (2) with respect to each issuance of Additional Securities, the Persons purchasing such Additional Securities under the related Purchase Agreements.

"Initial Securities" means (1) $110.0 million aggregate principal amount of Floating Rate Senior Secured Notes Due 2010 issued on the Issue Date and (2) Additional Securities, if any, issued in a transaction exempt from the registration requirements of the Securities Act.

"Purchase Agreement" means (1) with respect to the Initial Securities issued on the Issue Date, each Purchase Agreement dated February 24, 2004, among the Company, the Subsidiary Guarantors and an Initial Holder, and (2) with respect to each issuance of Additional Securities, each purchase agreement or underwriting agreement among the Company and the Persons purchasing such Additional Securities.

"Registered Exchange Offer" means the offer by the Company, pursuant to the Registration Rights Agreement, to certain Holders of Initial Securities, to issue and deliver to such Holders, in exchange for the Initial Securities, a like aggregate principal amount of Exchange Securities registered under the Securities Act.

"Registration Rights Agreement" means (1) with respect to the Initial Securities issued on the Issue Date, the Registration Rights Agreement dated February 24, 2004 among the Company and the Initial Holders and (2) with respect to each issuance of Additional Securities issued in a transaction exempt from the registration requirements of the Securities Act, the registration rights agreement, if any, among the Company and the Persons purchasing such Additional Securities under the related Purchase Agreement.

"Securities" means the Initial Securities and the Exchange Securities, treated as a single class.

"Securities Act" means the Securities Act of 1933.

"Securities Custodian" means the custodian with respect to a Global Security (as appointed by the Depository), or any successor Person thereto and shall initially be the Trustee.

"Shelf Registration Statement" means the registration statement issued by the Company in connection with the offer and sale of Initial Securities pursuant to the Registration Rights Agreement.

"Transfer Restricted Securities" means Securities that bear or are required to bear the legend set forth in Section 2.3(b) hereto.

1.2 OTHER DEFINITIONS

TERM	DEFINED IN SECTION:
"Agent Members"	2.1(b)
"Global Security"	2.1(a)
"Regulation D"	2.1(a)
"Restricted Global Security"	2.1(a)

2. THE SECURITIES.

2.1 (a) FORM AND DATING. Initial Securities offered and sold to an accredited investor in reliance on Section 4(2) of the Securities Act ("Section 4(2)") and/or Regulation D under the Securities Act ("Regulation D"), in each case as provided in a Purchase Agreement, shall be issued initially in the form of one or more permanent global Securities in definitive, fully registered form without interest coupons with the global securities legend and restricted securities legend set forth in Exhibit 1 hereto (each, a "Restricted Global Security"), which shall be deposited on behalf of the purchasers of the Initial Securities represented thereby with the Trustee, at its principal corporate trust office, as custodian for the Depository (or with such other custodian as the Depository may direct), and registered in the name of the Depository or a nominee of the Depository, duly executed by the Company and authenticated by the Trustee as hereinafter provided. The aggregate principal amount of the Global Securities may from time to time be increased or decreased by adjustments made on the records of the Trustee and the Depository or its nominee as hereinafter provided. Exchange Securities shall be issued in global form (with the global securities legend set forth in Exhibit 1 hereto) or in certificated form at the option of the Holders thereof from time to time. Exchange Securities issued in global form and Restricted Global Securities are sometimes referred to in this Appendix as "Global Securities".

(b) BOOK-ENTRY PROVISIONS. This Section 2.1(b) shall apply only to a Global Security deposited with or on behalf of the Depository.

The Company shall execute and the Trustee shall, in accordance with this Section 2.1(b), authenticate and deliver initially one or more Global Securities that (a) shall be registered in the name of the Depository for such Global Security or Global Securities or the nominee of such Depository and (b) shall be delivered by the Trustee to such Depository or pursuant to such Depository's instructions or held by the Trustee as custodian for the Depository.

Members of, or participants in, the Depository ("Agent Members") shall have no rights under this Indenture with respect to any Global Security held on their behalf by the Depository or by the Trustee as the custodian of the Depository or under such Global Security, and the Company, the Trustee and any agent of the Company or the Trustee

shall be entitled to treat the Depository as the absolute owner of such Global Security for all purposes whatsoever. Notwithstanding the foregoing, nothing herein shall prevent the Company, the Trustee or any agent of the Company or the Trustee from giving effect to any written certification, proxy or other authorization furnished by the Depository or impair, as between the Depository and its Agent Members, the operation of customary practices of such Depository governing the exercise of the rights of a holder of a beneficial interest in any Global Security.

(c) CERTIFICATED SECURITIES. Except as provided in this Section 2.1 or Section 2.3 or 2.4, owners of beneficial interests in Restricted Global Securities shall not be entitled to receive physical delivery of certificated Securities.

2.2 AUTHENTICATION. The Trustee shall authenticate and deliver: (1) on the Issue Date, an aggregate principal amount of $110.0 million Floating Rate Senior Secured Notes Due 2010, (2) any Additional Securities for an original issue in an aggregate principal amount specified in the written order of the Company pursuant to Section 2.02 of the Indenture and (3) Exchange Securities for issue only in a Registered Exchange Offer pursuant to the Registration Rights Agreement, for a like principal amount of Initial Securities, in each case upon a written order of the Company signed by two Officers or by an Officer and either an Assistant Treasurer or an Assistant Secretary of the Company. Such order shall specify the amount of the Securities to be authenticated and the date on which the original issue of Securities is to be authenticated and, in the case of any issuance of Additional Securities pursuant to Section 2.13 of the Indenture, shall certify that such issuance is in compliance with Section 4.03 of the Indenture. The aggregate principal amount of Securities outstanding at any time shall not exceed $220.0 million except as provided in Section 2.07 of the Indenture.

2.3 TRANSFER AND EXCHANGE.

(a) Transfer and Exchange of Global Securities.

(1) The transfer and exchange of Global Securities or beneficial interests therein shall be effected through the Depository, in accordance with the Indenture (including applicable restrictions on

transfer set forth herein, if any) and the procedures of the Depository therefor. A transferor of a beneficial interest in a Global Security shall deliver to the Registrar a written order given in accordance with the Depository's procedures containing information regarding the participant account of the Depository to be credited with a beneficial interest in the Global Security. The Registrar shall, in accordance with such instructions instruct the Depository to credit to the account of the Person specified in such instructions a beneficial interest in the Global Security and to debit the account of the Person making the transfer the beneficial interest in the Global Security being transferred.

(2) Notwithstanding any other provisions of this Appendix (other than the provisions set forth in Section 2.4), a Global Security may not be transferred as a whole except by the Depository to a nominee of the Depository or by a nominee of the Depository to the Depository or another nominee of the Depository or by the Depository or any such nominee to a successor Depository or a nominee of such successor Depository.

(3) In the event that a Restricted Global Security is exchanged for Securities in certificated registered form pursuant to Section 2.4 of this Appendix, prior to the consummation of a Registered Exchange Offer or the effectiveness of a Shelf Registration Statement with respect to such Securities, such Securities may be exchanged only in accordance with such procedures as are substantially consistent with the provisions of this Section 2.3 (including the certification requirements set forth on the reverse of the Initial Securities intended to ensure that such transfers comply with Rule 144A or Regulation S, as the case may be) and such other procedures as may from time to time be adopted by the Company.

(b) LEGEND.

(1) Except as permitted by the following paragraphs (2), (3) and (4), each Security certificate evidencing the Restricted Global Securities (and all Securities issued in exchange therefor or in substitution thereof) shall bear a legend in substantially the following form:

THIS NOTE (OR ITS PREDECESSOR) WAS ORIGINALLY ISSUED IN A TRANSACTION EXEMPT FROM REGISTRATION UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND THIS NOTE MAY NOT BE OFFERED, SOLD OR OTHERWISE TRANSFERRED IN THE ABSENCE OF SUCH REGISTRATION OR AN APPLICABLE EXEMPTION THEREFROM. EACH PURCHASER OF THIS NOTE IS HEREBY NOTIFIED THAT THE SELLER OF THIS NOTE MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE l44A THEREUNDER.

THE HOLDER OF THIS NOTE AGREES FOR THE BENEFIT OF THE COMPANY THAT (A) THIS NOTE MAY BE OFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED, ONLY (I) TO THE ISSUER THEREOF, (II) IN THE UNITED STATES TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A, (III) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT PROVIDED BY RULE 144 THEREUNDER (IF AVAILABLE), (IV) TO AN INSTITUTIONAL ACCREDITED INVESTOR IN A TRANSACTION EXEMPT FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT OR (V) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH OF CASES (I) THROUGH (V) IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF THE STATES AND OTHER JURISDICTIONS OF THE UNITED STATES, AND (B) THE HOLDER WILL, AND EACH SUBSEQUENT HOLDER IS REQUIRED TO, NOTIFY ANY PURCHASER OF THIS NOTE FROM IT OF THE RESALE RESTRICTIONS REFERRED TO IN (A) ABOVE.

(2) Upon any sale or transfer of a Transfer Restricted Security (including any Transfer Restricted Security represented by a Restricted Global Security) pursuant to Rule 144 under the Securities Act, the Registrar shall permit the transferee thereof to exchange such Transfer Restricted Security for a certificated Security that does not bear the legend

set forth above and rescind any restriction on the transfer of such Transfer Restricted Security, if the transferor thereof certifies in writing to the Registrar that such sale or transfer was made in reliance on Rule 144 (such certification to be in the form set forth on the reverse of the Security).

(3) After a transfer of any Initial Securities pursuant to and during the period of the effectiveness of a Shelf Registration Statement with respect to such Initial Securities, all requirements pertaining to legends on such Initial Security will cease to apply, the requirements requiring any such Initial Security issued to certain Holders be issued in global form will cease to apply, and a certificated Initial Security or an Initial Security in global form, in each case without restrictive transfer legends, will be available to the transferee of the Holder of such Initial Securities upon exchange of such transferring Holder's certificated Initial Security or directions to transfer such Holder's interest in the Global Security, as applicable.

(4) Upon the consummation of a Registered Exchange Offer with respect to the Initial Securities, all requirements pertaining to such Initial Securities that Initial Securities issued to certain Holders be issued in global form will still apply with respect to Holders of such Initial Securities that do not exchange their Initial Securities, and Exchange Securities in certificated or global form will be available to Holders that exchange such Initial Securities in such Registered Exchange Offer.

(c) CANCELLATION OR ADJUSTMENT OF GLOBAL SECURITY. At such time as all beneficial interests in a Global Security have either been exchanged for certificated Securities, redeemed, purchased or canceled, such Global Security shall be returned to the Depository for cancellation or retained and canceled by the Trustee. At any time prior to such cancellation, if any beneficial interest in a Global Security is exchanged for certificated Securities, redeemed, purchased or canceled, the principal amount of Securities represented by such Global Security shall be reduced and an adjustment shall be made on the books and records of the Trustee (if it is then the Securities Custodian for such Global Security) with respect

to such Global Security, by the Trustee or the Securities Custodian, to reflect such reduction.

(d) Obligations with Respect to Transfers and Exchanges of Securities.

(1) To permit registrations of transfers and exchanges, the Company shall execute and the Trustee shall authenticate certificated Securities and Global Securities at the Registrar's or co-registrar's request.

(2) No service charge shall be made for any registration of transfer or exchange, but the Company may require payment of a sum sufficient to cover any transfer tax, assessments, or similar governmental charge payable in connection therewith (other than any such transfer taxes, assessments or similar governmental charge payable upon exchange or transfer pursuant to Sections 3.06, 4.10 and 9.05 of the Indenture).

(3) The Registrar or co-registrar shall not be required to register the transfer of or exchange of any Security for a period beginning 15 Business Days before the mailing of a notice of an offer to repurchase or redeem Securities or 15 Business Days before an interest payment date.

(4) Prior to the due presentation for registration of transfer of any Security, the Company, the Trustee, the Paying Agent, the Registrar or any co-registrar may deem and treat the person in whose name a Security is registered as the absolute owner of such Security for the purpose of receiving payment of principal of and interest on such Security and for all other purposes whatsoever, whether or not such Security is overdue, and none of the Company, the Trustee, the Paying Agent, the Registrar or any co-registrar shall be affected by notice to the contrary.

(5) All Securities issued upon any transfer or exchange pursuant to the terms of the Indenture shall evidence the same debt and shall be entitled to the same benefits under this Indenture as the Securities surrendered upon such transfer or exchange.

(e) Obligation of the Trustee.

(1) The Trustee shall have no responsibility or obligation to any beneficial owner of a Global Security, a member of, or a participant in the Depository or other Person with respect to the accuracy of the records of the Depository or its nominee or of any participant or member thereof, with respect to any ownership interest in the Securities or with respect to the delivery to any participant, member, beneficial owner or other Person (other than the Depository) of any notice (including any notice of redemption) or the payment of any amount, under or with respect to such Securities. All notices and communications to be given to the Holders and all payments to be made to Holders under the Securities shall be given or made only to or upon the order of the registered Holders (which shall be the Depository or its nominee in the case of a Global Security). The rights of beneficial owners in any Global Security shall be exercised only through the Depository subject to the applicable rules and procedures of the Depository. The Trustee may rely and shall be fully protected in relying upon information furnished by the Depository with respect to its members, participants and any beneficial owners.

(2) The Trustee shall have no obligation or duty to monitor, determine or inquire as to compliance with any restrictions on transfer imposed under this Indenture or under applicable law with respect to any transfer of any interest in any Security (including any transfers between or among Depository participants, members or beneficial owners in any Global Security) other than to require delivery of such certificates and other documentation or evidence as are expressly required by, and to do so if and when expressly required by, the terms of this Indenture, and to examine the same to determine substantial compliance as to form with the express requirements hereof.

2.4 Certificated Securities.

(a) A Restricted Global Security deposited with the Depository or with the Trustee as custodian for the Depository pursuant to Section 2.1 shall be transferred to the beneficial owners thereof in the form of certificated

Securities in an aggregate principal amount equal to the principal amount of such Global Security, in exchange for such Global Security, only if such transfer complies with Section 2.3 and (1) the Depository notifies the Company that it is unwilling or unable to continue as Depository for such Restricted Global Security or if at any time such Depository ceases to be a "clearing agency" registered under the Exchange Act and a successor depositary is not appointed by the Company within 90 days of such notice, or (2) an Event of Default has occurred and is continuing or (3) the Company, in its sole discretion, notifies the Trustee in writing that it elects to cause the issuance of certificated Securities under this Indenture.

(b) Any Restricted Global Security that is transferable to the beneficial owners thereof pursuant to this Section shall be surrendered by the Depository to the Trustee located at its principal corporate trust office in the Borough of Manhattan, The City of New York, to be so transferred, in whole or from time to time in part, without charge, and the Trustee shall authenticate and deliver, upon such transfer of each portion of such Restricted Global Security, an equal aggregate principal amount of certificated Initial Securities of authorized denominations. Any portion of a Restricted Global Security transferred pursuant to this Section shall be executed, authenticated and delivered only in denominations of $1,000 principal amount and any integral multiple thereof and registered in such names as the Depository shall direct. Any certificated Initial Security delivered in exchange for an interest in the Restricted Global Security shall, except as otherwise provided by Section 2.3(b), bear the restricted securities legend set forth in Exhibit 1 hereto.

(c) Subject to the provisions of Section 2.4(b), the registered Holder of a Global Security shall be entitled to grant proxies and otherwise authorize any Person, including Agent Members and Persons that may hold interests through Agent Members, to take any action which a Holder is entitled to take under this Indenture or the Securities.

(d) In the event of the occurrence of either of the events specified in Section 2.4(a), the Company shall promptly make available to the Trustee a reasonable supply of certificated Securities in definitive, fully registered form without interest coupons.

EXHIBIT 1
to
APPENDIX

[FORM OF FACE OF INITIAL SECURITY]

[Global Securities Legend]

UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION ("DTC"), NEW YORK, NEW YORK, TO THE COMPANY OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO., OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC) ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

TRANSFERS OF THIS GLOBAL SECURITY SHALL BE LIMITED TO TRANSFERS IN WHOLE, BUT NOT IN PART, TO NOMINEES OF DTC OR TO A SUCCESSOR THEREOF OR SUCH SUCCESSOR'S NOMINEE AND TRANSFERS OF PORTIONS OF THIS GLOBAL SECURITY SHALL BE LIMITED TO TRANSFERS MADE IN ACCORDANCE WITH THE RESTRICTIONS SET FORTH IN THE INDENTURE REFERRED TO ON THE REVERSE HEREOF.

[Restricted Securities Legend]

THIS NOTE (OR ITS PREDECESSOR) WAS ORIGINALLY ISSUED IN A TRANSACTION EXEMPT FROM REGISTRATION UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND THIS NOTE MAY NOT BE OFFERED, SOLD OR OTHERWISE TRANSFERRED IN THE ABSENCE OF SUCH REGISTRATION OR AN APPLICABLE EXEMPTION THEREFROM. EACH PURCHASER OF THIS NOTE IS HEREBY NOTIFIED THAT THE SELLER OF THIS NOTE MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE l44A THEREUNDER.

THE HOLDER OF THIS NOTE AGREES FOR THE BENEFIT OF THE COMPANY THAT (A) THIS NOTE MAY BE OFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED, ONLY (I) TO THE ISSUER THEREOF, (II) IN THE UNITED STATES TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A, (III)

PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT PROVIDED BY RULE 144 THEREUNDER (IF AVAILABLE), (IV) TO AN INSTITUTIONAL ACCREDITED INVESTOR IN A TRANSACTION EXEMPT FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT OR (V) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH OF CASES (I) THROUGH (V) IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF THE STATES AND OTHER JURISDICTIONS OF THE UNITED STATES, AND (B) THE HOLDER WILL, AND EACH SUBSEQUENT HOLDER IS REQUIRED TO, NOTIFY ANY PURCHASER OF THIS NOTE FROM IT OF THE RESALE RESTRICTIONS REFERRED TO IN (A) ABOVE.

No. _____ $_____

Floating Rate Senior Secured Notes Due 2010

Roto-Rooter, Inc., a Delaware corporation, promises to pay to _____, or registered assigns, the principal sum of _____ _____ Dollars on February 24, 2010.

Interest Payment Dates: February 15, May 15, August 15 and November 15.

Record Dates: February 1, August 1, May 1 and November 1.

Additional provisions of this Security are set forth on the other side of this Security.

Dated:

ROTO-ROOTER, INC.

By

Name:
Title:

TRUSTEE'S CERTIFICATE OF
AUTHENTICATION

WELLS FARGO BANK, N.A.
as Trustee, certifies
that this is one of
the Securities referred
to in the Indenture.
By

Authorized Signatory

[FORM OF REVERSE SIDE OF INITIAL SECURITY]

Floating Rate Senior Secured Note Due 2010

1. INTEREST

Roto-Rooter, Inc., a Delaware corporation (such corporation, and its successors and assigns under the Indenture hereinafter referred to, being herein called the "Company"), promises to pay interest on the principal amount of this Security at a rate equal to LIBOR for the applicable Interest Period plus 3.75% per annum; provided, however, that if a Registration Default (as defined in the Registration Rights Agreement) occurs, additional interest will accrue on this Security at a rate of 0.25% per annum for the first 90 days following a Registration Default, at a per annum rate of 0.50% for the second 90 days following a Registration Default, at a per annum rate of 0.75% for the third 90 days following a Registration Default and at a per annum rate of 1.0% thereafter from and including the date on which any such Registration Default shall occur to but excluding the date on which all Registration Defaults have been cured. The Company will pay interest quarterly on February 15, May 15, August 15 and November 15 of each year, commencing May 15, 2004. Interest on the Securities will accrue from the most recent date to which interest has been paid or, if no interest has been paid, from February 24, 2004. Interest will be computed on the basis of actual days outstanding of a 360-day year. The Company will pay interest on overdue principal at the rate borne by this Security plus 1.0% per annum, and it will pay interest on overdue installments of interest at the same rate to the extent lawful.

LIBOR for the initial Interest Period will be 1.13% per annum. The Trustee will determine LIBOR for each Interest Period following the initial Interest Period, on the second London Business Day prior to the first day of such Interest Period (each a "LIBOR Determination Date"). For purposes of calculating LIBOR, a London Business Day is any day on which dealings in deposits in United States dollars are transacted in the London interbank market. LIBOR shall be determined by the Trustee in accordance with the following provisions:

(i) "LIBOR" means, as of any LIBOR Determination Date, the rate for deposits in the United States dollars

for a three-month period which appears on Telerate Page 3750 (as defined in the 1987 Interest Rate and Currency Exchange Definitions published by the International Swap Dealers Association, Inc., or such other page as may replace such Telerate Page 3750) as of 11:00 a.m., London time, on such date, and

(ii) If, on any LIBOR Determination Date, such rate does not appear on Telerate Page 3750 (or such other page as may replace such Telerate Page 3750), the rate for that LIBOR Determination Date will be determined on the basis of the rates at which deposits in the United States dollars are offered by four reference banks selected by the Trustee at approximately 11:00 a.m., London time, on that day to prime banks in the London interbank market for a three-month period. The Trustee will request the principal London office of each such bank to provide a quotation of its rate. If at least two such quotations are provided as requested, the rate for that day will be the arithmetic mean of the quotations. If fewer than two quotations are provided as requested, the rate for that day will be the arithmetic mean of the rates quoted by major banks in New York City, selected by the Trustee, at approximately 11:00 a.m., New York City time, on that day for loans in United States dollars to leading European banks for a three-month period. All percentages resulting from a calculation in this clause (ii) shall be rounded, if necessary, to the nearest one thirty-second of a percentage point.

2. METHOD OF PAYMENT

The Company will pay interest on the Securities (except defaulted interest) to the Persons who are registered holders of Securities at the close of business on the February 1, May 1, August 1 or November 1 next preceding the interest payment date even if Securities are canceled after the record date and on or before the interest payment date. Holders must surrender Securities to a Paying Agent to collect principal payments. The Company will pay principal and interest in money of the United States that at the time of payment is legal tender for payment of public and private debts. Payments in respect of the Securities represented by a Global Security (including principal, premium and interest) will be made by wire transfer of immediately available funds to the accounts specified by The Depository Trust Company. The Company will make all payments in respect of a certificated

Security (including principal, premium and interest) by mailing a check to the registered address of each Holder thereof; provided, however, that payments on a certificated Security will be made by wire transfer to a U.S. dollar account maintained by the payee with a bank in the United States if such Holder elects payment by wire transfer by giving written notice to the Trustee or the Paying Agent to such effect designating such account no later than 30 days immediately preceding the relevant due date for payment (or such other date as the Trustee may accept in its discretion).

3. PAYING AGENT AND REGISTRAR

Initially, Wells Fargo Bank, N.A., a national banking associatio (the "Trustee"), will act as Paying Agent and Registrar. The Company may appoint and change any Paying Agent, Registrar or co-registrar without notice. The Company or any of its domestically incorporated Wholly Owned Subsidiaries may act as Paying Agent, Registrar or co-registrar.

4. INDENTURE

The Company issued the Securities under an Indenture dated as of February 24, 2004 ("Indenture"), among the Company, the Subsidiary Guarantors and the Trustee. The terms of the Securities include those stated in the Indenture and those made part of the Indenture by reference to the Trust Indenture Act of 1939 (15 U.S.C. {section}{section} 77aaa-77bbbb) as in effect on the date of the Indenture (the "Act"). Terms defined in the Indenture and not defined herein have the meanings ascribed thereto in the Indenture. The Securities are subject to all such terms, and Securityholders are referred to the Indenture and the Act for a statement of those terms.

The Securities are general secured obligations of the Company. The Company shall be entitled, subject to its compliance with Section 4.03 of the Indenture, to issue Additional Securities pursuant to Section 2.13 of the Indenture. The Initial Securities issued on the Issue Date, any Additional Securities and all Exchange Securities issued in exchange therefor will be treated as a single class for all purposes under the Indenture. The Indenture contains covenants that limit the ability of the Company and its subsidiaries to incur additional indebtedness; pay dividends or distributions on, or redeem or repurchase

capital stock; make investments; issue or sell capital stock of subsidiaries; engage in transactions with affiliates; create liens on assets; transfer or sell assets; restrict dividends or other payments of subsidiaries; consolidate, merge or transfer all or substantially all of its assets and the assets of its subsidiaries; engage in sale/leaseback transactions; and impair the Collateral. These covenants are subject to important exceptions and qualifications.

5. OPTIONAL REDEMPTION

At any time, the Company shall be entitled to redeem all or a portion of the Securities on one or more occasions, on not less than 30 nor more than 60 days' prior notice, at the following redemption prices (expressed as percentages of principal amount on the redemption date), plus accrued and unpaid interest to, but excluding, the redemption date (subject to the right of Holders of record on the relevant record date to receive interest, if any, due on the relevant interest payment date), if redeemed during the 12-month period commencing on February 24 of the years set forth below:

YEAR	REDEMPTION PRICE
2004	101.000%
2005 and thereafter	102.000%

6. NOTICE OF REDEMPTION

Notice of redemption will be mailed at least 30 days but not more than 60 days before the redemption date to each Holder of Securities to be redeemed at his registered address. Securities in denominations larger than $1,000 principal amount may be redeemed in part but only in whole multiples of $1,000. If money sufficient to pay the redemption price of and accrued interest on all Securities (or portions thereof) to be redeemed on the redemption date is deposited with the Paying Agent on or before the redemption date and certain other conditions are satisfied, on and after such date interest ceases to accrue on such Securities (or such portions thereof) called for redemption.

Any notice of redemption may provide that the redemption will be subject to specified conditions,

provided that such conditions are not solely within the Company's control.

7. PUT PROVISIONS

Upon a Change of Control, any Holder of Securities will have the right to cause the Company to repurchase all or any part of the Securities of such Holder at a repurchase price equal to 101% of the principal amount of the Securities to be repurchased plus accrued and unpaid interest to, but excluding, the date of repurchase (subject to the right of holders of record on the relevant record date to receive interest due on the related interest payment date) as provided in, and subject to the terms of, the Indenture.

8. GUARANTEE

The payment by the Company of the principal of, and premium and interest on, the Securities is fully and unconditionally guaranteed on a joint and several senior secured basis by each of the Subsidiary Guarantors to the extent set forth in the Indenture.

9. SECURITY

The payment by the Company of the principal of, and premium and interest on, the Securities will be secured by the collateral that secures the Credit Agreement Obligations, on a first-priority basis equally and ratably with all Credit Agreement Obligations, subject to the terms of the Collateral Sharing Agreement.

10. DENOMINATIONS; TRANSFER; EXCHANGE

The Securities are in registered form without coupons in denominations of $1,000 principal amount and whole multiples of $1,000. A Holder may transfer or exchange Securities in accordance with the Indenture. The Registrar may require a Holder, among other things, to furnish appropriate endorsements or transfer documents and to pay any taxes and fees required by law or permitted by the Indenture. The Registrar need not register the transfer of or exchange any Securities selected for redemption (except, in the case of a Security to be redeemed in part, the portion of the Security not to be redeemed) or any Securities for a period of 15 days before

a selection of Securities to be redeemed or 15 days before an interest payment date.

11. PERSONS DEEMED OWNERS

The registered Holder of this Security may be treated as the owner of it for all purposes.

12. UNCLAIMED MONEY

If money for the payment of principal or interest remains unclaimed for two years, the Trustee or Paying Agent shall pay the money back to the Company at its request unless an abandoned property law designates another Person. After any such payment, Holders entitled to the money must look only to the Company and not to the Trustee for payment.

13. DISCHARGE AND DEFEASANCE

Subject to certain conditions, the Company at any time shall be entitled to terminate some or all of its obligations under the Securities and the Indenture if the Company deposits with the Trustee money or U.S. Government Obligations, the principal of and interest on which will be sufficient, or a combination thereof sufficient, to pay the principal of and premium (if any) and interest on the Securities to maturity or redemption, as the case may be. If the Company exercises its legal defeasance option or its covenant defeasance option, each Subsidiary Guarantor, if any, shall be released from all its obligations with respect to its Subsidiary Guarantee and the Security Documents.

14. AMENDMENT; WAIVER

Subject to certain exceptions set forth in the Indenture, (1) the Indenture and the Securities may be amended with the written consent of the Holders of at least a majority in principal amount outstanding of the Securities and (2) any default or noncompliance with any provision may be waived with the written consent of the Holders of a majority in principal amount outstanding of the Securities. Subject to certain exceptions set forth in the Indenture, without the consent of any Securityholder, the Company, the Subsidiary Guarantors and the Trustee shall be entitled to amend the Indenture, the Security Documents, the Collateral Sharing Agreement or the

Securities to cure any ambiguity, omission, defect or inconsistency, or to comply with Article 5 of the Indenture, or to provide for uncertificated Securities in addition to or in place of certificated Securities, or to add guarantees with respect to the Securities or to secure the Securities, or to add additional covenants or surrender rights and powers conferred on the Company, or to comply with any request of the SEC in connection with qualifying the Indenture under the Act, or to make any change that does not adversely affect the rights of any Securityholder.

15. DEFAULTS AND REMEDIES

Under the Indenture, Events of Default include (a) default for 30 days in payment of interest on the Securities; (b) default in payment of principal on the Securities at maturity, upon optional redemption, upon declaration of acceleration or otherwise, or failure by the Company to purchase Securities when required; (c) failure by the Company to comply with certain other agreements in the Indenture or the Securities, in certain cases subject to notice and lapse of time; (d) certain accelerations (including failure to pay within any grace period after final maturity) of other Indebtedness of the Company or the Significant Subsidiaries if the amount accelerated (or so unpaid) exceeds $5.0 million; (e) certain events of bankruptcy or insolvency with respect to the Company and the Significant Subsidiaries; (f) certain judgments or decrees for the payment of money in excess of $5.0 million; (g) certain defaults with respect to Subsidiary Guarantees; and (h) certain defaults relating to the Collateral under the Security Documents. If an Event of Default occurs and is continuing, the Trustee or the Holders of at least 25% in principal amount of the Securities may declare all the Securities to be due and payable immediately. Certain events of bankruptcy or insolvency are Events of Default which will result in the Securities being due and payable immediately upon the occurrence of such Events of Default.

Securityholders may not enforce the Indenture or the Securities except as provided in the Indenture. The Trustee may refuse to enforce the Indenture or the Securities unless it receives indemnity or security satisfactory to it. Subject to certain limitations, Holders of a majority in principal amount of the Securities may direct the Trustee in its exercise of any trust or power. The Trustee may withhold from Securityholders notice of any continuing Default (except a Default in

payment of principal or interest) if it determines that withholding notice is in the interest of the Holders.

16. TRUSTEE DEALINGS WITH THE COMPANY

Subject to certain limitations imposed by the Act, the Trustee under the Indenture, in its individual or any other capacity, may become the owner or pledgee of Securities and may otherwise deal with and collect obligations owed to it by the Company or its Affiliates and may otherwise deal with the Company or its Affiliates with the same rights it would have if it were not Trustee.

17. NO RECOURSE AGAINST OTHERS

A director, officer, employee or stockholder, as such, of the Company or the Trustee shall not have any liability for any obligations of the Company under the Securities or the Indenture or for any claim based on, in respect of or by reason of such obligations or their creation. By accepting a Security, each Securityholder waives and releases all such liability. The waiver and release are part of the consideration for the issue of the Securities.

18. AUTHENTICATION

This Security shall not be valid until an authorized signatory of the Trustee (or an authenticating agent) manually signs the certificate of authentication on the other side of this Security.

19. ABBREVIATIONS

Customary abbreviations may be used in the name of a Securityholder or an assignee, such as TEN COM (=tenants in common), TEN ENT (=tenants by the entireties), JT TEN (=joint tenants with rights of survivorship and not as tenants in common), CUST (=custodian), and U/G/M/A (=Uniform Gift to Minors Act).

20. CUSIP NUMBERS

Pursuant to a recommendation promulgated by the Committee on Uniform Security Identification Procedures the Company has caused CUSIP numbers to be printed on the Securities and has directed the Trustee to use CUSIP numbers in notices of redemption as a convenience to

Securityholders. No representation is made as to the accuracy of such numbers either as printed on the Securities or as contained in any notice of redemption and reliance may be placed only on the other identification numbers placed thereon.

21. GOVERNING LAW

THIS SECURITY SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK BUT WITHOUT GIVING EFFECT TO APPLICABLE PRINCIPLES OF CONFLICTS OF LAW TO THE EXTENT THAT THE APPLICATION OF THE LAWS OF ANOTHER JURISDICTION WOULD BE REQUIRED THEREBY.

The Company will furnish to any Securityholder upon written request and without charge to the Security holder a copy of the Indenture which has in it the text of this Security in larger type. Requests may be made to:

Roto-Rooter, Inc.
255 East Fifth Street
Cincinnati, Ohio 45202
Facsimile: (513) 287-6216

Attention: General Counsel

- ---

ASSIGNMENT FORM

To assign this Security, fill in the form below:

I or we assign and transfer this Security to

(Print or type assignee's name, address and zip code)

(Insert assignee's soc. sec. or tax I.D. No.)

and irrevocably appoint agent to transfer this Security on the books of the Company. The agent may substitute another to act for him.

- ---

Sign exactly as your name appears on the other side of this Security.

In connection with any transfer of any of the Securities evidenced by this certificate occurring prior to the expiration of the period referred to in Rule 144(k) under the Securities Act after the later of the date of original issuance of such Securities and the last date, if any, on which such Securities were owned by the Company or any Affiliate of the Company, the undersigned confirms that such Securities are being transferred in accordance with its terms:

CHECK ONE BOX BELOW

(1) | | to the Company; or

(2) | | pursuant to an effective registration statement under the Securities Act of 1933; or

(3) | | inside the United States to a "qualified institutional buyer" (as defined in Rule 144A under the Securities Act of 1933)

that purchases for its own account or for the account of a qualified institutional buyer to whom notice is given that such transfer is being made in reliance on Rule 144A, in each case pursuant to and in compliance with Rule 144A under the Securities Act of 1933; or

(4) | | to an institutional accredited investor in a transaction exempt from the registration requirements of the Securities Act; or

(5) | | pursuant to the exemption from registration provided by Rule 144 under the Securities Act of 1933.

Unless one of the boxes is checked, the Trustee will refuse to register any of the Securities evidenced by this certificate in the name of any person other than the registered holder thereof; provided, however, that if box (4) or (5) is checked, the Trustee shall be entitled to require, prior to registering any such transfer of the Securities, such legal opinions, certifications and other information as the Company has reasonably requested to confirm that such transfer is being made pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act of 1933, such as the exemption provided by Rule 144 under such Act.

Signature

Signature Guarantee:

- ---

Signature must be guaranteed

Signature

Signatures must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Registrar, which requirements include membership or participation in the Security Transfer Agent Medallion Program ("STAMP") or such other "signature guarantee

program" as may be determined by the Registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

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TO BE COMPLETED BY PURCHASER IF (3) ABOVE IS CHECKED

The undersigned represents and warrants that it is purchasing this Security for its own account or an account with respect to which it exercises sole investment discretion and that it and any such account is a "qualified institutional buyer" within the meaning of Rule 144A under the Securities Act of 1933, and is aware that the sale to it is being made in reliance on Rule 144A and acknowledges that it has received such information regarding the Company as the undersigned has requested pursuant to Rule 144A or has determined not to request such information and that it is aware that the transferor is relying upon the undersigned's foregoing representations in order to claim the exemption from registration provided by Rule 144A.

Dated:_____ _____

Notice: To be executed by
an executive officer

[TO BE ATTACHED TO GLOBAL SECURITIES]

SCHEDULE OF INCREASES OR DECREASES IN GLOBAL SECURITY

The following increases or decreases in this Global Security have been made:

Date of Exchange	Amount of decrease in Principal amount of this Global Security	Amount of increase in Principal amount of this Global Security	Principal amount of this Global Security following such decrease or increase)	Signature of authorized officer of Trustee or Securities Custodian

OPTION OF HOLDER TO ELECT PURCHASE

If you want to elect to have this Security purchased by the Company pursuant to Section 4.06 or 4.10 of the Indenture, check the box:

[ ]

If you want to elect to have only part of this Security purchased by the Company pursuant to Section 4.06 or 4.10 of the Indenture, state the principal amount: $

Date: _____ Your Signature:_____
(Sign exactly as your name appears on the other side of this Security.)

Signature Guarantee: _____
(Signature must be guaranteed)

Signatures must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Registrar, which requirements include membership or participation in the Security Transfer Agent Medallion Program ("STAMP") or such other "signature guarantee program" as may be determined by the Registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

EXHIBIT A

[FORM OF FACE OF EXCHANGE SECURITY*]

_____

*/ [If the Security is to be issued in global form add the Global Securities Legend from Exhibit 1 to Appendix A and the attachment from such Exhibit 1 captioned "[TO BE ATTACHED TO GLOBAL SECURITIES] - SCHEDULE OF INCREASES OR DECREASES IN GLOBAL SECURITY".]

No._____ $_____

Floating Rate Senior Secured Notes Due 2010

Roto-Rooter, Inc., a Delaware corporation, promises to pay to _____, or registered assigns, the principal sum of _____ Dollars on February 24, 2010.

Interest Payment Dates: February 15, May 15, August 15 and November 15.

Record Dates: February 1, May 1, August 1 and November 1.

Additional provisions of this Security are set forth on the other side of this Security.

Dated:

Roto-Rooter, Inc.

By:

Name:
Title:

TRUSTEE'S CERTIFICATE OF
AUTHENTICATION

WELLS FARGO BANK, N.A.
as Trustee, certifies
that this is one of
the Securities referred
to in the Indenture.
By

Authorized Signatory

[FORM OF REVERSE SIDE OF EXCHANGE SECURITY]

Floating Rate Senior Secured Note Due 2010

1. INTEREST

Roto-Rooter, Inc., a Delaware corporation (such corporation, and its successors and assigns under the Indenture hereinafter referred to, being herein called the "Company"), promises to pay interest on the principal amount of this Security at a rate equal to LIBOR for the applicable Interest Period plus 3.75% per annum; provided, however, that if a Registration Default (as defined in the Registration Rights Agreement) occurs, additional interest will accrue on this Security at a rate of 0.25% per annum for the first 90 days following a Registration Default, at a per annum rate of 0.50% for the second 90 days following a Registration Default, at a per annum rate of 0.75% for the third 90 days following a Registration Default and at a per annum rate of 1.0% thereafter from and including the date on which any such Registration Default shall occur to but excluding the date on which all Registration Defaults have been cured. The Company will pay interest quarterly on February 15, May 15, August 15 and November 15 of each year, commencing on May 15, 2004. Interest on the Securities will accrue from the most recent date to which interest has been paid or, if no interest has been paid, from February 24, 2004. Interest will be computed on the basis of actual days outstanding of a 360-day year. The Company will pay interest on overdue principal at the rate borne by this Security plus 1.0% per annum, and it will pay interest on overdue installments of interest at the same rate to the extent lawful.

LIBOR for the initial Interest Period will be 1.13% per annum. The Trustee will determine LIBOR for each Interest Period following the initial Interest Period, on the second London Business Day prior to the first day of such Interest Period (each a "LIBOR Determination Date"). For purposes of calculating LIBOR, a London Business Day is any day on which dealings in deposits in United States dollars are transacted in the London interbank market. LIBOR shall be determined by the Trustee in accordance with the following provisions:

(i) "LIBOR" means, as of any LIBOR Determination Date, the rate for deposits in the United States dollars for a three-month period which appears on Telerate Page 3750 (as defined in the 1987 Interest Rate and Currency Exchange Definitions published by the International Swap Dealers Association, Inc., or such other page as may replace such Telerate Page 3750) as of 11:00 a.m., London time, on such date, and

(ii) If, on any LIBOR Determination Date, such rate does not appear on Telerate Page 3750 (or such other page as may replace such Telerate Page 3750), the rate for that LIBOR Determination Date will be determined on the basis of the rates at which deposits in the United States dollars are offered by four reference banks selected by the Trustee at approximately 11:00 a.m., London time, on that day to prime banks in the London interbank market for a three-month period. The Trustee will request the principal London office of each such bank to provide a quotation of its rate. If at least two such quotations are provided as requested, the rate for that day will be the arithmetic mean of the quotations. If fewer than two quotations are provided as requested, the rate for that day will be the arithmetic mean of the rates quoted by major banks in New York City, selected by the Trustee, at approximately 11:00 a.m., New York City time, on that day for loans in United States dollars to leading European banks for a three-month period. All percentages resulting from a calculation in this clause (ii) shall be rounded, if necessary, to the nearest one thirty-second of a percentage point.

2. METHOD OF PAYMENT

The Company will pay interest on the Securities (except defaulted interest) to the Persons who are registered holders of Securities at the close of business on the February 1, May 1, August 1 or November 1 next preceding the interest payment date even if Securities are canceled after the record date and on or before the interest payment date. Holders must surrender Securities to a Paying Agent to collect principal payments. The Company will pay principal and interest in money of the United States that at the time of payment is legal tender for payment of public and private debts. Payments in respect of the Securities represented by a Global Security (including principal, premium and interest) will be made by wire transfer of immediately available funds to the accounts specified by The Depository Trust Company. The

Company will make all payments in respect of a certificated Security (including principal, premium and interest) by mailing a check to the registered address of each Holder thereof; provided, however, that payments on a certificated Security will be made by wire transfer to a U.S. dollar account maintained by the payee with a bank in the United States if such Holder elects payment by wire transfer by giving written notice to the Trustee or the Paying Agent to such effect designating such account no later than 30 days immediately preceding the relevant due date for payment (or such other date as the Trustee may accept in its discretion).

3. PAYING AGENT AND REGISTRAR

Initially, Wells Fargo Bank, N.A., a national banking association (the "Trustee"), will act as Paying Agent and Registrar. The Company may appoint and change any Paying Agent, Registrar or co-registrar without notice. The Company or any of its domestically incorporated Wholly Owned Subsidiaries may act as Paying Agent, Registrar or co-registrar.

4. INDENTURE

The Company issued the Securities under an Indenture dated as of February 24, 2004 ("Indenture"), among the Company, the Subsidiary Guarantors and the Trustee. The terms of the Securities include those stated in the Indenture and those made part of the Indenture by reference to the Trust Indenture Act of 1939 (15 U.S.C. {section}{section} 77aaa-77bbbb) as in effect on the date of the Indenture (the "Act"). Terms defined in the Indenture and not defined herein have the meanings ascribed thereto in the Indenture. The Securities are subject to all such terms, and Securityholders are referred to the Indenture and the Act for a statement of those terms.

The Securities are general secured obligations of the Company. The Company shall be entitled, subject to its compliance with Section 4.03 of the Indenture, to issue Additional Securities pursuant to Section 2.13 of the Indenture. The Initial Securities issued on the Issue Date, any Additional Securities and all Exchange Securities issued in exchange therefor will be treated as a single class for all purposes under the Indenture. The Indenture contains covenants that limit the ability of the Company and its subsidiaries to incur additional indebtedness; pay

dividends or distributions on, or redeem or repurchase capital stock; make investments; issue or sell capital stock of subsidiaries; engage in transactions with affiliates; create liens on assets; transfer or sell assets; restrict dividends or other payments of subsidiaries; consolidate, merge or transfer all or substantially all of its assets and the assets of its subsidiaries; engage in sale/leaseback transactions; and impair the Collateral. These covenants are subject to important exceptions and qualifications.

5. OPTIONAL REDEMPTION

At any time, the Company shall be entitled to redeem all or a portion of the Securities on one or more occasions, on not less than 30 nor more than 60 days' prior notice, at the following redemption prices (expressed as percentages of principal amount on the redemption date), plus accrued and unpaid interest to, but excluding, the redemption date (subject to the right of Holders of record on the relevant record date to receive interest, if any, due on the relevant interest payment date), if redeemed during the 12-month period commencing on February 24 of the years set forth below:

YEAR	REDEMPTION PRICE
2004	101.000%
2005 and thereafter	102.000%

6. NOTICE OF REDEMPTION

Notice of redemption will be mailed at least 30 days but not more than 60 days before the redemption date to each Holder of Securities to be redeemed at his registered address. Securities in denominations larger than $1,000 principal amount may be redeemed in part but only in whole multiples of $1,000. If money sufficient to pay the redemption price of and accrued interest on all Securities (or portions thereof) to be redeemed on the redemption date is deposited with the Paying Agent on or before the redemption date and certain other conditions are satisfied, on and after such date interest ceases to accrue on such Securities (or such portions thereof) called for redemption.

Any notice of redemption may provide that the redemption will be subject to specified conditions, provided, that such conditions are not solely within the Company's control.

7. PUT PROVISIONS

Upon a Change of Control, any Holder of Securities will have the right to cause the Company to repurchase all or any part of the Securities of such Holder at a repurchase price equal to 101% of the principal amount of the Securities to be repurchased plus accrued and unpaid interest to, but excluding, the date of repurchase (subject to the right of holders of record on the relevant record date to receive interest due on the related interest payment date) as provided in, and subject to the terms of, the Indenture.

8. GUARANTEE

The payment by the Company of the principal of, and premium and interest on, the Securities is fully and unconditionally guaranteed on a joint and several senior secured basis by each of the Subsidiary Guarantors to the extent set forth in the Indenture.

9. SECURITY

The payment by the Company of the principal of, and premium and interest on, the Securities will be secured by the collateral that secures the Credit Agreement Obligations, on a first-priority basis equally and ratably with all Credit Agreement Obligations, subject to the terms of the Collateral Sharing Agreement.

10. DENOMINATIONS; TRANSFER; EXCHANGE

The Securities are in registered form without coupons in denominations of $1,000 principal amount and whole multiples of $1,000. A Holder may transfer or exchange Securities in accordance with the Indenture. The Registrar may require a Holder, among other things, to furnish appropriate endorsements or transfer documents and to pay any taxes and fees required by law or permitted by the Indenture. The Registrar need not register the transfer of or exchange any Securities selected for redemption (except, in the case of a Security to be redeemed in part, the portion of the Security not to be

redeemed) or any Securities for a period of 15 days before a selection of Securities to be redeemed or 15 days before an interest payment date.

11. PERSONS DEEMED OWNERS

The registered Holder of this Security may be treated as the owner of it for all purposes.

12. UNCLAIMED MONEY

If money for the payment of principal or interest remains unclaimed for two years, the Trustee or Paying Agent shall pay the money back to the Company at its request unless an abandoned property law designates another Person. After any such payment, Holders entitled to the money must look only to the Company and not to the Trustee for payment.

13. DISCHARGE AND DEFEASANCE

Subject to certain conditions, the Company at any time shall be entitled to terminate some or all of its obligations under the Securities and the Indenture if the Company deposits with the Trustee money or U.S. Government Obligations, the principal of and interest on which will be sufficient, or a combination thereof sufficient, to pay the principal of and premium (if any) and interest on the Securities to maturity or redemption, as the case may be. If the Company exercises its legal defeasance option or its covenant defeasance option, each Subsidiary Guarantor, if any, shall be released from all its obligations with respect to its Subsidiary Guarantee and the Security Documents.

14. AMENDMENT; WAIVER

Subject to certain exceptions set forth in the Indenture, (1) the Indenture and the Securities may be amended with the written consent of the Holders of at least a majority in principal amount outstanding of the Securities and (2) any default or noncompliance with any provision may be waived with the written consent of the Holders of a majority in principal amount outstanding of the Securities. Subject to certain exceptions set forth in the Indenture, without the consent of any Securityholder, the Company, the Subsidiary Guarantors and the Trustee shall be entitled to amend the Indenture, the Security

Documents, the Collateral Sharing Agreement or the Securities to cure any ambiguity, omission, defect or inconsistency, or to comply with Article 5 of the Indenture, or to provide for uncertificated Securities in addition to or in place of certificated Securities, or to add guarantees with respect to the Securities or to secure the Securities, or to add additional covenants or surrender rights and powers conferred on the Company, or to comply with any request of the SEC in connection with qualifying the Indenture under the Act, or to make any change that does not adversely affect the rights of any Securityholder.

15. DEFAULTS AND REMEDIES

Under the Indenture, Events of Default include (a) default for 30 days in payment of interest on the Securities; (b) default in payment of principal on the Securities at maturity, upon optional redemption, upon declaration of acceleration or otherwise, or failure by the Company to purchase Securities when required; (c) failure by the Company to comply with certain other agreements in the Indenture or the Securities, in certain cases subject to notice and lapse of time; (d) certain accelerations (including failure to pay within any grace period after final maturity) of other Indebtedness of the Company or the Significant Subsidiaries if the amount accelerated (or so unpaid) exceeds $5.0 million; (e) certain events of bankruptcy or insolvency with respect to the Company and the Significant Subsidiaries; (f) certain judgments or decrees for the payment of money in excess of $5.0 million; (g) certain defaults with respect to Subsidiary Guaranties; and (h) certain defaults relating to the Collateral under the Security Documents. If an Event of Default occurs and is continuing, the Trustee or the Holders of at least 25% in principal amount of the Securities may declare all the Securities to be due and payable immediately. Certain events of bankruptcy or insolvency are Events of Default which will result in the Securities being due and payable immediately upon the occurrence of such Events of Default.

Securityholders may not enforce the Indenture or the Securities except as provided in the Indenture. The Trustee may refuse to enforce the Indenture or the Securities unless it receives indemnity or security satisfactory to it. Subject to certain limitations, Holders of a majority in principal amount of the Securities may direct the Trustee in its exercise of any trust or power. The Trustee may withhold from Securityholders

notice of any continuing Default (except a Default in payment of principal or interest) if it determines that withholding notice is in the interest of the Holders.

16. Trustee Dealings with the Company

Subject to certain limitations imposed by the Act, the Trustee under the Indenture, in its individual or any other capacity, may become the owner or pledgee of Securities and may otherwise deal with and collect obligations owed to it by the Company or its Affiliates and may otherwise deal with the Company or its Affiliates with the same rights it would have if it were not Trustee.

17. NO RECOURSE AGAINST OTHERS

A director, officer, employee or stockholder, as such, of the Company or the Trustee shall not have any liability for any obligations of the Company under the Securities or the Indenture or for any claim based on, in respect of or by reason of such obligations or their creation. By accepting a Security, each Securityholder waives and releases all such liability. The waiver and release are part of the consideration for the issue of the Securities.

18. AUTHENTICATION

This Security shall not be valid until an authorized signatory of the Trustee (or an authenticating agent) manually signs the certificate of authentication on the other side of this Security.

19. ABBREVIATIONS

Customary abbreviations may be used in the name of a Securityholder or an assignee, such as TEN COM (=tenants in common), TEN ENT (=tenants by the entireties), JT TEN (=joint tenants with rights of survivorship and not as tenants in common), CUST (=custodian), and U/G/M/A (=Uniform Gift to Minors Act).

20. CUSIP NUMBERS

Pursuant to a recommendation promulgated by the Committee on Uniform Security Identification Procedures the Company has caused CUSIP numbers to be printed on the Securities and has directed the Trustee to use CUSIP

numbers in notices of redemption as a convenience to Securityholders. No representation is made as to the accuracy of such numbers either as printed on the Securities or as contained in any notice of redemption and reliance may be placed only on the other identification numbers placed thereon.

21. GOVERNING LAW

THIS SECURITY SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK BUT WITHOUT GIVING EFFECT TO APPLICABLE PRINCIPLES OF CONFLICTS OF LAW TO THE EXTENT THAT THE APPLICATION OF THE LAWS OF ANOTHER JURISDICTION WOULD BE REQUIRED THEREBY.

The Company will furnish to any Securityholder upon written request and without charge to the Security holder a copy of the Indenture which has in it the text of this Security in larger type. Requests may be made to:

Roto-Rooter, Inc.
255 East Fifth Street
Cincinnati, Ohio 45202
Facsimile: (513) 287-6216

Attention: General Counsel

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ASSIGNMENT FORM

To assign this Security, fill in the form below:

I or we assign and transfer this Security to

(Print or type assignee's name, address and zip code)

(Insert assignee's soc. sec. or tax I.D. No.)

and irrevocably appoint agent to transfer this Security on the books of the Company. The agent may substitute another to act for him.

_____

Date:_____ Your Signature:_____

_____

Sign exactly as your name appears on the other side of this Security.

OPTION OF HOLDER TO ELECT PURCHASE

If you want to elect to have this Security purchased by the Company pursuant to Section 4.06 or 4.10 of the Indenture, check the box:

[ ]

If you want to elect to have only part of this Security purchased by the Company pursuant to Section 4.06 or 4.10 of the Indenture, state the principal amount: $

Date: _____ Your Signature:_____S
(Sign exactly as your name appears on the other side of this Security.)

Signature Guarantee: _____
(Signature must be guaranteed)

Signatures must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Registrar, which requirements include membership or participation in the Security Transfer Agent Medallion Program ("STAMP") or such other "signature guarantee program" as may be determined by the Registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

EXHIBIT 10.20

AMENDMENT NO. 7
TO EMPLOYMENT AGREEMENT

AGREEMENT dated as of May 19, 2003 between Spencer S. Lee ("Employee") and Chemed Corporation (the "Company").

WHEREAS, Employee and the Company have entered into an Employment Agreement dated as of May 19, 1997 and amended May 18, 1998, May 17, 1999, May 15, 2000, May 21, 2001, January 2, 2002 and August 7, 2002 ("Employment Agreement"); and

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

NOW, THEREFORE, Employee and the Company mutually agree that the Employment Agreement shall be amended, effective as of May 19, 2003, as follows:

A. The date, amended as of August 7, 2002, set forth in Section 1.2 of the Employment Agreement, is hereby deleted and the date of May 21, 2006 is hereby substituted therefore.

B. The base salary amount set forth in the first sentence of Section 2.1 of the Employment Agreement is hereby deleted and the base salary amount of $238,921 per annum is hereby substituted.

C. The amount of unrestricted stock award recognized in lieu of incentive compensation in 2002 is $47,390.

Except as specifically amended in this Amendment No. 7 to

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

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

EMPLOYEE

/s/ Spencer S. Lee

Spencer S. Lee

CHEMED CORPORATION

/s/ Kevin J. McNamara

Kevin J. McNamara
President & Chief Executive Officer

EXHIBIT 10.24

CHEMED CORPORATION

EXCESS BENEFIT PLAN NO. 1

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CHEMED CORPORATION
EXCESS BENEFIT PLAN NO. 1

As Amended and Restated
Effective June 1, 2001

INTRODUCTION

The Chemed Corporation Excess Benefit Plan No.1 (f/k/a The Chemed Corporation Excess Benefit Plan) is hereby amended and restated in its entirety effective June 1, 2001. This amendment and restatement shall not decrease or otherwise adversely affect any Participant's Benefit Amounts accrued as of June 1, 2001.

1. Purpose of the Plan

To induce the employment or continued employment of key employees and to enable the Company and its Subsidiaries to compete with other corporations offering comparable benefits in obtaining and retaining the services of competent executives, in order that the interests of the Company and its Subsidiaries may be advanced.

2. Definitions

Unless otherwise required by the context, the following terms when used in this Plan shall have the meanings set forth in this section.

(a) "Base Plans" - The Savings & Retirement Plan and the Employee Stock Ownership Plans I and II.

(b) "Beneficiary" - As defined in Section 10.3.

(c) "Benefit Amounts" - As described in Section 7.

(d) "Board of Directors" - The Board of Directors of the Company.

(e) "Code" - The Internal Revenue Code of 1986, as amended.

(f) "Committee" - The Committee designated to administer the Plan pursuant to the provisions of Section 3.

(g) "Company" - Chemed Corporation, a Delaware corporation.

(h) "Earnings (Loss) Factor" - As described in Section 7.2.

(i) "Eligible Employee" - A management or highly compensated Employee other than a Union Employee who (i) participates in or who, but for the section 415 limitations of the Code, would participate in, any one or more of the Base Plans, and (ii) is designated by the Committee from time

to time as eligible to participate in the Plan. Such designation may be revoked at any time if the Committee determines that the Employee ceases to be a management or highly compensated Employee.

(j) "Employee" - Any person who is employed by the Company or a Subsidiary.

(k) "Employee Stock Ownership Plans I and II" - The Chemed Employee Stock Ownership Plan I, adopted effective November 1, 1987, as amended, and the Chemed Employee Stock Ownership Plan II, adopted effective August 1, 1988, as amended.

(l) "Excess Benefit Plan" or "Plan" - The Excess Benefit Plan of the Company herein set forth as the same may from time to time be amended.

(m) "Excess Benefit Plan Statement" - The quarterly statement provided to a Participant pursuant to Section 6.3.

(n) "General Pension Plan" - The Chemed General Pension Plan, as amended. The General Pension Plan was terminated effective October 31, 1985.

(o) "General Retirement Plan" - The Chemed General Retirement Plan adopted effective January 1, 1984, as amended. The General Retirement Plan was merged into the Savings & Retirement Plan effective January 1, 1999.

(p) "Participant" - Each Eligible Employee who joins and participates in the Plan.

(q) "Permanent Disability" - Disability retirement from employment by the Company due to a physical or mental disability which permanently disables the Employee from performing the customary duties of his regular job with the Company.

(r) "Plan Year" - The calendar year.

(s) "Retirement" - Any of (a) normal retirement from employment by the Company or a Subsidiary at age 65; (b) early retirement from employment by the Company or a Subsidiary from age 55 to age 65 with not less than 10 Years of Service; (c) postponed retirement from employment by the Company after age 65.

(t) "Roto-Rooter Deferred Compensation Plan No. 1" - The Roto-Rooter Deferred Compensation Plan No 1, as amended.

(u) "Roto-Rooter Retirement and Savings Plan" - The Roto-Rooter Retirement and Savings Plan, as amended. The Roto-Rooter Retirement and Savings Plan was merged into the Savings and Retirement Plan effective January 1, 1999.

(v) "Savings & Retirement Plan" - The Chemed/Roto-Rooter Savings & Retirement Plan, adopted effective July 1, 1971, as amended.

(w) "Severance" - Termination of employment with the Company or a Subsidiary under any circumstances other than death, Retirement or Permanent Disability.

(x) "Subsidiary" - A corporation or other form of business association of which shares (or other ownership interests) having 50% or more of the voting power are owned or controlled, directly or indirectly, by the Company.

(y) "Union Employee" - An Employee with respect to whom compensation, hours of work, or conditions of employment are determined through collective bargaining with a recognized bargaining agent.

(z) "Valuation Date" - The last business day of each month or more frequently as determined by the Committee.

(aa) "Value of Account" - The value of the amounts credited to an account of a Participant as of a Valuation Date.

3. Administration

(a) The Plan shall be administered by the Company's Benefit Plan Committee. Each member of the Committee who is also a Participant in the Plan shall abstain from voting or participating in any decision with respect to such Participant's Accounts under the Plan, including but not limited to, approval of the Participant's directed investments under section 7.2(c).

(b) 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. All such rules, regulations, determinations and interpretations, subject to the provisions of the By-Laws of the Company, shall be binding and conclusive upon the Company, each Subsidiary, its 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.

(c) Any action required or permitted to be taken by the Committee under this Plan may be taken in accordance with the By-Laws of the Company even though, because of a vacancy or vacancies as a result of resignations or otherwise, the total number of directors who are then members of the Committee shall be less than three.

(d) Members of the Board of Directors and members of the Committee acting under the 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.

4. Participation

4.1 General. Each Eligible Employee who was a Participant in the Plan as of June 1, 2001 shall remain a Participant under the terms of the Plan. In addition, each Eligible Employee for whom or in respect of whom benefits payable from or contributions by the Company or a Subsidiary to any of the Base Plans shall have been limited, restricted or otherwise less than the benefits payable from or contributions by the Company or a Subsidiary pursuant to the general terms and provisions of such plans by reason of the application of benefit and/or contribution limitations imposed by the Code and/or the regulations issued thereunder, or any comparable law which may hereafter be enacted including any regulations issued thereunder, shall be a Participant in the Plan. The personnel, payroll and other records of the Company or any Subsidiary shall be conclusive evidence for the purpose of determining all matters relating to benefits under this Plan.

4.2 Participation Date. Each Participant shall be deemed to have commenced his participation in the Plan effective on the first day of the Plan Year during which he became a Participant.

4.3 Continuance of Participation. Each Participant's participation in the Plan shall continue until the first to occur of the following events:

(a) his death;

(b) his Severance;

(c) his Retirement;

(d) his Permanent Disability; or,

(e) termination of the Plan.

5. Contributions

5.1 Participants' Contributions. Each Participant shall be entitled to make salary reduction contributions to the Plan. 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. Such salary reduction contributions shall commence with the first payment of

compensation made after the date on which such salary reduction election is effective.

5.2 Company Contributions. No contributions to a separate trust shall be required to be made by the Company or any Subsidiary for the purpose of establishing a fund for the payment of benefits to any Participant or Beneficiary under this Plan. Instead, all such accrued benefits, whether or not currently payable, shall be paid when due from the general funds of the Company or from a grantor trust or series of grantor trusts established for this purpose.

6. Reserve Fund; Participant Accounts

6.1 General Fund. The Company shall establish on its books of account a reserve fund equal to the present value of all benefits currently accrued in favor of Participants pursuant to the Plan. The amount of such reserve fund shall, at all times, be considered as a general obligation of the Company in favor of all Participants generally.

6.2 Participant Accounts. The Company shall establish for each Participant a separate account or accounts to which shall be credited monthly all Benefit Amounts pursuant to Section 7.1 plus or minus the Earnings (Loss) Factor as to each such account pursuant to Section 7.2.

6.3 Statements of Participant's Accounts. The Committee shall, as soon as practicable after the end of each calendar quarter, cause to be delivered or mailed to each Participant having an account balance a statement (the "Excess Benefit Plan Statement") setting forth the status of the account of such Participant as of the end of such quarter. Such statement shall be deemed to have been accepted as correct unless written notice to the contrary is received by the Committee within 30 days after the mailing thereof.

7. Benefit Amounts

7.1 Benefit Amounts. The Benefit Amounts credited to the account of each Participant shall consist of the following amounts:

(a) As to the General Pension Plan for Plan Years thereunder prior to 1984 - An amount necessary to fund the present value of the additional accrued benefit of the Participant (including his beneficiaries) under such plan as at December 31, 1983 which, but for the annual benefit limitations as set forth in Section 415 of the Code, would have been provided to the Participant or his beneficiaries pursuant to the stated terms and provisions of such plan. In determining the amount, as above, all actuarial assumptions applicable to such plan on December 31, 1983 shall be utilized.

(b) As to each of the Base Plans - the amount by which all Company contributions to the account (or accounts) of the Participant for each month of each Plan Year under each such plan is less than the amount which would have been so contributed by the Company or a Subsidiary without regard to (i) the annual contribution limitations as set forth in Section 415 of the Code, (ii) the actual deferral percentage limitation imposed upon "highly compensated employees' (as defined and applied in Section 401(k)(3)(a)(ii) of the Code), (iii) the limitation on compensation as set forth in Section 401(a)(17) of the Code, (iv) the contribution percentage requirement as set forth in Section 401(m) of the Code and (v) any amounts contributed to the Chemed Corporation Deferred Compensation Plan; provided, however, that all or any portion of the amount to be credited under (b)(i) above may instead be credited to the Participant under the Roto-Rooter Deferred Compensation Plan No. 1, as determined in the sole discretion of the Company.

(c) The amount of the salary reduction contributions made by the Participant pursuant to Section 5.1.

7.2 Earnings (Loss) Factor. In addition to the Benefit Amount(s) which may be credited to each Participant's account under this Plan, there shall be credited or debited monthly an Earnings (Loss) Factor amount computed as follows:

(a) As to each Participant's account in respect of the Savings & Retirement Plan - an amount determined by application of the percentage of investment earnings (or investment loss) experienced by the Chemed Stock Fund of such plan during the preceding month to the aggregate amount then credited to the Participant's account hereunder pursuant to subsection (b) of Section 7.1.

(b) As to each Participant's account in respect of the Employee Stock Ownership Plans I and II - an amount equal to the actual investment earnings (or investment loss) experienced by assets credited to the Participant's account hereunder including Chemed stock and investments allocated pursuant to subsection (d) of this Section 7.2.

(c) As to each Participant's account in respect of the General Retirement Plan - an amount equal to the actual investment earnings (or investment loss) experienced by assets credited to the Participant's Employee Contribution Account under the Savings & Retirement Plan.

(d) As to each Participant's account in respect of the Participant's salary reduction contributions pursuant to Section 5.1 an amount equal to the actual investment earnings (or investment loss) experienced by assets credited to the Participant's account hereunder including the investments allocated pursuant to subsection (e) of this Section 7.2.

(e) Notwithstanding any provision herein to the contrary, a Participant may direct the investment of the Participant's account in respect of the Employee Stock Ownership Plans I and II, and in respect of the Participant's salary reduction contributions, provided such directed investments shall be subject to (i) restrictions and procedures established by the Committee and limited to the investment funds then offered under the Savings & Retirement Plan and/or such other fund(s) as may be selected by the Committee, and (ii) the approval of the Committee.

8. Vesting

8.1 Full Vesting. Participants will have a fully vested interest in amounts credited to their accounts hereunder upon Retirement, Severance while eligible for Retirement, Permanent Disability or upon death prior to Retirement or Permanent Disability.

8.2 Partial Vesting. Participants hereunder who are not fully vested pursuant to Section 8.1 will have their vested interest in amounts credited to their accounts determined to the same extent as if such amounts had been contributed to their accounts under each of the Base Plans.

8.3 Forfeitures. If a Participant's employment by the Company shall terminate for any reason other than death, Permanent Disability, Retirement or Severance while eligible for Retirement, he shall forfeit the unvested portion of his accounts in the Plan. All amounts so forfeited shall revert to the credit of the Company.

9. In-Service Withdrawals

A Participant who has attained age 65 and who is concurrently effecting a withdrawal of his entire account balance under any or all of the Base Plans may request to withdraw all or such portion of his accounts established under this Plan in respect of the Base Plan(s) under which he is effecting a concurrent withdrawal as the Participant shall so request, but the amount of any such withdrawal shall be limited and restricted to the same extent and to the same circumstances as would otherwise be permitted under the terms and provisions of the applicable Base Plan(s); provided, however, that (a) such request shall be subject to the consent of the Committee in its sole and absolute discretion and (b) the consent of the Participant's spouse or any other person shall not be required as to any withdrawal under this Plan.

10. Distribution of Benefits; Beneficiary

10.1 Time of Payment.

(a) The Benefit Amounts shall become payable upon the later of (i) the Participant's termination of employment with the Company or Subsidiary or (ii) the date selected by the Participant ("Payment Date"). The vested portion of the Benefit Amounts 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) The Participant elects a Modified Payment Date and the election does not satisfy (1) or (2) above. In such event, the Participant's accounts under the Plan shall be reduced by an amount equal to 10% of the value of such accounts as of the Valuation Date coincident with or next following the Modified Payment Date.

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

10.2 Form of Payment. All Benefit Amounts shall be paid in one lump sum in cash except as provided below. Any vested amounts payable from the Participant's account in respect of the Savings & Retirement Plan shall be paid in whole shares of Chemed stock credited to the Participant's account(s) plus cash in lieu of any fractional shares of Chemed stock. Any vested amounts payable from the Participant's account in respect of the Employee Stock Ownership Plans I and II shall be paid in whole shares of Chemed stock credited to the Participant's account(s) with the remaining amount to be paid in cash, including cash in lieu of any fractional shares of Chemed stock.

10.3 Beneficiary. As used herein the term "Beneficiary" of a Participant shall mean the person or persons (which may include, without limitation, the Participant's estate or one or more trusts or other entities) designated by such Participant in a "Designation of Beneficiary" form filed with the Company pursuant to this Plan or, if no such form has been so filed, then the term

"Beneficiary" of a Participant shall mean the person or persons (which may include, without limitation, the Participant's estate or one or more trusts or other entities) designated by such Participant as his Beneficiary pursuant to the provisions of each of the Base Plan. In the event the Participant has designated a different Beneficiary(ies) under each of said plans, then the Beneficiary under this Plan with respect to amounts contributed to this Plan in respect of each of the Base Plans shall be the Participant's Beneficiary(ies) designated under each of the Base Plans, as the case may be. For this purpose, amounts contributed by the Participant pursuant to Section 5.1 shall be considered to be in respect of the Savings & Retirement Plan. Such "Designation of Beneficiary" form pursuant to this Plan shall be in such form as the Committee may from time to time prescribe or accept. A Participant may at any time change any such Designation of Beneficiary by filing a new form with the Company. If a Participant has not made any such designation, or if any such Beneficiary shall not have survived the Participant, or if any such designation shall not be effective, "Beneficiary" shall mean the Participant's estate. In the event the Company has any doubt as to the proper person or persons entitled to receive payments due hereunder, the Company shall have the right to withhold such payments until the matter is decided by a court of competent jurisdiction.

11. General Provisions

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

(b) The Company or a Subsidiary may make such provisions as it may deem appropriate for the withholding of any taxes which the Company or a Subsidiary determines it is required to withhold in connection with any payment hereunder.

(c) 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 Company or any Subsidiary 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.

(d) 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 that portion of a Participant's account(s) hereunder which is fully vested. Upon termination of the Plan, all fully vested amounts credited to the Participant's account(s) as at the date of such termination shall be promptly paid to the Participant.

(e) In the event any dispute pertaining to the Plan shall arise between the Company and an Employee (including a Participant) which shall not be resolved after good faith negotiation, either the Employee or the Company, or both, may submit the disputed issue to the Committee for resolution. All such submissions shall be in writing, addressed to the Secretary of the Committee and shall set forth the issue and all relevant facts known to the submitting party. The Committee may determine the issue in such manner as it shall determine and may (but need not) request the Employee and one or more representatives of the Company to appear before the Committee for the purpose of presenting such matters of fact as the Committee shall specify. The decision of the Committee as to any issue presented to it involving this Plan shall be conclusive and final and binding on all concerned parties, unless, within thirty days after receipt of the Committee's decision, the Employee files a written notice with the Secretary of the Committee requesting that the issue be presented to the Board of Directors for final resolution. As promptly thereafter as is reasonably practicable, the issue shall be presented to and resolved finally and conclusively by the Board of Directors based upon all facts presented to it by the Committee, the Company and the Employee.

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

CERTIFICATE

The undersigned, Secretary of Chemed Corporation, hereby certifies that the foregoing is a true and correct copy of Excess Benefit Plan No. 1 as amended in its entirety.

Signed at Cincinnati, Ohio, as of this first day of June, 2001.

/s/ Naomi C. Dallob

Naomi Dallob, Secretary

EXHIBIT 10.25

CHEMED CORPORATION EXCESS BENEFIT PLAN NO. 1
AMENDMENT NO. 1

The Chemed Corporation Excess Benefit Plan No. 1 (the "Plan") is hereby amended effective July 1, 2002 as follows:

1. Section 2(k) shall be rewritten in its entirety to read as follows:

(k) "Employee Stock Ownership Plans I and II" - The Chemed Employee Stock Ownership Plan I, adopted effective November 1, 1987, as amended, and the Chemed Employee Stock Ownership Plan II, adopted effective August 1, 1998, as amended, and as merged into the Savings & Retirement Plan effective July 1, 2002.

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

CERTIFICATE

The undersigned, Secretary of Chemed Corporation, hereby certifies that the foregoing is a true and correct copy of Amendment No. 1 to its Excess Benefit Plan No. 1.

Signed in Cincinnati, Ohio as of this 1st day of July, 2002.

/s/ Naomi C. Dallob

Naomi C. Dallob, Secretary

EXHIBIT 10.26

CHEMED CORPORATION EXCESS BENEFIT PLAN NO. 1
AMENDMENT NO. 2

The Chemed Corporation Excess Benefit Plan No. 1 (the "Plan") is hereby amended effective November 7, 2003 as follows:

1. The Name of Plan shall be changed to Roto-Rooter, Inc. Excess Benefit Plan No. 1.

2. Section 1 of the Plan shall be rewritten in its entirety to read as follows:

   1. Purpose of the Plan

      To induce the employment or continued employment of key employees of the company and it Subsidiaries and the service of Directors to compete with other corporations offering comparable benefits in order that the interests of the Company and its Subsidiaries may be advanced.

3. Sections 2 (g), (i) and (j) shall be rewritten in their entirety to read as follows:

   (g) "Company" - Roto-Rooter, Inc., a Delaware Corporation.

   (i) "Eligible Employee" - A (i) Director or (ii) a management or highly compensated Employee other than a Union Employee who participates in or who, but for the section 415 limitations of the Code, would participate in, any one or more of the Base Plans, and is designated by the Committee from time to time as eligible to participate in the Plan. Such designation may be revoked at any time if the Committee determines that the Employee ceases to be a management or highly compensated Employee.

   (j) "Employee" - Any person who is employed by the Company or a Subsidiary or is a Director of the Company.

4. Section 8.1 of the Plan shall be rewritten in its entirety as follows:

   8.1 Full Vesting. Participants will have a fully vested interest in amounts credited to their accounts hereunder upon Retirement, Severance while eligible for Retirement, Permanent Disability or upon death prior to Retirement or Permanent Disability. All salary reduction contributions are fully vested.

5. Section 10.1 (a) shall be rewritten in its entirety as follows:

(a) The Benefit Amounts shall become payable upon the later of (i) the Participant's termination or employment with the Company or Subsidiary or (ii) the date the Participant ceases to be a Director of the Company or (iii) the date selected by the Participant ("Payment Date"). The vested portion of the Benefit Amounts 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 Participants' election of a Modified Payment Date.

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

6. In all other 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. 2 to its Excess Benefit Plan No. 1.

Signed in Cincinnati, Ohio as of this 7th day of November, 2003.

/s/ Naomi C. Dallob

Naomi C. Dallob, Secretary

EXHIBIT 10.41

Schedule to Exhibit 10.39

Employee	Title	Amount
Edward L. Hutton	Chairman	390,318.62

EXHIBIT 10.42

Schedule to Exhibit 10.40

Employee	Title	Amount
Kevin J. McNamara	President and Chief Executive Officer	489,759.28

EXHIBIT 10.44

EXECUTION COPY

CREDIT AGREEMENT

DATED AS OF FEBRUARY 24, 2004

AMONG

ROTO-ROOTER, INC.

THE LENDERS FROM TIME TO TIME PARTIES HERETO

AND

BANK ONE, NA (MAIN OFFICE CHICAGO),

AS ADMINISTRATIVE AGENT

==========

BANC ONE CAPITAL MARKETS, INC.,
AS LEAD ARRANGER AND SOLE BOOK RUNNER

==========

SIDLEY AUSTIN BROWN & WOOD LLP
Bank One Plaza
10 South Dearborn Street
Chicago, Illinois 60603

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SCHEDULES

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CREDIT AGREEMENT

This Credit Agreement, dated as of February 24, 2004, is entered into by and among Roto-Rooter, Inc., a Delaware corporation, the Lenders, the LC Issuer, and Bank One, NA, a national banking association having its principal office in Chicago, Illinois, as Administrative Agent. The parties hereto agree as follows:

ARTICLE I

DEFINITIONS

1.1. CERTAIN DEFINED TERMS. As used in this Agreement:

"ACCOUNTING CHANGES" is defined in Section 9.8 hereof.

"ACQUISITION" means any transaction, or any series of related transactions, consummated on or after the Closing Date, by which the Borrower or any of its Subsidiaries (i) acquires any going business or all or substantially all of the assets of any firm, corporation or limited liability company, or division thereof, whether through purchase of assets, merger or otherwise or (ii) directly or indirectly acquires (in one transaction or as the most recent transaction in a series of transactions) at least a majority (in number of votes) of the securities of a corporation which have ordinary voting power for the election of directors (other than securities having such power only by reason of the happening of a contingency) or a majority (by percentage of voting power) of the outstanding ownership interests of a partnership or limited liability company of any Person.

"ADMINISTRATIVE AGENT" means Bank One in its capacity as contractual representative of the Lenders pursuant to Article X, and not in its individual capacity as a Lender, as Administrative Agent, and any successor Administrative Agent appointed pursuant to Article X.

"ADVANCE" means a borrowing hereunder consisting of the aggregate amount of several Revolving Loans or Term Loans, as the case may be (i) made by some or all of the Lenders on the same Borrowing Date, or (ii) converted or continued by the Lenders on the same date of conversion or continuation, consisting, in either case, of the aggregate amount of the several Loans of the same Type and, in the case of Eurodollar Loans, for the same Interest Period. The term "Advance" shall include Swing Line Loans unless otherwise expressly provided.

"AFFILIATE" of any Person means any other Person directly or indirectly controlling, controlled by or under common control with such Person. A Person shall be deemed to control another Person if the controlling Person is the "beneficial owner" (as defined in Rule 13d-3 under the Securities Exchange Act of 1934) of 10% or more of any class of voting securities (or other ownership interests) of the controlled Person or possesses, directly or indirectly, the power to direct or cause the direction of the management or policies of the controlled Person, whether through ownership of voting securities, by contract or otherwise.

"AGGREGATE OUTSTANDING REVOLVING CREDIT EXPOSURE" means, at any time, the aggregate of the Outstanding Revolving Credit Exposure of all the Lenders.

"AGGREGATE REVOLVING LOAN COMMITMENT" means the aggregate of the Revolving Loan Commitments of all the Lenders, as may be increased or reduced from time to time pursuant to the terms hereof. The initial Aggregate Revolving Loan Commitment is One Hundred Million and 00/100 Dollars ($100,000,000).

"AGGREGATE TERM LOAN COMMITMENT" means the aggregate of the Term Loan Commitments of all the Lenders, as may be reduced from time to time pursuant hereto. The initial Aggregate Term Loan Commitment is Thirty-Five Million and 00/100 Dollars ($35,000,000).

"AGREEMENT" means this Credit Agreement, as it may be amended, restated, supplemented or otherwise modified and as in effect from time to time.

"AGREEMENT ACCOUNTING PRINCIPLES" means generally accepted accounting principles as in effect in the United States from time to time, applied in a manner consistent with that used in preparing the financial statements of the Borrower referred to in Section 5.4; provided, however, that except as provided in Section 9.8, with respect to the calculation of the financial covenants set forth in Sections 6.20 through 6.24 (and the defined terms used in such Sections), "Agreement Accounting Principles" means generally accepted accounting principles as in effect in the United States as of the Closing Date, applied in a manner consistent with that used in preparing the financial statements of the Borrower referred to in Section 5.4.

"ALTERNATE BASE RATE" means, for any day, a rate of interest per annum equal to the higher of (i) the Prime Rate for such day and (ii) the sum of the Federal Funds Effective Rate for such day plus 1/2% per annum.

"APPLICABLE FEE RATE" means, with respect to the Commitment Fee at any time, the percentage rate per annum which is applicable at such time with respect to such fee as set forth in the Pricing Schedule.

"APPLICABLE MARGIN" means, with respect to Advances of any Type at any time, the percentage rate per annum which is applicable at such time with respect to Advances of such Type as set forth in the Pricing Schedule.

"APPLICABLE PLEDGE PERCENTAGE" means 100%, but (x) 65% in the case of a pledge of capital stock of a Foreign Subsidiary or (y) 0% in the case of a pledge of capital stock of a Foreign Subsidiary to the extent a pledge would cause a Financial Assistance Problem.

"APPROVED FUND" means any Fund that is administered or managed by (a) a Lender, (b) an Affiliate of a Lender or (c) an entity or an Affiliate of an entity that administers or manages a Lender.

"ARRANGEr" means Banc One Capital Markets, Inc., a Delaware corporation, and its successors, in its capacity as Lead Arranger and Sole Book Runner.

"ARTICLE" means an article of this Agreement unless another document is specifically referenced.

"ASSET SALE" means, with respect to the Borrower or any Subsidiary, the sale, lease, conveyance, disposition or other transfer by such Person of any of its assets (including by way of a sale-leaseback transaction, and including the sale or other transfer of any of the capital stock or other equity interests of such Person or any Subsidiary of such Person but excluding cash and cash equivalents other than Cash Equivalent Investments) to any Person other than the Borrower or any of its Wholly-Owned Subsidiaries other than (i) the sale or other disposition of inventory in the ordinary course of business, (ii) the sale or other disposition of any obsolete, excess, damaged, surplus or worn-out Equipment or overdue Receivables disposed of in the ordinary course of business, (iii) leases or licenses of assets in the ordinary course of business consistent with past practice, (iv) transfers consisting of Restricted Payments permitted under Section 6.10, dispositions permitted by Section 6.12.11, Investments permitted under Section 6.13 and Liens permitted under Section 6.15, and (v) sales or liquidiations of Cash Equivalent Investments.

"ASSIGNMENT AGREEMENT" is defined in Section 12.3.1.

"AUTHORIZED OFFICER" means any of the Chief Executive Officer, President, Chief Financial Officer, Treasurer or Controller of the Borrower, or such other officer of the Borrower as may be designated by the Borrower in writing to the Administrative Agent from time to time, acting singly.

"BANK ONE" means Bank One, NA, a national banking association having its principal office in Chicago, Illinois, in its individual capacity, and its successors.

"BORROWER" means Roto-Rooter, Inc., a Delaware corporation, and its permitted successors and assigns (including, without limitation, a debtor in possession on its behalf).

"BORROWING DATE" means a date on which an Advance is made hereunder.

"BORROWING NOTICE" is defined in Section 2.8.

"BUSINESS DAY" means (i) with respect to any borrowing, payment or rate selection of Eurodollar Advances, a day (other than a Saturday or Sunday) on which banks generally are open in Chicago, Illinois for the conduct of substantially all of their commercial lending activities, interbank wire transfers can be made on the Fedwire system and dealings in Dollars are carried on in the London interbank market and (ii) for all other purposes, a day (other than a Saturday or Sunday) on which banks generally are open in Chicago, Illinois for the conduct of substantially all of their commercial lending activities and interbank wire transfers can be made on the Fedwire system.

"CAPITAL EXPENDITURES" means, without duplication, any expenditures for any purchase or other acquisition of any asset which would be classified as a fixed or capital asset on a consolidated balance sheet of the Borrower and its Subsidiaries prepared in accordance with Agreement Accounting Principles.

"CAPITALIZED LEASE" of a Person means any lease of Property by such Person as lessee which would be capitalized on a balance sheet of such Person prepared in accordance with Agreement Accounting Principles.

"CAPITALIZED LEASE OBLIGATIONS" of a Person means the amount of the obligations of such Person under Capitalized Leases which would be classified as a liability on a balance sheet of such Person prepared in accordance with Agreement Accounting Principles.

"CASH EQUIVALENT INVESTMENTS" means (i) direct obligations of, or fully guaranteed by, the United States of America, (ii) commercial paper rated A-1 or better by S&P or P-1 or better by Moody's, (iii) demand deposit accounts maintained in the ordinary course of business, (iv) certificates of deposit, bankers' acceptances, money market deposit accounts, and time deposits issued by or maintained with, as applicable, commercial banks (whether domestic or foreign) having capital and surplus in excess of $100,000,000, (v) fully collateralized repurchase agreements with a term of not more than 30 days for securities described in clause (i) above and entered into with a financial institution satisfying the criteria described in clause (iv) above, and (vi) in the case of any Foreign Subsidiary, (A) marketable direct obligations issued by, or unconditionally guaranteed by, the sovereign nation in which such Foreign Subsidiary is organized and is conducting business or issued by any agency of such sovereign nation and backed by the full faith and credit of such sovereign nation, in each case maturing within one year from the date of acquisition, so long as the Indebtedness of such sovereign nation is rated at least A-1 or better by S&P or P-1 or better by Moody's or carries an equivalent rating from a comparable foreign rating agency or (B) Investments of the type and maturity described in clauses (ii) through (v) above of foreign obligors, which Investments or obligors have ratings described in such clauses or equivalent ratings from comparable foreign rating agencies..

"CASH FLOW PERIOD" means each fiscal year of the Borrower, beginning with the fiscal year ending 2004.

"CHAMPVA" means, collectively, the Civilian Health and Medical Program of the Department of Veteran Affairs, a program of medical benefits covering retirees and dependents of former members of the armed services administered by the United States Department of Veteran Affairs, and all laws, rules, regulations, manuals, orders, guidelines or requirements pertaining to such program including (a) all federal statutes (whether set forth in 38 U.S.C. {section} 1713 or elsewhere) affecting such program or, to the extent applicable to CHAMPVA; and (b) all rules, regulations (including 38 C.F.R. {section} 17.54), manuals, orders and administrative, reimbursement and other guidelines of all governmental authorities promulgated in connection with such program (whether or not having the force of law), in each case as the same may be amended, supplemented or otherwise modified from time to time.

"CHAMPVA RECEIVABLE" means a Receivable payable pursuant to the CHAMPVA program.

"CHANGE OF CONTROL" means (i) the acquisition by any Person, or any group of Persons (within the meaning of Section 13 or 14 of the Securities Exchange Act of 1934, as amended) acting in concert, of beneficial ownership (within the meaning of Rule 13d-3 of the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended) of 50% or more of the outstanding shares of common stock of the Borrower; or (ii) the occurrence of a "Change of Control" as defined in the Senior Secured Indenture Documents.

"CHEMED CAPITAL TRUST" means Chemed Capital Trust, a Delaware statutory business trust and a Wholly-Owned Subsidiary of the Borrower, together with its permitted successors and assigns.

"CHEMED TRUST SECURITIES" means the 575,503 convertible trust preferred securities of Chemed Capital Trust issued in exchange for shares of the Borrower's capital stock pursuant to an exchange offer completed on February 1, 2000.

"CLOSING DATE" means February 24, 2004.

"CLOSING DATE STOCK AWARD PLAN" means the Borrower's employee stock award plan in existence on the Closing Date.

"CODE" means the Internal Revenue Code of 1986, as amended, reformed or otherwise modified from time to time, and any rule or regulation issued thereunder.

"COLLATERAL" means all Property and interests in Property now owned or hereafter acquired by the Borrower or any of its Domestic Subsidiaries in or upon which a security interest, lien or mortgage is granted to the Collateral Agent, for the benefit of the Holders of Secured Obligations and the other creditors of the Borrower subject to the Intercreditor Agreement, whether under the Pledge and Security Agreement, under any of the other Collateral Documents or under any of the other Loan Documents.

"COLLATERAL AGENT" means Bank One, together with its permitted successors and assigns.

"COLLATERAL DOCUMENTS" means all agreements, instruments and documents executed in connection with this Agreement or the Intercreditor Agreement that are intended to create or evidence Liens to secure the Secured Obligations, including, without limitation, the Pledge and Security Agreement, the Intellectual Property Security Agreements, and all other security agreements, mortgages, deeds of trust, loan agreements, notes, guarantees, subordination agreements, pledges, powers of attorney, consents, assignments, contracts, fee letters, notices, leases, financing statements and all other written matter whether heretofore, now, or hereafter executed by the Borrower or any of its Subsidiaries and delivered to the Collateral Agent.

"COLLATERAL SHORTFALL AMOUNT" is defined in Section 8.1.

"COMMITMENT FEE" is defined in Section 2.5.1.

"COMMITMENT SCHEDULE" means the Schedule identifying each Lender's Revolving Loan Commitment and Term Loan Commitment as of the Closing Date attached hereto and identified as such.

"CONSOLIDATED CAPITAL EXPENDITURES" means, with reference to any period, the Capital Expenditures of the Borrower and its consolidated Subsidiaries calculated on a consolidated basis for such period.

"CONSOLIDATED CURRENT MATURITIES" means, with reference to any period, all payments of principal due within twelve (12) calendar months on and after the last day of such period with respect to all Consolidated Indebtedness of the Borrower.

"CONSOLIDATED EBITDA" means Consolidated Net Income plus, to the extent deducted from revenues in determining Consolidated Net Income, (i) Consolidated Interest Expense, (ii) expense for taxes paid or accrued, (iii) depreciation, (iv) amortization expense of the Borrower and its consolidated Subsidiaries (including amortization recorded in connection with the application of Financial Accounting Standard No. 142 (Goodwill and Other Intangibles)), (v) payments made in connection with the Westbrook Agreement in the amount of $25,000,000 and transaction fees and expenses paid in connection with the Transactions, (vi) any severance payments related to the Target Acquisition not to exceed $14,500,000 plus any employment taxes and employee benefit charges payable in connection therewith, (vii) dividends, distributions and payments not in excess of $2,800,000 under the Closing Date Stock Award Plan plus any employment taxes and employee benefit charges payable in connection therewith, and (viii) all other non-cash charges of the Borrower and its consolidated Subsidiaries (excluding any such non-cash charge to the extent it represents an accrual of or reserve for cash expenditures in any future period) less interest income and all non-cash items of income of the Borrower and its consolidated Subsidiaries in each case for such period. For purposes of calculating Consolidated EBITDA for the Borrower and its consolidated Subsidiaries for those periods that require financial information for the fiscal quarter ending March 31, 2004, the Borrower shall include the Target on a pro forma basis as though the Target Acquisition had occurred on January 1, 2004.

"CONSOLIDATED FUNDED INDEBTEDNESS" means, at any time, with respect to any Person, without duplication, (i) the aggregate Dollar amount of Consolidated Indebtedness which would be classified on the balance sheet of such Person, as of the applicable determination date, as long-term Indebtedness, plus (ii) the aggregate stated or face amount of all Letters of Credit at such time for which such Person is the account party or is otherwise liable.

"CONSOLIDATED INDEBTEDNESS" means, at any time, with respect to any Person, the Indebtedness of such Person and its consolidated Subsidiaries calculated on a consolidated basis as of such time.

"CONSOLIDATED INTEREST EXPENSE" means, with reference to any period, the interest expense of the Borrower and its consolidated Subsidiaries calculated on a consolidated basis for such period, in accordance with Agreement Accounting Principles. Notwithstanding anything to the contrary herein, any premium paid in connection with the repayment of Indebtedness of the Borrower in connection with the Transactions and interest on the Trust Securities paid on or prior to January 1, 2005 shall not be included in Consolidated Interest Expense.

"CONSOLIDATED NET INCOME" means, with reference to any period, the net income (or loss) of the Borrower and its consolidated Subsidiaries calculated on a consolidated basis for such period in accordance with Agreement Accounting Principles.

"CONSOLIDATED NET WORTH" means at any time, with respect to any Person, the consolidated stockholders' equity of such Person and its consolidated Subsidiaries, plus minority

interests in Subsidiaries, calculated on a consolidated basis in accordance with Agreement Accounting Principles.

"CONSOLIDATED SENIOR FUNDED DEBT" means Indebtedness outstanding under the Loan Documents and the Senior Secured Notes.

"CONTINGENT OBLIGATION" of a Person means any agreement, undertaking or arrangement by which such Person assumes, guarantees, endorses, contingently agrees to purchase or provide funds for the payment of, or otherwise becomes or is contingently liable upon, the obligation or liability of any other Person, or agrees to maintain the net worth or working capital or other financial condition of any other Person, or otherwise assures any creditor of such other Person against loss, including, without limitation, any operating agreement, take-or-pay contract or the obligations of any such Person as general partner of a partnership with respect to the liabilities of the partnership (except to the extent expressly without recourse to such Person).

"CONTINUING DIRECTOR" means, with respect to any Person as of any date of determination, any member of the board of directors of such Person who (i) was a member of such board of directors on the Closing Date, or (ii) was nominated for election or elected to such board of directors with the approval of the required majority of the Continuing Directors who were members of such board at the time of such nomination or election.

"CONTROLLED GROUP" means all members of a controlled group of corporations or other business entities and all trades or businesses (whether or not incorporated) under common control which, together with the Borrower or any of its Subsidiaries, are treated as a single employer under Section 414 of the Code.

"CONVERSION/CONTINUATION NOTICE" is defined in Section 2.9.

"CREDIT EXTENSION" means the making of an Advance or the issuance of a Facility LC hereunder.

"CREDIT EXTENSION DATE" means the Borrowing Date for an Advance or the issuance date for a Facility LC.

"CREDIT PARTY" means, at any time, any of the Borrower and any Person which is a Guarantor at such time; provided, however, that neither VNF nor Chemed Capital Trust shall be deemed a Credit Party.

"DEEMED DIVIDEND PROBLEM" means, with respect to any Foreign Subsidiary, such Foreign Subsidiary's accumulated and undistributed earnings and profits being deemed to be repatriated to the Borrower or the applicable parent Domestic Subsidiary for U.S. federal income tax purposes and the effect of such repatriation causing adverse tax consequences to the Borrower or such parent Domestic Subsidiary, in each case as determined by the Borrower in its commercially reasonable judgment acting in good faith and, if applicable, in consultation with its legal and tax advisors.

"DISQUALIFIED STOCK" means any capital stock or other equity interest that, by its terms (or by the terms of any security into which it is convertible or for which it is exchangeable), matures

or is mandatorily redeemable, pursuant to a sinking fund obligation or otherwise, or redeemable at the option of the holder thereof, in whole or in part, on or prior to the date that is 91 days after the later of the (i) the Revolving Loan Termination Date and (ii) the Term Loan Maturity Date.

"DIVIDEND COVERAGE AMOUNT" means, for the fourth fiscal quarter of any fiscal year of the Borrower, an amount equal to $1,250,000 plus such amount as is required to cause the aggregate principal amount of Term Loan payments made or required to be made during such fiscal year to equal or exceed the aggregate amount of cash dividends paid by the Borrower to the holders of its common stock during such fiscal year.

"DOLLAR", "dollar" and "$" means the lawful currency of the United States of America.

"DOMESTIC SUBSIDIARY" means any Subsidiary of any Person organized under the laws of a jurisdiction located in the United States of America.

"ENVIRONMENTAL LAWS" means any and all federal, state, local and foreign statutes, laws, judicial decisions, regulations, ordinances, rules, judgments, orders, decrees, injunctions, permits, and legally enforceable governmental concessions, grants, franchises, licenses, agreements and other governmental restrictions relating to (i) the protection of the environment, (ii) emissions, discharges or releases of pollutants, contaminants, hazardous substances or wastes into surface water, ground water or land, or (iii) the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of pollutants, contaminants, hazardous substances or wastes or the clean-up or other remediation thereof.

"EQUIPMENT" means all of the Borrower's and each Subsidiary's present and future (i) equipment, including, without limitation, machinery, manufacturing, distribution, data processing and office equipment, assembly systems, tools, molds, dies, fixtures, appliances, furniture, furnishings, vehicles, vessels, aircraft, aircraft engines, and trade fixtures, (ii) other tangible personal property (other than inventory), and (iii) any and all accessions, parts and appurtenances attached to any of the foregoing or used in connection therewith, and any substitutions therefor and replacements, products and proceeds thereof.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended from time to time, and any rules or regulations promulgated thereunder.

"EURODOLLAR ADVANCE" means an Advance which, except as otherwise provided in Section 2.11, bears interest at the applicable Eurodollar Rate.

"EURODOLLAR BASE RATE" means, with respect to a Eurodollar Advance for the relevant Interest Period, the applicable British Bankers' Association LIBOR rate for deposits in Dollars as reported by any generally recognized financial information service as of 11:00 a.m. (London time) two (2) Business Days prior to the first day of such Interest Period, and having a maturity equal to such Interest Period, provided that, if no such British Bankers' Association LIBOR rate is available to the Administrative Agent, the applicable Eurodollar Base Rate for the relevant Interest Period shall instead be the rate determined by the Administrative Agent to be the rate at which Bank One or one of its affiliate banks offers to place deposits in Dollars with first-class banks in the London interbank market at approximately 11:00 a.m. (London time) two (2)

Business Days prior to the first day of such Interest Period, in the approximate amount of Bank One's relevant Eurodollar Loan and having a maturity equal to such Interest Period.

"EURODOLLAR LOAN" means a Loan which, except as otherwise provided in Section 2.11, bears interest at the applicable Eurodollar Rate.

"EURODOLLAR RATE" means, with respect to a Eurodollar Advance for the relevant Interest Period, the sum of (i) the quotient of (a) the Eurodollar Base Rate applicable to such Interest Period, divided by (b) one minus the Reserve Requirement (expressed as a decimal) applicable to such Interest Period, plus (ii) the Applicable Margin then in effect, changing as and when the Applicable Margin changes.

"EVENT OF DEFAULT" means an event described in Article VII.

"EVENT OF LOSS" means, with respect to any Property, any of the following: (i) any loss, destruction or damage of such Property or (ii) any condemnation, seizure, or taking, by exercise of the power of eminent domain or otherwise, of such Property, or confiscation of such Property or the requisition of the use of such Property by any Governmental Authority.

"EXCESS CASH FLOW" means, for any Cash Flow Period, an amount, determined without duplication for any items or components thereof, equal to the Borrower's Consolidated EBITDA plus the sum of (i) the amount, if any, by which Net Working Capital decreased during such Cash Flow Period plus (ii) the net amount, if any, by which the consolidated deferred revenues of the Borrower and its consolidated Subsidiaries increased during such Cash Flow Period minus income taxes paid in cash during such period minus Capital Expenditures permitted under this Agreement that are paid in cash during such period minus Interest Expense for such period minus repaid and prepaid principal payments in respect of Indebtedness (including Indebtedness in respect of Revolving Loans to the extent accompanied by a permanent reduction in Revolving Loan Commitments) owing by the Borrower and its Subsidiaries during such period other than pursuant to Section 2.7 minus the cash portion of the Purchase Price paid in connection with any Permitted Acquisition during such Cash Flow Period and minus the sum of (i) any non-cash gains included in determining such consolidated net income (or loss) for such Cash Flow Period plus (ii) the amount, if any by which Net Working Capital increased during such fiscal year plus (iii) the net amount, if any, by which the consolidated deferred revenues of the Borrower and its consolidated Subsidiaries decreased during such fiscal year.

"EXCLUDED TAXES" means, in the case of each Lender or applicable Lending Installation and the Administrative Agent, (i) taxes imposed on its overall net income, and franchise taxes imposed on it, by (a) the jurisdiction under the laws of which such Lender or the Administrative Agent is incorporated or organized or any political combination or subdivision or taxing authority thereof or (b) the jurisdiction in which the Administrative Agent's or such Lender's principal executive office or such Lender's applicable Lending Installation or office making or booking a Loan or Facility LC is located, (ii) any branch profits taxes imposed by the United States of America or any similar tax imposed by any other jurisdiction in which the Borrower is located and (iii) in the case of a Non U.S. Lender (as defined in Section 3.5), any withholding tax that is imposed on amounts payable to such Non U.S. Lender at the time such Non U.S. Lender becomes a party to this Agreement (or designates a new lending office).

"EXHIBIT" refers to an exhibit to this Agreement, unless another document is specifically referenced.

"EXISTING CREDIT AGREEMENTS" means (i) that certain Credit Agreement dated as of December 24, 2001 by and between the Borrower (formerly known as Chemed Corporation) and Bank One, NA, as the same has been amended or supplemented prior to the Closing Date, and (ii) that certain Amended and Restated Credit Agreement dated as of August 6, 2003 by and among Vitas Hospice Services, L.L.C., the Target, the institutions party thereto as lenders and BNP Paribas as the Agent, as the same has been amended or supplemented prior to the Closing Date.

"EXISTING LETTERS OF CREDIT" means those Letters of Credit identified in Schedule 2.20.

"FACILITY LC" is defined in Section 2.20.1.

"FACILITY LC APPLICATION" is defined in Section 2.20.3.

"FACILITY LC COLLATERAL ACCOUNT" is defined in Section 2.20.11.

"FEDERAL FUNDS EFFECTIVE RATE" means, for any day, an interest rate per annum equal to the weighted average of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers on such day, as published for such day (or, if such day is not a Business Day, for the immediately preceding Business Day) by the Federal Reserve Bank of New York, or, if such rate is not so published for any day which is a Business Day, the average of the quotations at approximately 10:00 a.m. (Chicago, Illinois time) on such day on such transactions received by the Administrative Agent from three Federal funds brokers of recognized standing selected by the Administrative Agent in its sole discretion.

"FINANCIAL CONTRACT" of a Person means (i) any exchange-traded or over-the-counter future, forward, swap or option contract or other financial instrument with similar characteristics or (ii) any Rate Management Transaction.

"FINANCIAL ASSISTANCE PROBLEM" means, with respect to any Foreign Subsidiary, the inability of such Foreign Subsidiary to become a Subsidiary Guarantor or to permit its assets from being pledged pursuant to a pledge or security agreement on account of legal or financial limitations imposed by the jurisdiction of organization of such Foreign Subsidiary or other relevant jurisdictions having authority over such Foreign Subsidiary, in each case as determined by the Borrower in its commercially reasonable judgment acting in good faith and in consultation with its legal and tax advisors.

"FINANCING" means, with respect to any Person, (i) the issuance or sale by such Person of any equity interests in such Person, or (ii) the issuance or sale by such Person of any Indebtedness other than Indebtedness permitted under Section 6.14; provided, however, that the foregoing clause (ii) shall not permit the incurrence by the Borrower or any Subsidiary of any Indebtedness if such incurrence is not otherwise permitted by Section 6.14.

"FIRREA" means the Financial Institutions Reform, Recovery, and Enforcement Act of 1989, as amended, modified or supplemented from time to time.

"FIRST TIER FOREIGN SUBSIDIARY" means each Foreign Subsidiary with respect to which any one or more of the Borrower and its Domestic Subsidiaries directly owns more than 50% of such Foreign Subsidiary's issued and outstanding ordinary equity interests.

"FLOATING RATE" means, for any day, a rate per annum equal to the sum of (i) the Alternate Base Rate for such day, changing when and as the Alternate Base Rate changes plus (ii) the Applicable Margin then in effect, changing as and when the Applicable Margin changes.

"FLOATING RATE ADVANCE" means an Advance which, except as otherwise provided in Section 2.11, bears interest at the Floating Rate.

"FLOATING RATE LOAN" means a Loan which, except as otherwise provided in Section 2.11, bears interest at the Floating Rate.

"FOREIGN SUBSIDIARY" means any Subsidiary of any Person which is not a Domestic Subsidiary of such Person.

"FUND" means any Person (other than a natural person) that is (or will be) engaged in making, purchasing, holding or otherwise investing in commercial loans and similar extensions of credit in the ordinary course of its business.

"GOVERNMENTAL AUTHORITY" means any nation or government, any foreign, federal, state, local or other political subdivision thereof and any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government.

"GOVERNMENTAL RECEIVABLES" means, collectively, any and all Receivables which are (a) Medicare Receivables, (b) Medicaid Receivables, (c) CHAMPVA Receivables, (d) TRICARE Receivables, or (e) any other Receivables payable by a Governmental Authority approved by the Administrative Agent.

"GUARANTOR" means each Subsidiary (other than VNF and Chemed Capital Trust) of the Borrower which is a party to the Guaranty Agreement, including each Subsidiary of the Borrower which becomes a party to the Guaranty Agreement pursuant to a joinder or other supplement thereto.

"GUARANTY AGREEMENT" means the Guaranty Agreement, dated as of the Closing Date, made by the Guarantors in favor of the Administrative Agent for the benefit of the Holders of Secured Obligations, as the same may be amended, restated, supplemented or otherwise modified from time to time.

"HOLDERS OF SECURED OBLIGATIONS" means the holders of the Secured Obligations from time to time and shall refer to (i) each Lender in respect of its Loans, (ii) the LC Issuer in respect of Reimbursement Obligations, (iii) the Administrative Agent, the Lenders and the LC Issuer in respect of all other present and future obligations and liabilities of the Borrower or any of its Domestic Subsidiaries of every type and description arising under or in connection with this Agreement or any other Loan Document, (iv) each Lender (or affiliate thereof), in respect of all Rate Management Obligations of the Borrower to such Lender (or such affiliate) as exchange party or counterparty under any Rate Management Transaction, unless the Borrower and such

Lender mutually agree that such Rate Management Obligations do not constitute Secured Obligations, (v) each Person benefiting from indemnities made by the Borrower or any Subsidiary hereunder or in any Loan Document in respect of the obligations and liabilities of the Borrower or such Subsidiary to such Person, and (vi) their respective permitted successors, transferees and assigns.

"INDEBTEDNESS" of a Person means, at any time, without duplication, such Person's (i) obligations for borrowed money, (ii) obligations representing the deferred purchase price of Property or services (other than current accounts payable arising in the ordinary course of such Person's business), (iii) obligations, whether or not assumed, secured by Liens or payable out of the proceeds or production from Property now or hereafter owned or acquired by such Person, (iv) obligations which are evidenced by notes, bonds, debentures, acceptances, or other similar instruments, (v) obligations to purchase securities or other Property arising out of or in connection with the sale of the same or substantially similar securities or Property, (vi) Capitalized Lease Obligations, (vii) Contingent Obligations of such Person in respect of Indebtedness, (viii) reimbursement obligations under Letters of Credit, bankers' acceptances, surety bonds and similar instruments, (ix) for purposes of Section 6.14 only, Net Mark-to-Market Exposure under Rate Management Transactions and other Financial Contracts, and (x) any other obligation for borrowed money which in accordance with Agreement Accounting Principles would be classified as indebtedness on the consolidated balance sheet of such Person.

"INTELLECTUAL PROPERTY SECURITY AGREEMENTS" means the intellectual property security agreements as any Credit Party may from time to time make in favor of the Collateral Agent for the benefit of the Holders of Secured Obligations and the other creditors of the Borrower subject to the Intercreditor Agreement, in each case as the same may be amended, restated, supplemented or otherwise modified from time to time.

"INTERCREDITOR AGREEMENT" means the Collateral Sharing Agreement, dated as of February 24, 2004, substantially similar in form and substance to Exhibit H hereto, by and among the Administrative Agent on behalf of the Lenders, Wells Fargo Bank, National Association, as Trustee on behalf of the holders of the Senior Secured Notes, the Collateral Agent, and the Borrower, as the same may be amended, restated, supplemented or otherwise modified from time to time.

"INTEREST PERIOD" means, with respect to a Eurodollar Advance, a period of one, two, three or six months, or, to the extent available as determined by the Administrative Agent in its reasonable judgment, nine or twelve months, commencing on a Business Day selected by the Borrower pursuant to this Agreement. Such Interest Period shall end on but exclude the day which corresponds numerically to such date one, two, three, six, or, if applicable, nine or twelve months thereafter, provided, however, that if there is no such numerically corresponding day in such next, second, third, sixth or, if applicable, ninth or twelfth succeeding month, such Interest Period shall end on the last Business Day of such next, second, third, sixth or, if applicable, ninth or twelfth succeeding month. If an Interest Period would otherwise end on a day which is not a Business Day, such Interest Period shall end on the next succeeding Business Day, provided, however, that if said next succeeding Business Day falls in a new calendar month, such Interest Period shall end on the immediately preceding Business Day.

"INVESTMENT" of a Person means any loan, advance (other than commission, travel, relocation and other loans and advances to officers or employees made in the ordinary course of business), extension of credit (other than Receivables arising in the ordinary course of business) or contribution of capital by such Person; stocks, bonds, mutual funds, partnership interests, notes, debentures or other securities owned by such Person; any deposit accounts and certificate of deposit owned by such Person; and structured notes, derivative financial instruments and other similar instruments or contracts owned by such Person.

"LC FEE" is defined in Section 2.20.4.

"LC ISSUER" means Bank One (or any subsidiary or affiliate of Bank One designated by Bank One) in its capacity as issuer of Facility LCs hereunder.

"LC OBLIGATIONS" means, at any time, the sum, without duplication, of (i) the aggregate undrawn stated amount under all Facility LCs outstanding at such time plus (ii) the aggregate unpaid amount at such time of all Reimbursement Obligations. No amount owing under a Letter of Credit issued under the Existing Credit Agreements that is not an Existing Letter of Credit and that is cash collateralized or supported by a back-to-back Letter of Credit in accordance with the terms of this Agreement shall constitute an LC Obligation.

"LC PAYMENT DATE" is defined in Section 2.20.5.

"LENDERS" means the lending institutions listed on the signature pages of this Agreement and their respective permitted successors and assigns. Unless otherwise specified, the term "Lenders" includes the Swing Line Lender and the LC Issuer.

"LENDING INSTALLATION" means, with respect to a Lender or the Administrative Agent, the office, branch, subsidiary or affiliate of such Lender or the Administrative Agent listed on the signature pages hereof or on the administrative information sheets provided to the Administrative Agent in connection herewith or on a Schedule or otherwise selected by such Lender or the Administrative Agent pursuant to Section 2.17.

"LETTER OF CREDIT" of a Person means a letter of credit or similar instrument which is issued upon the application of such Person or upon which such Person is an account party or for which such Person is in any way liable.

"LEVERAGE RATIO" has the meaning set forth in Section 6.20.1.

"LIEN" means any lien (statutory or other), security interest, mortgage, pledge, hypothecation, assignment, deposit arrangement, or encumbrance of any kind or nature whatsoever (including, without limitation, the interest of a vendor or lessor under any conditional sale, Capitalized Lease or other title retention agreement, and, in the case of stock agreements, any purchase option, call or similar right of a Person with respect to such stock).

"LOAN" means, with respect to a Lender, such Lender's loan made pursuant to Article II (or any conversion or continuation thereof), whether constituting a Term Loan, Revolving Loan or a Swing Line Loan.

"LOAN DOCUMENTS" means this Agreement, the Facility LC Applications, the Intercreditor Agreement, the Collateral Documents, the Guaranty Agreement and all other documents, instruments, notes (including any Notes issued pursuant to Section 2.13 (if requested)) and agreements executed in connection herewith or therewith or contemplated hereby or thereby, as the same may be amended, restated or otherwise modified and in effect from time to time.

"MATERIAL ADVERSE EFFECT" means a material adverse effect on (i) the business, condition (financial or otherwise), operations, performance or Property of the Borrower and its Subsidiaries taken as a whole, (ii) the ability of the Borrower or any Subsidiary to perform its material obligations under the Loan Documents, or (iii) the validity or enforceability of the Loan Documents or the rights or remedies of the Administrative Agent, the Collateral Agent, the LC Issuer or the Lenders thereunder or their rights with respect to the Collateral.

"MATERIAL INDEBTEDNESS" means any Indebtedness in an outstanding principal amount of $10,000,000 or more in the aggregate (or the equivalent thereof in any currency other than Dollars).

"MATERIAL INDEBTEDNESS AGREEMENT" means any agreement under which any Material Indebtedness is outstanding or is governed.

"MEDICAID" shall mean, collectively, the health care assistance program established by Title XIX of the Social Security Act (42 U.S.C. {section}{section} 1396 et seq.) and any statutes succeeding thereto, and all laws, rules, regulations, manuals, orders, guidelines or requirements pertaining to such program including (a) all federal statutes (whether set forth in Title XIX of the Social Security Act or elsewhere) affecting such program; (b) all state statutes and plans for medical assistance enacted in connection with such program and federal rules and regulations promulgated in connection with such program; and (c) all applicable provisions of all rules, regulations, manuals, orders and administrative reimbursement guidelines and requirements of all government authorities promulgated in connection with such program (whether or not having the force of law), in each case as the same may be amended, supplemented or otherwise modified from time to time.

"MEDICAID RECEIVABLE" shall mean a Receivable payable pursuant to the Medicaid program.

"MEDICARE" shall mean, collectively, the health insurance program for the aged and disabled established by Title XVIII of the Social Security Act (42 U.S.C. {section}{section} 1395 et seq.) and any statutes succeeding thereto, and all laws, rules, regulations, manuals, orders or guidelines pertaining to such program including (a) all federal statutes (whether set forth in Title XVIII of the Social Security Act or elsewhere) affecting such program; and (b) all applicable provisions of all rules, regulations, manuals, orders and administrative reimbursement guidelines and requirements of all governmental authorities promulgated in connection with such program (whether or not having the force of law), in each case as the same may be amended, supplemented or otherwise modified from time to time.

"MEDICARE RECEIVABLE" shall mean a Receivable payable pursuant to the Medicare program.

"MODIFY" and "MODIFICATION" are defined in Section 2.20.1.

"MOODY'S" means Moody's Investors Services, Inc. and any successor thereto.

"MULTIEMPLOYER PLAN" means a multiemployer plan, as defined in Section 4001(a)(3) of ERISA, which is covered by Title IV of ERISA and to which the Borrower or any member of the Controlled Group is obligated to make contributions.

"NET CASH PROCEEDS" means, (1) with respect to any Asset Sale or any Financing by any Person, (a) cash (freely convertible into Dollars) received by such Person from such Asset Sale (including cash received as consideration for the assumption or incurrence of liabilities incurred in connection with or in anticipation of such Asset Sale) or such Financing, after (i) provision for all income or other taxes measured by or resulting from such sale of Property (including reasonably estimated taxes), and the amount of any reserves established by such Person to fund contingent liabilities reasonably estimated to be payable that are directly attributable to such Asset Sale or Financing (as determined reasonably and in good faith by the chief financial officer of such Person), (ii) payment of all reasonable brokerage commissions or discounts and other fees and expenses related to such Asset Sale or Financing, (iii) all amounts used to repay, redeem or repurchase Indebtedness secured by a Lien on any asset disposed of, sold, leased, conveyed or otherwise transferred in such Asset Sale or which is or may be required (by the express terms of the instrument governing such Indebtedness) to be repaid, redeemed or repurchased in connection with such Asset Sale (including payments made to obtain or avoid the need for the consent of any holder of such Indebtedness) or Financing and (2) with respect to an Event of Loss of a Person, cash (freely convertible in Dollars) received by or for such Person's account, net of (i) reasonable costs or expenses incurred in connection with such Event of Loss, including those costs and expenses incurred in investigating or recovering such cash and reasonable reserves associated therewith in accordance with Agreement Accounting Principles, (ii) amounts required to repay, redeem or repurchase any Indebtedness or statutory or other obligations secured by any Lien on the property (or portion thereof) so damaged or taken (other than the Secured Obligations) or which is required to be and is repaid, redeemed or repurchased in connection with such Event of Loss, and (iii) provision for all income or other taxes measured by or resulting from such Event of Loss (including reasonably estimated taxes), and the amount of any reserves established by such Person to fund contingent liabilities reasonably estimated to be payable that are directly attributable to such Event of Loss (as determined reasonably and in good faith by the chief financial officer of such Person).

"NET MARK-TO-MARKET EXPOSURE" of a Person means, as of any date of determination, the excess (if any) of all unrealized losses over all unrealized profits of such Person arising from Rate Management Transactions, as determined by such Person in good faith. "Unrealized losses" means the fair market value of the cost to such Person of replacing such Rate Management Transaction as of the date of determination (assuming the Rate Management Transaction were to be terminated as of that date), and "unrealized profits" means the fair market value of the gain to such Person of replacing such Rate Management Transaction as of the date of determination (assuming such Rate Management Transaction were to be terminated as of that date).

"NET WORKING CAPITAL" means, at any date, (a) the consolidated current assets of the Borrower and its consolidated Subsidiaries as of such date (excluding cash, Cash Equivalent Investments, and Unapplied PIP) minus (b) the consolidated current liabilities of the Borrower and its consolidated Subsidiaries as of such date (excluding current liabilities in respect of Indebtedness and PIP Settlements). Net Working Capital at any date may be a positive or negative number. Net Working Capital increases when it becomes more positive or less negative and decreases when it becomes less positive or more negative.

"NON-U.S. LENDER" is defined in Section 3.5(iv).

"NOTE" is defined in Section 2.13.

"OBLIGATIONS" means all Loans, all Reimbursement Obligations, advances, debts, liabilities, obligations, covenants and duties owing by the Borrower to the Administrative Agent, any Lender, the Swing Line Lender, the LC Issuer, the Arranger, or any indemnitee under the provisions of Section 9.6 or any other provisions of the Loan Documents, in each case of any kind or nature, present or future, arising under this Agreement or any other Loan Document, whether or not evidenced by any note, guaranty or other instrument, whether or not for the payment of money, whether arising by reason of an extension of credit, loan, foreign exchange risk, guaranty, indemnification, or in any other manner, whether direct or indirect (including those acquired by assignment), absolute or contingent, due or to become due, now existing or hereafter arising and however acquired. The term includes, without limitation, all interest, charges, expenses, fees, attorneys' fees and disbursements (in each case whether or not allowed), and any other sum chargeable to the Borrower or any of its Subsidiaries under this Agreement or any other Loan Document.

"OPERATING LEASE" of a Person means any lease of Property (other than a Capitalized Lease) by such Person as lessee which has an original term (including any required renewals and any renewals effective at the option of the lessor) of one year or more.

"OPERATING LEASE OBLIGATIONS" means, as at any date of determination, the amount obtained by aggregating the present values, determined in the case of each particular Operating Lease, by applying a discount rate (which discount rate shall equal the discount rate which would be applied under Agreement Accounting Principles if such Operating Lease were a Capitalized Lease) from the date on which each fixed lease payment is due under such Operating Lease to such date of determination, of all fixed lease payments due under all Operating Leases of the Borrower and its Subsidiaries.

"OTHER TAXES" is defined in Section 3.5(ii).

"OUTSTANDING REVOLVING CREDIT EXPOSURE" means, as to any Lender at any time, the sum of (i) the aggregate principal amount of its Revolving Loans outstanding at such time, plus (ii) an amount equal to its ratable obligation to purchase participations in the aggregate principal amount of Swing Line Loans outstanding at such time, plus (iii) an amount equal to its ratable obligation to purchase participations in the LC Obligations at such time.

"PARTICIPANTS" is defined in Section 12.2.1.

"PAYMENT DATE" means the last day of each March, June, September and December, the Revolving Loan Termination Date and the Term Loan Maturity Date.

"PBGC" means the Pension Benefit Guaranty Corporation, or any successor thereto.

"PERMITTED ACQUISITION" is defined in Section 6.13.21.

"PERSON" means any natural person, corporation, firm, joint venture, partnership, limited liability company, association, enterprise, trust or other entity or organization, or any government or political subdivision or any agency, department or instrumentality thereof.

"PIP" means periodic interim payments (or similar payments) made by any Governmental Authority to any Credit Party under the Medicare, Medicaid, TRICARE or CHAMPVA programs or any similar program of any Governmental Authority.

"PIP SETTLEMENTS" has the meaning ascribed to such term in Section 6.9(ii) hereof.

"PLAN" means an employee pension benefit plan, excluding any Multiemployer Plan, which is covered by Title IV of ERISA or subject to the minimum funding standards under Section 412 of the Code as to which the Borrower or any member of the Controlled Group may have any liability.

"PLEDGE AND SECURITY AGREEMENT" means that certain Pledge and Security Agreement, dated as of the Closing Date, by and between the Credit Parties and the Collateral Agent for the benefit of the Holders of Secured Obligations and the other creditors of the Borrower subject to the Intercreditor Agreement, as the same may be amended, restated, supplemented, or otherwise modified from time to time.

"PLEDGE SUBSIDIARY" means each Domestic Subsidiary and, at the option of the Administrative Agent, each First Tier Foreign Subsidiary.

"PRICING SCHEDULE" means the Schedule identifying the Applicable Margin and Applicable Fee Rate attached hereto and identified as such.

"PRIME RATE" means a rate per annum equal to the prime rate of interest announced from time to time by Bank One or its parent (which is not necessarily the lowest rate charged to any customer), changing when and as said prime rate changes.

"PROPERTY" of a Person means any and all property, whether real, personal, tangible, intangible, or mixed, of such Person.

"PRO RATA SHARE" means, with respect to any Lender, the percentage obtained by multiplying 100% by the quotient of (i) the sum of such Lender's Revolving Loan Commitment and Term Loans at such time divided by (ii) the sum of the Aggregate Revolving Loan Commitment and the aggregate amount of all of the Term Loans at such time; provided, however, if all of the Revolving Loan Commitments and Term Loan Commitments are terminated pursuant to the terms of this Agreement, then "Pro Rata Share" means the percentage obtained by multiplying 100% by the quotient of (a) the sum of such Lender's Outstanding

Revolving Credit Exposure and outstanding Term Loans at such time divided by (b) the sum of the Aggregate Outstanding Revolving Credit Exposure and the aggregate outstanding amount of all Term Loans at such time.

"PURCHASE PRICE" means the total consideration and other amounts payable in connection with any Acquisition, including, without limitation, any portion of the consideration payable in cash, all Indebtedness, liabilities and contingent obligations incurred or assumed in connection with such Acquisition and all transaction costs and expenses incurred in connection with such Acquisition, but exclusive of the value of any capital stock or other equity interests of the Borrower or any Subsidiary issued as consideration for such Acquisition.

"PURCHASERS" is defined in Section 12.3.1.

"RATE MANAGEMENT OBLIGATIONS" of a Person means any and all obligations of such Person, whether absolute or contingent and howsoever and whensoever created, arising, evidenced or acquired (including all renewals, extensions and modifications thereof and substitutions therefor), under (i) any and all Rate Management Transactions, and (ii) any and all cancellations, buy backs, reversals, terminations or assignments of any Rate Management Transactions.

"RATE MANAGEMENT TRANSACTION" means any transaction (including an agreement with respect thereto) now existing or hereafter entered by the Borrower or a Subsidiary which is a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, equity or equity index swap, equity or equity index option, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, forward transaction, currency swap transaction, cross-currency rate swap transaction, currency option or any other similar transaction (including any option with respect to any of these transactions) or any combination thereof, whether linked to one or more interest rates, foreign currencies, commodity prices, equity prices or other financial measures.

"RECEIVABLE(s)" means and includes all of the Borrower's and each Subsidiary's presently existing and hereafter arising or acquired accounts, accounts receivable, and all present and future rights of the Borrower or such Subsidiary to payment for goods sold or leased or for services rendered (except those evidenced by instruments or chattel paper), whether or not they have been earned by performance, and all rights in any merchandise or goods which any of the same may represent, and all rights, title, security and guarantees with respect to each of the foregoing, including, without limitation, any right of stoppage in transit.

"REGULATION D" means Regulation D of the Board of Governors of the Federal Reserve System as from time to time in effect and any successor thereto or other regulation or official interpretation of said Board of Governors relating to reserve requirements applicable to member banks of the Federal Reserve System.

"REGULATION U" means Regulation U of the Board of Governors of the Federal Reserve System as from time to time in effect and any successor or other regulation or official interpretation of said Board of Governors relating to the extension of credit by banks, non-banks

and non-broker lenders for the purpose of purchasing or carrying margin stocks applicable to member banks of the Federal Reserve System.

"REGULATION X" means Regulation X of the Board of Governors of the Federal Reserve System as from time to time in effect and any successor or other regulation or official interpretation of said Board of Governors relating to the extension of credit by foreign lenders for the purpose of purchasing or carrying margin stock (as defined therein).

"REIMBURSEMENT OBLIGATIONS" means, at any time, the aggregate of all obligations of the Borrower then outstanding under Section 2.20 to reimburse the LC Issuer for amounts paid by the LC Issuer in respect of any one or more drawings under Facility LCs.

"REPORTABLE EVENT" means a reportable event, as defined in Section 4043 of ERISA and the regulations issued under such section, with respect to a Plan, excluding, however, such events as to which the PBGC has by regulation waived the requirement of Section 4043(a) of ERISA that it be notified within thirty (30) days of the occurrence of such event, provided, however, that a failure to meet the minimum funding standard of Section 412 of the Code and of Section 302 of ERISA shall be a Reportable Event regardless of the issuance of any such waiver of the notice requirement in accordance with either Section 4043(a) of ERISA or Section 412(d) of the Code.

"REPORTS" is defined in Section 9.6.

"REQUIRED LENDERS" means Lenders in the aggregate having more than 50% of the sum of the Aggregate Revolving Loan Commitment and the Aggregate Term Loan Commitment (or, if all of the Revolving Loan Commitments and Term Loan Commitments are terminated pursuant to the terms of this Agreement, the Aggregate Outstanding Revolving Credit Exposure and aggregate outstanding principal amount of Term Loans at such time).

"REQUIRED MANDATORY PREPAYMENT AMOUNT" means, with respect to any mandatory prepayment of the Loans made in accordance with Section 2.2(c)(ii), an amount, based on the then applicable Leverage Ratio, equal to the Net Cash Proceeds allocable to the Loans in respect of such prepayment times the then applicable percentage set forth below.

LEVERAGE RATIO	PERCENTAGE OF NET CASH PROCEEDS TO BE APPLIED IN REDUCTION OF OUTSTANDING LOANS
Greater than 3.50 to 1.00	75%
Less than or equal to 3.50 to 1.00	50%

"RESERVE REQUIREMENT" means, with respect to an Interest Period, the maximum aggregate reserve requirement (including all basic, supplemental, marginal and other reserves) which is imposed under Regulation D on "Eurocurrency liabilities" (as defined in Regulation D) for such Interest Period.

"RESTRICTED PAYMENT" means (i) any dividend or other distribution, direct or indirect, on account of any equity interests of the Borrower or the Target now or hereafter outstanding, except a dividend payable solely in the Borrower's or the Target's capital stock (other than Disqualified Stock) or in options, warrants or other rights to purchase such capital stock, or (ii) any redemption, retirement, purchase or other acquisition for value, direct or indirect, of any equity interests of the Borrower or any of its Subsidiaries now or hereafter outstanding, other than in exchange for, or out of the proceeds of, the substantially concurrent sale (other than to a Subsidiary of the Borrower) of other equity interests of the Borrower (other than Disqualified Stock).

"REVOLVING LOAN" means, with respect to a Lender, such Lender's loan made pursuant to its commitment to lend set forth in Section 2.1.1 (and any conversion or continuation thereof).

"REVOLVING LOAN COMMITMENT" means, for each Lender, including without limitation, each LC Issuer, such Lender's obligation to make Revolving Loans to, and participate in Facility LCs issued upon the application of, the Borrower in an aggregate amount not exceeding the amount set forth for such Lender on the Commitment Schedule or in any Assignment Agreement delivered pursuant to Section 12.3, as such amount may be modified from time to time pursuant to the terms hereof.

"REVOLVING LOAN PRO RATA SHARE" means, with respect to any Lender, the percentage obtained by multiplying 100% by the quotient of (i) such Lender's Revolving Loan Commitment at such time divided by (ii) the Aggregate Revolving Loan Commitment at such time; provided, however, if all of the Revolving Loan Commitments are terminated pursuant to the terms of this Agreement, then "Revolving Loan Pro Rata Share" means the percentage obtained by multiplying 100% by the quotient of (a) such Lender's Outstanding Revolving Credit Exposure at such time divided by (b) the Aggregate Outstanding Revolving Credit Exposure at such time.

"REVOLVING LOAN TERMINATION DATE" means the earlier of (a) February 24, 2009, and (b) the date of termination in whole of the Aggregate Revolving Loan Commitment pursuant to Section 2.2 hereof or the Revolving Loan Commitments pursuant to Section 8.1 hereof.

"ROTO-ROOTER STOCK ISSUANCE" means any issuance of equity interests in the Borrower to non-Affiliates.

"S&P" means Standard and Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc., and any successor thereto.

"SALE AND LEASEBACK TRANSACTION" means any sale or other transfer of Property by any Person with the intent to lease such Property as lessee.

"SCHEDULE" refers to a specific schedule to this Agreement, unless another document is specifically referenced.

"SECTION" means a numbered section of this Agreement, unless another document is specifically referenced.

"SECURED OBLIGATIONS" means, collectively, (i) the Obligations and (ii) all Rate Management Obligations owing in connection with Rate Management Transactions to any Lender or any affiliate of any Lender, unless the Borrower and any such Lender mutually agree that such Rate Management Obligations do not constitute Secured Obligations.

"SENIOR SECURED INDENTURE" means the Indenture, dated as of February 24, 2004, in form and substance substantially similar to Exhibit I, by and between the Borrower and Wells Fargo Bank, National Association as Trustee for the purchasers of the Senior Secured Notes, as the same may be amended, restated, supplemented or otherwise modified from time to time.

"SENIOR SECURED INDENTURE DOCUMENTS" means the Senior Secured Notes, the Senior Secured Indenture, the "Security Documents" as defined in the Senior Secured Indenture, the Intercreditor Agreement, the "Intellectual Property Security Agreements" as defined in the Senior Secured Indenture, and the agreements, documents, and instruments delivered in connection therewith, as each of the foregoing may be amended, restated, supplemented or otherwise modified from time to time.

"SENIOR SECURED NOTES" means those certain Floating Rate Senior Secured Notes due 2010, in form and substance substantially similar to Exhibit I, in an initial aggregate principal amount equal to $110,000,000, issued by the Borrower pursuant to the Senior Secured Indenture, as such Notes may be amended, restated, supplemented or otherwise modified from time to time.

"SENIOR UNSECURED INDENTURE" means the Indenture, dated as of February 24, 2004, in form and substance substantially similar to Exhibit J, by and between the Borrower and LaSalle Bank National Association, as Trustee for the purchasers of the Senior Unsecured Notes, as the same may be amended, restated, supplemented or otherwise modified from time to time.

"SENIOR UNSECURED INDENTURE DOCUMENTS" means the Senior Unsecured Notes, the Senior Unsecured Indenture, and the agreements, documents, and instruments delivered in connection therewith, as each of the foregoing may be amended, restated, supplemented or otherwise modified from time to time.

"SENIOR UNSECURED NOTES" means those certain unsecured 8-3/4% Senior Unsecured Notes due 2011, in form and substance substantially similar to Exhibit J, in an initial aggregate principal amount equal to $150,000,000, issued by the Borrower pursuant to the Senior Unsecured Indenture, as such Notes may be amended, restated, supplemented, or otherwise modified from time to time.

"SERVICE AMERICA WRITE-DOWN" means the write-down, in accordance with generally accepted accounting principles in effect on the date of such write-down, of $15,000,000 of goodwill associated with Service America Network, Inc.

"SINGLE EMPLOYER PLAN" means a Plan maintained by the Borrower or any member of the Controlled Group for employees of the Borrower or any member of the Controlled Group.

"SUBORDINATED CHEMED DEBENTURES" means the Convertible Junior Subordinated Debentures due 2030, issued by the Borrower pursuant to the Indenture, dated as of February 7,

2000, between the Borrower and Firstar Bank, National Association, as trustee, as the same may be amended, restated, supplemented or otherwise modified from time to time.

"SUBSIDIARY" of a Person means (i) any corporation of which more than 50% of the outstanding securities having ordinary voting power shall at the time be owned or controlled, directly or indirectly, by such Person or by one or more of its Subsidiaries or by such Person and one or more of its Subsidiaries, or (ii) any partnership, limited liability company, association, joint venture or similar business organization of which more than 50% of the ownership interests having ordinary voting power shall at the time be so owned or controlled. Unless otherwise expressly provided, all references herein to a "Subsidiary" shall mean a Subsidiary of the Borrower, including, without limitation, the Target.

"SUBSTANTIAL PORTION" means, with respect to the Property of the Borrower and its Subsidiaries, Property which represents more than 10% of the consolidated tangible assets of the Borrower and its Subsidiaries or Property which is responsible for more than 10% of the consolidated net revenues of the Borrower and its Subsidiaries, in each case, as would be shown in the consolidated financial statements of the Borrower and its Subsidiaries as at the beginning of the twelve-month period ending with the month in which such determination is made (or if financial statements have not been delivered hereunder for that month which begins the twelve-month period, then the financial statements delivered hereunder for the quarter ending immediately prior to that month).

"SWING LINE BORROWING NOTICE" is defined in Section 2.4.2.

"SWING LINE COMMITMENT" means the obligation of the Swing Line Lender to make Swing Line Loans up to a maximum principal amount of $5,000,000 at any one time outstanding.

"SWING LINE LENDER" means Bank One.

"SWING LINE LOAN" means a Loan made available to the Borrower by the Swing Line Lender pursuant to Section 2.4.

"TARGET" means Vitas Healthcare Corporation, a Delaware corporation.

"TARGET ACQUISITION" means the direct or indirect Acquisition of the Target by the Borrower or a Subsidiary thereof pursuant to the Agreement and Plan of Merger, dated as of December 18, 2003, by and among the Borrower, the Target and Marlin Merger Corp., as the same may be amended, restated, supplemented or otherwise modified from time to time prior to the Closing Date.

"TARGET SEVERANCE PROGRAM" means the termination or reassignment of Target's management team upon the effectiveness of the Target Acquisition and the payments received by the members of such management team as a result of such termination or reassignment.

"TARGET STOCK ISSUANCE" means any sale of the Target's equity interests to non-Affiliates in conjunction with a public offering of such equity interests.

"TAXES" means any and all present or future taxes, duties, levies, imposts, deductions, charges or withholdings, and any and all liabilities with respect to the foregoing, but excluding Excluded Taxes and Other Taxes.

"TERM LOAN" and "TERM LOANS" are defined in Section 2.1.2.

"TERM LOAN COMMITMENT" means, as to each Lender, its obligation to make Term Loans to the Borrower pursuant to Section 2.1.2 in an aggregate principal amount set forth for such Lender on the Commitment Schedule.

"TERM LOAN MATURITY DATE" means February 24, 2009.

"TERM LOAN PRO RATA SHARE" means, with respect to any Lender, the percentage obtained by multiplying 100% by the quotient of (a) such Lender's Term Loans at such time divided by (b) the aggregate amount of all of the Term Loans at such time.

"THIRD PARTY PAYOR" shall mean any Governmental Authority, insurance company, health maintenance organization, preferred provider organization or similar entity that is obligated to make payments with respect to a Receivable.

"TRANSACTIONS" means, collectively, the following transactions, which shall be consummated on or about the Closing Date: (i) the consummation of the Target Acquisition, (ii) the repayment of approximately $74,400,000 of existing Indebtedness of the Target, plus accrued interest thereon, (iii) the repayment of approximately $30,400,000 of existing Indebtedness of the Borrower (including a $4,000,000 make whole premium), plus accrued interest thereon, (iv) the assignment of the Westbrook Agreement by the Borrower to the Target, the payment of $25,000,000 by the Target to Hugh Westbrook pursuant to the Westbrook Agreement and the performance of the other obligations under the Westbrook Agreement, (v) the consummation of the offering and sale of the Senior Secured Notes, the Senior Unsecured Notes and the capital stock of the Borrower and the execution and delivery of notes, indentures and other agreements in connection therewith, (vi) the Company and certain of its Subsidiaries entering into the this Agreement and the other Loan Documents and the borrowing on the Closing Date of $75,000,000 hereunder (vii) the issuance or deemed issuance of Facility LCs under this Agreement to replace or backstop, or the cash collateralization of, Letters of Credit issued to the account of the Borrower or any of its Subsidiaries or the Target or any of its Subsidiaries, (viii) the cancellation of a warrant held by the Borrower for shares of the stock of the Target and (ix) the payment of fees and expenses in connection with the foregoing.

"TRANSFEREE" is defined in Section 12.4.

"TRICARE" means, collectively, a program of medical benefits covering former and active members of the uniformed services and certain of their dependents, financed and administered by the United States Departments of Defense, Health and Human Services and Transportation, which program was formerly known as the Civilian Health and Medical Program of the Uniformed Services (CHAMPUS), and all laws, rules, regulations, manuals, orders and administrative, reimbursement and other guidelines of all governmental authorities promulgated in connection with such program (whether or not having the force of law), in each case as the same may be amended, supplemented or otherwise modified from time to time.

"TRICARE Receivable" means a Receivable payable pursuant to the TRICARE program.

"TRUST SECURITIES" means the Chemed Preferred Securities, the Subordinated Chemed Debentures, and the guarantee by the Borrower to the holders of the Chemed Preferred Securities of amounts payable thereunder.

"TYPE" means, with respect to any Advance, its nature as a Floating Rate Advance or a Eurodollar Advance and with respect to any Loan, its nature as a Floating Rate Loan or a Eurodollar Loan.

"UNAPPLIED PIP" has the meaning ascribed to such term in Section 6.9(ii).

"UNFUNDED LIABILITIES" means the amount (if any) by which the present value of all vested and unvested accrued benefits under each Single Employer Plan exceeds the fair market value of all such Plan's assets allocable to such benefits, all determined as of the then most recent valuation date for such Plan for which a valuation report is available, using actuarial assumptions for funding purposes as set forth in such report.

"UNMATURED EVENT OF DEFAULT" means an event which but for the lapse of time or the giving of notice, or both, would constitute an Event of Default.

"VNF" means Vitas of North Florida, Inc., a Florida not-for-profit corporation and a Wholly-Owned Subsidiary of the Target.

"WESTBROOK AGREEMENT" means the Non-Compete and Consulting Agreement dated as of December 18, 2003 between the Borrower and Hugh Westbrook.

"WHOLLY-OWNED SUBSIDIARY" of a Person means (i) any Subsidiary all of the outstanding voting securities of which (other than directors' qualifying shares or shares issued to third parties to the extent necessary to satisfy any licensing requirements under applicable law with respect to the Borrower's or any of its Subsidiaries' businesses) shall at the time be owned or controlled, directly or indirectly, by such Person or one or more Wholly-Owned Subsidiaries of such Person, or by such Person and one or more Wholly-Owned Subsidiaries of such Person, or (ii) any partnership, limited liability company, association, joint venture or similar business organization 100% of the ownership interests having ordinary voting power of which (other than directors' qualifying shares or shares issued to third parties to the extent necessary to satisfy any licensing requirements under applicable law with respect to the Borrower's or any of its Subsidiaries' businesses) shall at the time be so owned or controlled.

1.2. PLURAL FORMS. The foregoing definitions shall be equally applicable to both the singular and plural forms of the defined terms.

ARTICLE II

THE CREDITS

2.1. REVOLVING LOAN COMMITMENTS AND TERM LOAN COMMITMENTS.

2.1.1 REVOLVING LOANS. From and including the Closing Date and prior to the Revolving Loan Termination Date, upon the satisfaction of the conditions precedent set forth in Section 4.1 and 4.2, as applicable, each Lender severally and not jointly agrees, on the terms and conditions set forth in this Agreement, to (i) make Revolving Loans to the Borrower from time to time and (ii) participate in Facility LCs issued upon the request of the Borrower, in each case in an amount not to exceed in the aggregate at any one time outstanding of its Revolving Loan Pro Rata Share of the excess of the Aggregate Revolving Loan Commitment over the Aggregate Outstanding Revolving Credit Exposure; provided that at no time shall the Aggregate Outstanding Revolving Credit Exposure hereunder exceed the Aggregate Revolving Loan Commitment. Subject to the terms of this Agreement, the Borrower may borrow, repay and reborrow Revolving Loans at any time prior to the Revolving Loan Termination Date. The commitment of each Lender to lend hereunder shall automatically expire on the Revolving Loan Termination Date. The LC Issuer will issue Facility LCs hereunder on the terms and conditions set forth in Section 2.20.

2.1.2 TERM LOANS. Each Lender severally and not jointly agrees to make a term loan, in Dollars, to the Borrower on the Closing Date in an amount equal to such Lender's Term Loan Commitment (each such loan being referred to herein individually as a "Term Loan" and collectively as the "Term Loans"). The unpaid principal balance of the Term Loans shall be repaid in twenty (20) consecutive quarterly principal installments, payable on the last Business Day of each fiscal quarter of the Borrower, commencing on June 30, 2004, and continuing thereafter until the Term Loan Maturity Date, and the Term Loans shall be permanently reduced by the amount of each installment on the date payment thereof is made hereunder. Each such installment, other than the installment due on the last Business Day of the fourth fiscal quarter of each fiscal year, shall be in an amount equal to $1,250,000. The Term Loan installment due on the last Business Day of the fourth fiscal quarter of each fiscal year shall be in an amount equal to the Dividend Coverage Amount. Notwithstanding the foregoing, the final installment for the Term Loans shall be in the amount of the then outstanding principal balance of the Term Loans. In addition, notwithstanding the immediately preceding sentence, the then outstanding principal balance of the Term Loans, if any, shall be due and payable on the Term Loan Maturity Date. No installment of any Term Loan shall be reborrowed once repaid. In addition to the scheduled payments on the Term Loans, the Borrower (a) may make the voluntary prepayments described in Section 2.7 for credit against the scheduled payments on the Term Loans pursuant to Section 2.7 and (b) shall make the mandatory prepayments prescribed in Section 2.2 for credit against the scheduled payments on the Term Loans pursuant to Section 2.2.

2.2. REQUIRED PAYMENTS; TERMINATION. (a) Any outstanding Revolving Loans shall be paid in full by the Borrower on the Revolving Loan Termination Date, any outstanding Term

Loans shall be paid in full by the Borrower on the Term Loan Maturity Date, and all other due and unpaid Secured Obligations shall be paid in full by the Borrower on the later of the date when due or the Revolving Loan Termination Date and the Term Loan Maturity Date, as applicable. In addition, if at any time the Aggregate Outstanding Revolving Credit Exposure hereunder exceeds the Aggregate Revolving Loan Commitment, the Borrower shall promptly repay outstanding Revolving Loans and Swing Line Loans (or, if no Revolving Loans or Swing Line Loans are outstanding, cash collateralize the outstanding LC Obligations by depositing funds in the Facility LC Collateral Account in accordance with Section 2.20.11) in an aggregate amount equal to the excess of the Aggregate Outstanding Revolving Credit Exposure over the Aggregate Revolving Loan Commitment. Notwithstanding the termination of the Revolving Loan Commitments under this Agreement on the Revolving Loan Termination Date, until all of the Obligations (other than obligations to pay fees and expenses with respect to which the Borrower has not received an invoice and contingent indemnity obligations) shall have been fully paid and satisfied, all of the rights and remedies under this Agreement and the other Loan Documents shall survive to the extent provided herein.

(b) ASSET SALES AND CASUALTY EVENTS. Upon (1) the consummation of any Asset Sale (including sales of equity interests in the Borrower's Subsidiaries (other than a Target Stock Issuance), but excluding sales, dispositions or transfers permitted under Sections 6.12.1, 6.12.2, or 6.12.3), by the Borrower or any Subsidiary or (2) the Borrower or any Subsidiary suffering an Event of Loss, in each case within five (5) Business Days after the Borrower's or any of its Subsidiaries' receipt of any Net Cash Proceeds (or conversion to cash of non-cash proceeds (whether principal or interest and including securities and release of escrow arrangements)) received from any such Asset Sale or Event of Loss, the Borrower shall do one or more of the following, at its option: (x) redeem or make an offer to repurchase Indebtedness outstanding under the Senior Secured Indenture Documents or Indebtedness outstanding under the Senior Unsecured Indenture Documents and (y) make a mandatory prepayment of Loans outstanding hereunder (with prepayments of Loans hereunder being first applied to reduce outstanding Term Loans, then applied to reduce outstanding Revolving Loans, if any, and otherwise applied in accordance with Section 2.2(e)), in an amount equal to one hundred percent (100%) of such Net Cash Proceeds; provided, however, that the amount of such Net Cash Proceeds applied pursuant to clause (y) shall be at least equal to, but may be greater than, the lesser of (A) the aggregate outstanding Term Loans and (B) the ratable portion of such Net Cash Proceeds so applied pursuant to clauses (x) and (y) that is allocable to the Term Loans based upon Indebtedness outstanding under the Senior Secured Indenture Documents, Indebtedness outstanding under the Senior Unsecured Indenture Documents, and the principal amount of the Term Loans outstanding on the date of such prepayment. To the extent that an offer to repurchase Indebtedness outstanding under the Senior Secured Indenture Documents or the Senior Unsecured Indenture Documents is rejected, the Borrower shall not then be required to use such Net Cash Proceeds to prepay the Loans. Notwithstanding the foregoing, Net Cash Proceeds of Asset Sales or Events of Loss, with respect to which the Borrower shall have given the Administrative Agent written notice of its intention to repair or replace the Property subject to any such Asset Sale or Event of Loss or invest such Net Cash Proceeds in the purchase of assets (other than securities, unless those securities represent equity interests in an entity that becomes a Guarantor) to be used by one or more of the Borrower or the Guarantors in their businesses within one year following such Event of Loss, shall not be subject to the provisions of

the first sentence of this Section 2.2(b) unless and to the extent that such applicable period shall have expired without such repair, replacement or investment having been made.

(c) FINANCINGS.

(i) INDEBTEDNESS FINANCINGS. Upon the consummation of any Financing constituting an issuance of Indebtedness by the Borrower or any Subsidiary of the Borrower, within three (3) Business Days after the Borrower's or any of its Subsidiaries' receipt of any Net Cash Proceeds, the Borrower shall do one or more of the following at its option: (x) redeem or make an offer to repurchase Indebtedness outstanding under the Senior Secured Indenture Documents or Indebtedness outstanding under the Senior Unsecured Indenture Documents and (y) make a mandatory prepayment of Loans outstanding hereunder (with prepayments of Loans hereunder being first applied to reduce outstanding Term Loans, then applied to reduce outstanding Revolving Loans, if any, and otherwise applied in accordance with Section 2.2(e)), in an amount equal to one hundred percent (100%) of such Net Cash Proceeds; provided, however, that the amount of such Net Cash Proceeds applied pursuant to clause (y) shall be at least equal to, but may be greater than, the lesser of (A) the aggregate outstanding Term Loans and (B) the ratable portion of such Net Cash Proceeds so applied pursuant to clauses (x) and (y) that is allocable to the Term Loans based upon Indebtedness outstanding under the Senior Secured Indenture Documents, Indebtedness outstanding under the Senior Unsecured Indenture Documents, and the principal amount of the Term Loans outstanding on the date of such prepayment. To the extent that an offer to repurchase Indebtedness outstanding under the Senior Secured Indenture Documents or the Senior Unsecured Indenture Documents is rejected, the Borrower shall not then be required to use such Net Cash Proceeds to prepay the Loans.

(ii) FINANCINGS CONSTITUTING ROTO-ROOTER STOCK ISSUANCES OR TARGET STOCK ISSUANCES. Upon the consummation of a Roto-Rooter Stock Issuance or a Target Stock Issuance, within three (3) Business Days after the Borrower's or any of its Subsidiaries' receipt of any Net Cash Proceeds, the Borrower shall do one or more of the following: (x) redeem or make an offer to repurchase Indebtedness outstanding under the Senior Secured Indenture Documents or Indebtedness outstanding under the Senior Unsecured Indenture Documents and (y) make a mandatory prepayment of Loans outstanding hereunder (with prepayments of Loans hereunder being first applied to reduce outstanding Term Loans, then applied to reduce outstanding Revolving Loans, if any, and otherwise applied in accordance with Section 2.2(e)), in an amount equal to the Required Mandatory Prepayment Amount; provided, however, that the Required Mandatory Prepayment Amount payable under clause (y) shall be at least equal to, but may be greater than, the lesser of, after giving effect to the percentage of total Net Cash Proceeds used to determine the Required Mandatory Prepayment Amount, (A) the aggregate outstanding Term Loans and (B) the ratable portion of such Net Cash Proceeds so applied pursuant to clauses (x) and (y) that is allocable to the Term Loans based upon Indebtedness outstanding under the Senior Secured Indenture Documents, Indebtedness outstanding under the Senior Unsecured Indenture Documents, and the principal amount of the Term Loans outstanding on the date of such prepayment. To the extent that an offer to repurchase Indebtedness outstanding under the Senior Secured Indenture Documents or the Senior Unsecured Indenture Documents is rejected, the Borrower shall not then be required to use such Net Cash Proceeds to prepay the Loans.

(d) EXCESS CASH FLOW. Within 90 days after the end of each Cash Flow Period that occurs while Term Loans are outstanding, the Borrower shall calculate Excess Cash Flow for such Cash Flow Period and shall make a mandatory prepayment of the Term Loans, payable not later than 90 days after the end of such Cash Flow Period, in an amount equal to the excess of (i) fifty percent (50%) of such Excess Cash Flow over (ii) prepayments of Term Loans pursuant to Section 2.7 that were made during such Cash Flow Period. Each such prepayment shall be subject to the provisions governing the application of payments set forth in Section 2.2(e)

(e) APPLICATION OF DESIGNATED PREPAYMENTS. Each mandatory prepayment required by clauses (b) and (c) (in each case to the extent payable with respect to the Term Loans), and (d) of this Section 2.2 shall be referred to herein as a "Designated Prepayment." Designated Prepayments shall be applied to reduce the subsequent scheduled repayments of Term Loans ratably. Designated Prepayments of Term Loans shall first be applied to Floating Rate Loans and to any Eurodollar Rate Loans maturing on such date and then to subsequently maturing Eurodollar Rate Loans in order of maturity. Notwithstanding the foregoing, so long as no Event of Default has occurred and is then continuing and at the Borrower's option, the Administrative Agent shall hold all Designated Prepayments to be applied to Eurodollar Rate Loans in escrow for the benefit of the Lenders and shall release such amounts upon the expiration of the Interest Periods applicable to any such Eurodollar Rate Loans being prepaid (it being understood and agreed that interest shall continue to accrue on the Obligations until such time as such prepayments are released from escrow and applied to reduce the Obligations); provided, however, that upon the occurrence and continuance of an Event of Default, such escrowed amounts may be applied to Eurodollar Rate Loans without regard to the expiration of any Interest Period and the Borrower shall make all payments under Section 3.4 resulting therefrom. No mandatory prepayment made pursuant to clause (b) or (c) of this Section 2.2 shall result in a corresponding reduction of the Revolving Loan Commitments unless so requested by the Borrower or required on the date of such mandatory prepayment by the Required Lenders.

2.3. RATABLE LOANS; TYPES OF ADVANCES. (a) Each Advance hereunder (other than a Swing Line Loan) shall consist of Loans made from the several Lenders. Such Loans shall be made ratably in proportion to their respective Revolving Loan Pro Rata Shares or Term Loan Pro Rata Shares, as applicable.

(b) The Advances may be Floating Rate Advances or Eurodollar Advances, or a combination thereof, selected by the Borrower in accordance with Sections 2.8 and 2.9, or Swing Line Loans selected by the Borrower in accordance with Section 2.4.

2.4. SWING LINE LOANS.

2.4.1 AMOUNT OF SWING LINE LOANS. Upon the satisfaction of the conditions precedent set forth in Section 4.2 and, if such Swing Line Loan is to be made on the date of the initial Credit Extension hereunder, the satisfaction of the conditions precedent set forth in Section 4.1 as well, from and including the date of this Agreement and prior to the Revolving Loan Termination Date, the Swing Line Lender agrees, on the terms and conditions set forth in this Agreement, to make Swing Line Loans to the Borrower from

time to time in an aggregate principal amount not to exceed the Swing Line Commitment, provided that the Aggregate Outstanding Revolving Credit Exposure shall not at any time exceed the Aggregate Revolving Loan Commitment, and provided further that at no time shall the sum of (i) the Swing Line Lender's Pro Rata Share of the Swing Line Loans then outstanding, plus (ii) the outstanding Revolving Loans made by the Swing Line Lender pursuant to Section 2.1 (including its participation in any Facility LCs), exceed the Swing Line Lender's Revolving Loan Commitment at such time. Subject to the terms of this Agreement, the Borrower may borrow, repay and reborrow Swing Line Loans at any time prior to the Revolving Loan Termination Date.

2.4.2 BORROWING NOTICE. The Borrower shall deliver to the Administrative Agent and the Swing Line Lender irrevocable notice (a "Swing Line Borrowing Notice") not later than 12:00 noon (Chicago, Illinois time) on the Borrowing Date of each Swing Line Loan, specifying (i) the applicable Borrowing Date (which date shall be a Business Day), and (ii) the aggregate amount of the requested Swing Line Loan which shall be an amount not less than $100,000. The Swing Line Loans shall bear interest at the Floating Rate or at such other rate as is agreed upon by the Borrower and the Swing Line Lender.

2.4.3 MAKING OF SWING LINE LOANS. Promptly after receipt of a Swing Line Borrowing Notice, the Administrative Agent shall notify each Lender by fax or other similar form of transmission, of the requested Swing Line Loan. Not later than 2:00 p.m. (Chicago, Illinois time) on the applicable Borrowing Date, the Swing Line Lender shall make available the Swing Line Loan, in funds immediately available in Chicago, to the Administrative Agent at its address specified pursuant to Article XIII. The Administrative Agent will promptly make the funds so received from the Swing Line Lender available to the Borrower on the Borrowing Date at the Administrative Agent's aforesaid address.

2.4.4 REPAYMENT OF SWING LINE LOANS. Each Swing Line Loan shall be paid in full by the Borrower on or before the fifth (5th) Business Day after the Borrowing Date for such Swing Line Loan. In addition, the Swing Line Lender (i) may at any time in its sole discretion with respect to any outstanding Swing Line Loan, or (ii) shall, on the fifth (5th) Business Day after the Borrowing Date of any Swing Line Loan, require each Lender (including the Swing Line Lender) to make a Revolving Loan in the amount of such Lender's Revolving Loan Pro Rata Share of such Swing Line Loan (including, without limitation, any interest accrued and unpaid thereon), for the purpose of repaying such Swing Line Loan. Not later than 1:00 p.m. (Chicago, Illinois time) on the date of any notice received pursuant to this Section 2.4.4, each Lender shall make available its required Revolving Loan, in funds immediately available in Chicago to the Administrative Agent at its address specified pursuant to Article XIII. Revolving Loans made pursuant to this Section 2.4.4 shall initially be Floating Rate Loans and thereafter may be continued as Floating Rate Loans or converted into Eurodollar Loans in the manner provided in Section 2.9 and subject to the other conditions and limitations set forth in Article II. Unless a Lender shall have notified the Swing Line Lender, prior to its making any Swing Line Loan, that any applicable condition precedent set forth in Sections 4.1 or 4.2, as applicable, had not been satisfied, such Lender's obligation to make Revolving Loans pursuant to this Section 2.4.4 to repay Swing Line Loans shall be

unconditional, continuing, irrevocable and absolute and shall not be affected by any circumstances, including, without limitation, (a) any set-off, counterclaim, recoupment, defense or other right which such Lender may have against the Swing Line Lender or any other Person, (b) the occurrence or continuance of an Event of Default or Unmatured Event of Default, (c) any adverse change in the condition (financial or otherwise) of the Borrower, or (d) any other circumstances, happening or event whatsoever. In the event that any Lender fails to make payment to the Administrative Agent of any amount due under this Section 2.4.4, the Administrative Agent shall be entitled to receive, retain and apply against such obligation the principal and interest otherwise payable to such Lender hereunder until the Administrative Agent receives such payment from such Lender or such obligation is otherwise fully satisfied. In addition to the foregoing, if for any reason any Lender fails to make payment to the Administrative Agent of any amount due under this Section 2.4.4, such Lender shall be deemed, at the option of the Administrative Agent, to have unconditionally and irrevocably purchased from the Swing Line Lender, without recourse or warranty, an undivided interest and participation in the applicable Swing Line Loan in the amount of such Revolving Loan, and such interest and participation may be recovered from such Lender together with interest thereon at the Federal Funds Effective Rate for each day during the period commencing on the date of demand and ending on the date such amount is received. On the Revolving Loan Termination Date, the Borrower shall repay in full the outstanding principal balance of the Swing Line Loans.

2.5. COMMITMENT FEE; AGGREGATE REVOLVING LOAN COMMITMENT.

2.5.1 COMMITMENT FEE. The Borrower shall pay to the Administrative Agent, for the account of the Lenders with Revolving Loan Commitments in accordance with their Revolving Loan Pro Rata Shares, from and after the Closing Date until the date on which the Aggregate Revolving Loan Commitment shall be terminated in whole, a commitment fee (the "Commitment Fee") accruing at the rate of the then Applicable Fee Rate on the average daily excess of the Aggregate Revolving Loan Commitment over the Aggregate Outstanding Revolving Credit Exposure. All such Commitment Fees payable hereunder shall be payable quarterly in arrears on each Payment Date.

2.5.2 REDUCTIONS IN AGGREGATE REVOLVING LOAN COMMITMENT. The Borrower may permanently reduce the Aggregate Revolving Loan Commitment in whole, or in part, ratably among the Lenders in the minimum amount of $5,000,000 (and in multiples of $1,000,000 in excess thereof), upon at least three (3) Business Days' written notice to the Administrative Agent, which notice may be conditional and shall specify the amount of any such reduction, provided, however, that the amount of the Aggregate Revolving Loan Commitment may not be reduced below the Aggregate Outstanding Revolving Credit Exposure. All accrued Commitment Fees shall be payable on the effective date of any termination of the obligations of the Lenders to make Credit Extensions hereunder and on the final date upon which all Loans are repaid.

2.6. MINIMUM AMOUNT OF EACH ADVANCE. Each Eurodollar Advance shall be in the minimum amount of $2,000,000 (and in multiples of $500,000 if in excess thereof), and each Floating Rate Advance (other than an Advance to repay Swing Line Loans) shall be in the

minimum amount of $1,000,000 (and in multiples of $250,000 if in excess thereof), provided, however, that any Floating Rate Advance may be (i) in the amount of the excess of the Aggregate Revolving Loan Commitment over the Aggregate Outstanding Revolving Credit Exposure or (ii) in such amount as is required, in accordance with Section 2.20.6, to finance the reimbursement of a draw under a Facility LC.

2.7. OPTIONAL PRINCIPAL PAYMENTS. The Borrower may from time to time pay, without penalty or premium, all outstanding Floating Rate Advances (other than Swing Line Loans), or any portion of the outstanding Floating Rate Advances (other than Swing Line Loans), in a minimum aggregate amount of $500,000 or any integral multiple of $100,000 in excess thereof, with notice to the Administrative Agent by 11:00 a.m. (Chicago, Illinois time) on the date of repayment, which notice may be conditional. The Borrower may at any time pay, without penalty or premium, all outstanding Swing Line Loans, or, in a minimum amount of $100,000 and increments of $50,000 in excess thereof, any portion of the outstanding Swing Line Loans, with notice to the Administrative Agent and the Swing Line Lender by 11:00 a.m. (Chicago, Illinois time) on the date of repayment, which notice may be conditional. The Borrower may from time to time pay, subject to the payment of any funding indemnification amounts required by Section 3.4 but without penalty or premium, all outstanding Eurodollar Advances, or, in a minimum aggregate amount of $1,000,000 or any integral multiple of $500,000 in excess thereof, any portion of the outstanding Eurodollar Advances upon three (3) Business Days' prior notice to the Administrative Agent, which notice may be conditional.

2.8. METHOD OF SELECTING TYPES AND INTEREST PERIODS FOR NEW ADVANCES. The Borrower shall select the Type of Advance and, in the case of each Eurodollar Advance, the Interest Period applicable thereto from time to time; provided that there shall be no more than 5 Interest Periods in effect with respect to all of the Loans at any time, unless such limit has been waived by the Administrative Agent in its sole discretion. The Borrower shall give the Administrative Agent irrevocable notice (a "Borrowing Notice") not later than 10:00 a.m. (Chicago, Illinois time) at least one Business Day before the Borrowing Date of each Floating Rate Advance (other than a Swing Line Loan) and three (3) Business Days before the Borrowing Date for each Eurodollar Advance, specifying:

(i) the Borrowing Date, which shall be a Business Day, of such Advance,

(ii) the aggregate amount of such Advance,

(iii) the Type of Advance selected, and

(iv) in the case of each Eurodollar Advance, the Interest Period applicable thereto.

Not later than 12:00 noon (Chicago, Illinois time) on each Borrowing Date, each Lender shall make available its Loan or Loans in Federal or other funds immediately available in Chicago to the Administrative Agent at its address specified pursuant to Article XIII. The Administrative Agent will promptly make the funds so received from the Lenders available to the Borrower at the Administrative Agent's aforesaid address.

2.9. CONVERSION AND CONTINUATION OF OUTSTANDING ADVANCES; NO CONVERSION OR CONTINUATION OF EURODOLLAR ADVANCES AFTER EVENT OF DEFAULT. Floating Rate Advances (other

than Swing Line Advances) shall continue as Floating Rate Advances unless and until such Floating Rate Advances are converted into Eurodollar Advances pursuant to this Section 2.9 or are repaid in accordance with Section 2.7. Each Eurodollar Advance shall continue as a Eurodollar Advance until the end of the then applicable Interest Period therefor, at which time such Eurodollar Advance shall be automatically converted into a Floating Rate Advance unless (x) such Eurodollar Advance is or was repaid in accordance with Section 2.7 or (y) the Borrower shall have given the Administrative Agent a Conversion/Continuation Notice (as defined below) requesting that, at the end of such Interest Period, such Eurodollar Advance continue as a Eurodollar Advance for the same or another Interest Period. Subject to the terms of Section 2.6, the Borrower may elect from time to time to convert all or any part of an Advance of any Type (other than a Swing Line Advance) into any other Type or Types of Advances; provided that any conversion of any Eurodollar Advance shall be made on, and only on, the last day of the Interest Period applicable thereto. Notwithstanding anything to the contrary contained in this Section 2.9, during the continuance of an Event of Default or an Unmatured Event of Default, the Administrative Agent may (or shall at the direction of the Required Lenders), by notice to the Borrower, declare that no Advance may be made, converted or continued as a Eurodollar Advance. The Borrower shall give the Administrative Agent irrevocable notice (a "Conversion/Continuation Notice") of each conversion of an Advance or continuation of a Eurodollar Advance not later than 10:00 a.m. (Chicago, Illinois time) at least one (1) Business Day, in the case of a conversion into a Floating Rate Advance, or three (3) Business Days, in the case of a conversion into or continuation of a Eurodollar Advance, prior to the date of the requested conversion or continuation, specifying:

(i) the requested date, which shall be a Business Day, of such conversion or continuation,

(ii) the aggregate amount and Type of the Advance which is to be converted or continued, and

(iii) the amount of such Advance which is to be converted into or continued as a Eurodollar Advance and the duration of the Interest Period applicable thereto.

2.10. CHANGES IN INTEREST RATE, ETC. Each Floating Rate Advance (other than a Swing Line Advance) shall bear interest on the outstanding principal amount thereof, for each day from and including the date such Advance is made or is automatically converted from a Eurodollar Advance into a Floating Rate Advance pursuant to Section 2.9, to but excluding the date it is paid or is converted into a Eurodollar Advance pursuant to Section 2.9 hereof, at a rate per annum equal to the Floating Rate for such day. Each Swing Line Loan shall bear interest on the outstanding principal amount thereof, for each day from and including the day such Swing Line Loan is made to but excluding the date it is fully paid at a rate per annum equal to the Floating Rate for such day. Changes in the rate of interest on that portion of any Advance maintained as a Floating Rate Advance will take effect simultaneously with each change in the Alternate Base Rate. Each Eurodollar Advance shall bear interest on the outstanding principal amount thereof from and including the first day of the Interest Period applicable thereto to (but not including) the last day of such Interest Period at the interest rate determined by the Administrative Agent as applicable to such Eurodollar Advance based upon the Borrower's selections under Sections 2.8 and 2.9 and otherwise in accordance with the terms hereof. No Interest Period in respect of any

Revolving Loan may end after the Revolving Loan Termination Date. No Interest Period in respect of any Term Loan may end after the Term Loan Maturity Date.

2.11. RATES APPLICABLE AFTER EVENT OF DEFAULT. During the continuance of an Event of Default (including the Borrower's failure to pay any Loan at maturity) the Required Lenders may, at their option, by notice to the Borrower (which notice may be revoked at the option of the Required Lenders notwithstanding any provision of Section 8.2 requiring unanimous consent of the Lenders to changes in interest rates), declare that (i) each Eurodollar Advance shall bear interest for the remainder of the applicable Interest Period at the rate otherwise applicable to such Interest Period plus 2% per annum, (ii) each Floating Rate Advance shall bear interest at a rate per annum equal to the Floating Rate in effect from time to time plus 2% per annum, and (iii) the LC Fee shall be increased by 2% per annum; provided that, during the continuance of an Event of Default under Section 7.6 or 7.7, the interest rates set forth in clauses (i) and (ii) above and the increase in the LC Fee set forth in clause (iii) above shall be applicable to all Credit Extensions, Advances, fees and other Obligations hereunder without any election or action on the part of the Administrative Agent or any Lender.

2.12. METHOD OF PAYMENT. All payments of the Obligations hereunder shall be made, without setoff, deduction, or counterclaim, in immediately available funds to the Administrative Agent at the Administrative Agent's address specified pursuant to Article XIII, or at any other Lending Installation of the Administrative Agent specified in writing by the Administrative Agent to the Borrower, by 12:00 noon (Chicago, Illinois time) on the date when due and shall (except with respect to repayments of Swing Line Loans, and except in the case of Reimbursement Obligations for which the LC Issuer has not been fully indemnified by the Lenders, or as otherwise specifically required hereunder) be applied ratably by the Administrative Agent among the Lenders. Each payment delivered to the Administrative Agent for the account of any Lender shall be delivered promptly by the Administrative Agent to such Lender in the same type of funds that the Administrative Agent received at its address specified pursuant to Article XIII or at any Lending Installation specified in a notice received by the Administrative Agent from such Lender. The Administrative Agent is hereby authorized to charge the account of the Borrower maintained with Bank One for each payment of the Obligations as it becomes due hereunder. Each reference to the Administrative Agent in this Section 2.12 shall also be deemed to refer, and shall apply equally, to the LC Issuer in the case of payments required to be made by the Borrower to the LC Issuer pursuant to Section 2.20.6.

2.13. NOTELESS AGREEMENT; EVIDENCE OF INDEBTEDNESS.

(i) Each Lender shall maintain in accordance with its usual practice an account or accounts evidencing the indebtedness of the Borrower to such Lender resulting from each Loan made by such Lender from time to time, including the amounts of principal and interest payable and paid to such Lender from time to time hereunder.

(ii) The Administrative Agent shall also maintain accounts in which it will record (a) the date and the amount of each Loan made hereunder, the Type thereof and the Interest Period (in the case of a Eurodollar Advance) with respect thereto, (b) the amount of any principal or interest due and payable or to become due and payable

from the Borrower to each Lender hereunder, (c) the original stated amount of each Facility LC and the amount of LC Obligations outstanding at any time, (d) the effective date and amount of each Assignment Agreement delivered to and accepted by it and the parties thereto pursuant to Section 12.3, (e) the amount of any sum received by the Administrative Agent hereunder from the Borrower and each Lender's share thereof, and (f) all other appropriate debits and credits as provided in this Agreement, including, without limitation, all fees, charges, expenses and interest.

(iii) The entries maintained in the accounts maintained pursuant to paragraphs (i) and (ii) above shall be prima facie evidence of the existence and amounts of the Obligations therein recorded; provided, however, that the failure of the Administrative Agent or any Lender to maintain such accounts or any error therein shall not in any manner affect the obligation of the Borrower to repay the Obligations in accordance with their terms.

(iv) Any Lender may request that its Term Loans, Revolving Loans or, in the case of the Swing Line Lender, the Swing Line Loans, be evidenced by promissory notes (the "Notes") in substantially the form of Exhibit E-1 or E-2, with appropriate changes for notes evidencing Swing Line Loans. In such event, the Borrower shall prepare, execute and deliver to such Lender such Note(s) payable to such Lender. Thereafter, the Loans evidenced by such Note(s) and interest thereon shall at all times (prior to any assignment pursuant to Section 12.3) be represented by one or more Notes payable to the payee named therein, except to the extent that any such Lender subsequently returns any such Note(s) for cancellation and requests that such Loans once again be evidenced as described in paragraphs (i) and (ii) above.

2.14. TELEPHONIC NOTICES. The Borrower hereby authorizes the Lenders and the Administrative Agent to extend, convert or continue Advances, effect selections of Types of Advances and to transfer funds based on telephonic notices made by any person or persons the Administrative Agent or any Lender in good faith believes to be acting on behalf of the Borrower, it being understood that the foregoing authorization is specifically intended to allow Borrowing Notices and Conversion/Continuation Notices to be given telephonically. The Borrower agrees to deliver promptly to the Administrative Agent a written confirmation, signed by an Authorized Officer, if such confirmation is requested by the Administrative Agent or any Lender, of each telephonic notice. If the written confirmation differs in any material respect from the action taken by the Administrative Agent and the Lenders, the records of the Administrative Agent and the Lenders shall govern absent manifest error.

2.15. INTEREST PAYMENT DATES; INTEREST AND FEE BASIS. Interest accrued on each Floating Rate Advance shall be payable in arrears on each Payment Date, commencing with the first such date to occur after the Closing Date, on any date on which the Floating Rate Advance is prepaid, whether due to acceleration or otherwise, and at maturity. Interest accrued on that portion of the outstanding principal amount of any Floating Rate Advance converted into a Eurodollar Advance on a day other than a Payment Date shall be payable on the date of conversion. Interest accrued on each Eurodollar Advance shall be payable on the last day of its applicable Interest Period, on

any date on which the Eurodollar Advance is prepaid, whether by acceleration or otherwise, and at maturity. Interest accrued on each Eurodollar Advance having an Interest Period longer than three months shall also be payable on the last day of each three-month interval during such Interest Period. Interest on Eurodollar Advances, LC Fees and all other fees hereunder shall be calculated for actual days elapsed on the basis of a 360-day year. Interest on Floating Rate Advances shall be calculated for actual days elapsed on the basis of a 365/366- day year. Interest shall be payable for the day an Advance is made but not for the day of any payment on the amount paid if payment is received prior to 12:00 noon (Chicago, Illinois time) at the place of payment. If any payment of principal of or interest on an Advance, any fees or any other amounts payable to the Administrative Agent or any Lender hereunder shall become due on a day which is not a Business Day, such payment shall be made on the next succeeding Business Day and, in the case of a principal payment, such extension of time shall be included in computing interest, fees and commissions in connection with such payment.

2.16. NOTIFICATION OF ADVANCES, INTEREST RATES, PREPAYMENTS AND REVOLVING LOAN COMMITMENT REDUCTIONS; AVAILABILITY OF LOANS. Promptly after receipt thereof, the Administrative Agent will notify each Lender of the contents of each Aggregate Revolving Loan Commitment reduction notice, Borrowing Notice, Swing Line Borrowing Notice, Conversion/Continuation Notice, and repayment notice received by it hereunder. Promptly after notice from the LC Issuer, the Administrative Agent will notify each Lender of the contents of each request for issuance of a Facility LC hereunder. The Administrative Agent will notify the Borrower and each Lender of the interest rate applicable to each Eurodollar Advance promptly upon determination of such interest rate and will give the Borrower and each Lender prompt notice of each change in the Alternate Base Rate. Not later than 12:00 noon (Chicago, Illinois time) on each Borrowing Date, each Lender shall make available its Revolving Loan or Revolving Loans in funds immediately available in Chicago to the Administrative Agent at its address specified pursuant to Article XIII. The Administrative Agent will promptly make the funds so received from the Lenders available to the Borrower at the Administrative Agent's aforesaid address.

2.17. LENDING INSTALLATIONS. Each Lender may book its Loans and its participation in any LC Obligations and the LC Issuer may book the Facility LCs at any Lending Installation selected by such Lender or the LC Issuer, as applicable, and may change its Lending Installation from time to time. All terms of this Agreement shall apply to any such Lending Installation and the Loans, Facility LCs, participations in LC Obligations and any Notes issued hereunder shall be deemed held by each Lender or the LC Issuer, as applicable, for the benefit of any such Lending Installation. Each Lender and the LC Issuer may, by written notice to the Administrative Agent and the Borrower in accordance with Article XIII, designate replacement or additional Lending Installations through which Loans will be made by it or Facility LCs will be issued by it and for whose account Loan payments or payments with respect to Facility LCs are to be made.

2.18. NON-RECEIPT OF FUNDS BY THE ADMINISTRATIVE AGENT. Unless the Borrower or a Lender, as the case may be, notifies the Administrative Agent prior to the date on which it is scheduled to make payment to the Administrative Agent of (i) in the case of a Lender, the proceeds of a Loan or (ii) in the case of the Borrower, a payment of principal, interest or fees to the Administrative Agent for the account of the Lenders, that it does not intend to make such

payment, the Administrative Agent may assume that such payment has been made. The Administrative Agent may, but shall not be obligated to, make the amount of such payment available to the intended recipient in reliance upon such assumption. If such Lender or the Borrower, as the case may be, has not in fact made such payment to the Administrative Agent, the recipient of such payment shall, on demand by the Administrative Agent, repay to the Administrative Agent the amount so made available together with interest thereon in respect of each day during the period commencing on the date such amount was so made available by the Administrative Agent until the date the Administrative Agent recovers such amount at a rate per annum equal to (x) in the case of payment by a Lender, the Federal Funds Effective Rate for such day for the first three (3) days and, thereafter, the interest rate applicable to the relevant Loan or (y) in the case of payment by the Borrower, the interest rate applicable to the relevant Loan.

2.19. REPLACEMENT OF LENDER. If the Borrower is required pursuant to Section 3.1, 3.2 or 3.5 to make any additional payment to any Lender or if any Lender's obligation to make or continue, or to convert Floating Rate Advances into, Eurodollar Advances shall be suspended pursuant to Section 3.3, or if any Lender defaults in its obligations to extend Loans or participate in Facility LCs hereunder (any Lender so affected an "Affected Lender"), the Borrower may elect to terminate or replace the Revolving Loan Commitment, Term Loan Commitment and Loans of such Affected Lender, provided that no Event of Default shall have occurred and be continuing at the time of such termination or replacement, and provided further that, concurrently with such termination or replacement, (i) if the Affected Lender is being replaced, another bank or other entity which is reasonably satisfactory to the Borrower and the Administrative Agent shall agree, as of such date, to purchase for cash the Outstanding Revolving Credit Exposure and Term Loans of the Affected Lender pursuant to an Assignment Agreement substantially in the form of Exhibit C and to become a Lender for all purposes under this Agreement and to assume all obligations of the Affected Lender to be terminated as of such date and to comply with the requirements of Section 12.3 applicable to assignments, and (ii) the Borrower shall pay to such Affected Lender in immediately available funds on the day of such replacement (A) all interest, fees and other amounts then accrued but unpaid to such Affected Lender by the Borrower hereunder to and including the date of termination, including without limitation payments due to such Affected Lender under Sections 3.1, 3.2 and 3.5, and (B) an amount, if any, equal to the payment which would have been due to such Lender on the day of such replacement under Section 3.4 had the Loans of such Affected Lender been prepaid on such date rather than sold to the replacement Lender, in each case to the extent not paid by the purchasing lender and (iii) if the Affected Lender is being terminated, the Borrower shall pay to such Affected Lender all Obligations due to such Affected Lender (including the amounts described in the immediately preceding clauses (i) and (ii) plus, to the extent not paid by the replacement Lender, the outstanding principal balance of such Affected Lender's Credit Extensions). The Administrative Agent shall record such payments made by the Borrower in accordance with Section 2.13.

2.20. FACILITY LCs.

2.20.1 EXISTING LETTERS OF CREDIT; ISSUANCE. The Borrower, the Lenders, the Administrative Agent and the LC Issuer agree and confirm that, as of the Closing Date, and subject to the satisfaction of the condition precedent set forth in Section 4.1, the

Existing Letters of Credit shall (x) be deemed to have been issued pursuant to this Agreement, (y) constitute Facility LCs, and (z) be governed by this Section 2.20, together with the other terms and conditions of this Agreement. The LC Issuer hereby agrees, on the terms and conditions set forth in this Agreement, to issue standby Letters of Credit (each, a "Facility LC") and to renew, extend, increase, decrease or otherwise modify each Facility LC ("Modify," and each such action, a "Modification"), from time to time from and including the date of this Agreement and prior to the Revolving Loan Termination Date upon the request of the Borrower; provided that immediately after each such Facility LC is issued or Modified, (i) the aggregate amount of the outstanding LC Obligations shall not exceed $40,000,000 and (ii) the Aggregate Outstanding Revolving Credit Exposure shall not exceed the Aggregate Revolving Loan Commitment. Subject to the remaining terms of this Section 2.20.1, no Facility LC shall have an expiry date later than the earlier of (x) the fifth Business Day prior to the Revolving Loan Termination Date and (y) one year after its issuance; provided that any Facility LC with a one-year term may provide for the renewal thereof for additional one-year periods (which in no event shall extend beyond the date referred to in the preceding clause (x)); provided, further, that so long as approved by the Administrative Agent and the LC Issuer (which approvals shall not be unreasonably withheld), Facility LCs with stated face amounts not in excess of $250,000 in the aggregate may have expiry dates that occur within three years of the dates of issuance thereof but in any event no later than the date referred to in the preceding clause (x)). Notwithstanding anything to the contrary set forth in this Agreement, a Facility LC may have an expiry date which occurs after the Revolving Loan Termination Date so long as the Administrative Agent receives from the Borrower, at least five (5) Business Days prior to the Revolving Loan Termination Date, an amount in immediately available funds equal to at least 105% of the LC Obligations owing under or in connection with such Facility LC. Such funds shall secure the repayment of such LC Obligations and any other then outstanding Secured Obligations, if any, in respect of such Facility LC and shall be deposited in a deposit account maintained by Bank One. The Borrower shall ensure that the Collateral Agent for the benefit of the LC Issuer and the Lenders at all times maintains a perfected first priority Lien upon and control over such deposit account. Such funds and any interest accrued thereon (to the extent not applied to reimburse the LC Issuer for any draw under a Facility LC) shall be returned to the Borrower within three Business Days after the expiration of the Facility LC relating to the LC Obligations secured by such funds.

2.20.2 PARTICIPATIONS. Upon the issuance or Modification by the LC Issuer of a Facility LC in accordance with this Section 2.20, the LC Issuer shall be deemed, without further action by any party hereto, to have unconditionally and irrevocably sold to each Lender, and each Lender shall be deemed, without further action by any party hereto, to have unconditionally and irrevocably purchased from the LC Issuer, a participation in such Facility LC (and each Modification thereof) and the related LC Obligations in proportion to its Revolving Loan Pro Rata Share.

2.20.3 NOTICE. Subject to Section 2.20.1, the Borrower shall give the LC Issuer notice prior to 10:00 a.m. (Chicago, Illinois time) at least five (5) Business Days prior to the proposed date of issuance or Modification of each Facility LC, specifying the beneficiary, the proposed date of issuance (or Modification) and the expiry date of such

Facility LC, and describing the proposed terms of such Facility LC and the nature of the transactions proposed to be supported thereby. Upon receipt of such notice, the LC Issuer shall promptly notify the Administrative Agent, and, upon issuance only, the Administrative Agent shall promptly notify each Lender, of the contents thereof and of the amount of such Lender's participation in such proposed Facility LC. The issuance or Modification by the LC Issuer of any Facility LC shall, in addition to the conditions precedent set forth in Article IV (the satisfaction of which the LC Issuer shall have no duty to ascertain), be subject to the conditions precedent that such Facility LC shall be satisfactory to the LC Issuer and that the Borrower shall have executed and delivered such application agreement and/or such other instruments and agreements relating to such Facility LC as the LC Issuer shall have reasonably requested (each, a "Facility LC Application"). In the event of any conflict between the terms of this Agreement and the terms of any Facility LC Application, the terms of this Agreement shall control.

2.20.4 LC FEES. The Borrower shall pay to the Administrative Agent, for the account of the Lenders ratably in accordance with their respective Revolving Loan Pro Rata Shares, a letter of credit fee at a per annum rate equal to 1.50% on the average daily undrawn stated amount under such Facility LC, such fee to be payable in arrears on each Payment Date. The Borrower shall also pay to the LC Issuer for its own account (x) at the time of issuance of each Facility LC, a fronting fee in an amount equal to 0.125% times the face amount of such Facility LC, and (y) documentary and processing charges in connection with the issuance or Modification of and draws under Facility LCs in accordance with the LC Issuer's standard schedule for such charges as in effect from time to time. Each fee described in this Section 2.20.4 shall constitute an "LC Fee".

2.20.5 ADMINISTRATION; REIMBURSEMENT BY LENDERS. Upon receipt from the beneficiary of any Facility LC of any demand for payment under such Facility LC, the LC Issuer shall notify the Administrative Agent and the Administrative Agent shall promptly notify the Borrower and each other Lender as to the amount to be paid by the LC Issuer as a result of such demand and the proposed payment date (the "LC Payment Date"). The responsibility of the LC Issuer to the Borrower and each Lender shall be only to determine that the documents (including each demand for payment) delivered under each Facility LC in connection with such presentment shall be in conformity in all material respects with such Facility LC. The LC Issuer shall endeavor to exercise the same care in the issuance and administration of the Facility LCs as it does with respect to letters of credit in which no participations are granted, it being understood that in the absence of any gross negligence or willful misconduct by the LC Issuer, each Lender shall be unconditionally and irrevocably liable without regard to the occurrence of any Event of Default or any condition precedent whatsoever, to reimburse the LC Issuer on demand for (i) such Lender's Revolving Loan Pro Rata Share of the amount of each payment made by the LC Issuer under each Facility LC to the extent such amount is not reimbursed by the Borrower pursuant to Section 2.20.6 below, plus (ii) interest on the foregoing amount to be reimbursed by such Lender, for each day from the date of the LC Issuer's demand for such reimbursement (or, if such demand is made after 11:00 a.m. (Chicago, Illinois time) on such date, from the next succeeding Business Day) to the date on which such Lender pays the amount to be reimbursed by it, at a rate of interest per

annum equal to the Federal Funds Effective Rate for the first three (3) days and, thereafter, at a rate of interest equal to the rate applicable to Floating Rate Advances.

2.20.6 REIMBURSEMENT BY BORROWER. The Borrower shall be irrevocably and unconditionally obligated to reimburse the LC Issuer for any amounts to be paid by the LC Issuer. Upon any drawing under any Facility LC, a reimbursement in respect thereof shall be made by the Borrower on the date of the drawing if the Borrower shall have received written notice of such drawing prior to 10:00 a.m. Chicago time on such date, or, if such notice has not been received by the Borrower prior to such time on such date, then not later than 12:00 noon Chicago time on (i) the Business Day that the Borrower receives such notice, if such notice is received prior to 10:00 a.m. Chicago time on the day of receipt or (ii) the Business Day immediately following the day that the Borrower receives such notice, if such notice is not received prior to such time on the day of receipt; provided that neither the Borrower nor any Lender shall hereby be precluded from asserting any claim for direct (but not consequential) damages suffered by the Borrower or such Lender to the extent, but only to the extent, caused by (i) the willful misconduct or gross negligence of the LC Issuer in determining whether a request presented under any Facility LC issued by it complied with the terms of such Facility LC or (ii) the LC Issuer's failure to pay under any Facility LC issued by it after the presentation to it of a request strictly complying with the terms and conditions of such Facility LC. Whether or not an Event of Default or Unmatured Event of Default has occurred and is continuing, unless the Borrower elects to repay a Reimbursement Obligation, regardless of whether the conditions for making a Revolving Loan under Section 4.2 have been satisfied, such unpaid Reimbursement Obligation shall be automatically converted into a Revolving Loan as of the date of the payment by the LC Issuer giving rise to the Reimbursement Obligation. Such Revolving Loan shall be in an amount equal to the amount of the unpaid Reimbursement Obligation. Such Revolving Loan shall initially constitute a Floating Rate Advance and the proceeds of such Advance shall be used to repay such Reimbursement Obligation. Such Floating Rate Advance may be converted into a Eurodollar Advance in accordance with the terms of Section 2.9. If the Borrower at any time fails to repay a Reimbursement Obligation pursuant to this Section 2.20, such unpaid Reimbursement Obligation shall at that time be automatically converted into an Obligation and the Borrower shall be deemed to have elected to borrow a Revolving Loan from the Lenders, as of the date of the payment by the LC Issuer giving rise to the Reimbursement Obligation, in an amount equal to the amount of the unpaid Reimbursement Obligation. Such Revolving Loan shall be made as of the date of the payment giving rise to such Reimbursement Obligation, automatically, without notice and without any requirement to satisfy the conditions precedent otherwise applicable to a Revolving Loan if the Borrower shall have failed to make such payment to the Administrative Agent for the account of the LC Issuer prior to such time. Such Revolving Loan shall constitute a Floating Rate Advance and the proceeds of such Advance shall be used to repay such Reimbursement Obligation. If, for any reason, the Borrower fails to repay a Reimbursement Obligation on the day such Reimbursement Obligation arises and, for any reason, the Lenders are unable to make or have no obligation to make a Revolving Loan, then such Reimbursement Obligation shall bear interest from and after such day, until paid in full, at the interest rate applicable to a Floating Rate Advance. The Borrower agrees to indemnify the LC Issuer against any

loss or expense determined by the LC Issuer in good faith to have resulted from any conversion pursuant to this Section 2.20 by reason of the inability of the LC Issuer to convert the amount received from the Borrower or from the Lenders, as applicable, into an amount equal to the amount of such Reimbursement Obligation. The LC Issuer will pay to each Lender ratably in accordance with its Revolving Loan Pro Rata Share all amounts received by it from the Borrower for application in payment, in whole or in part, of the Reimbursement Obligation in respect of any Facility LC issued by the LC Issuer, but only to the extent such Lender has made payment to the LC Issuer in respect of such Facility LC pursuant to Section 2.20.5.

2.20.7 OBLIGATIONS ABSOLUTE. The Borrower's obligations under this Section 2.20 shall be absolute and unconditional under any and all circumstances and irrespective of any setoff, counterclaim or defense to payment which the Borrower may have or have had against the LC Issuer, any Lender or any beneficiary of a Facility LC. The Borrower further agrees with the LC Issuer and the Lenders that the LC Issuer and the Lenders shall not be responsible for, and the Borrower's Reimbursement Obligation in respect of any Facility LC shall not be affected by, among other things, the validity or genuineness of documents or of any endorsements thereon, even if such documents should in fact prove to be in any or all respects invalid, fraudulent or forged, or any dispute between or among the Borrower, any of its Affiliates, the beneficiary of any Facility LC or any financing institution or other party to whom any Facility LC may be transferred or any claims or defenses whatsoever of the Borrower or of any of its Affiliates against the beneficiary of any Facility LC or any such transferee. The LC Issuer shall not be liable for any error, omission, interruption or delay in transmission, dispatch or delivery of any message or advice, however transmitted, in connection with any Facility LC. The Borrower agrees that any action taken or omitted by the LC Issuer or any Lender under or in connection with each Facility LC and the related drafts and documents, if done without gross negligence or willful misconduct, shall be binding upon the Borrower and shall not put the LC Issuer or any Lender under any liability to the Borrower. Nothing in this Section 2.20.7 is intended to limit the right of the Borrower to make a claim against the LC Issuer for damages as contemplated by the proviso to the first sentence of Section 2.20.6.

2.20.8 ACTIONS OF LC ISSUER. The LC Issuer shall be entitled to rely, and shall be fully protected in relying, upon any Facility LC, draft, writing, resolution, notice, consent, certificate, affidavit, letter, cablegram, telegram, telecopy, telex or teletype message, statement, order or other document believed by it to be genuine and correct and to have been signed, sent or made by the proper Person or Persons, and upon advice and statements of legal counsel, independent accountants and other experts selected by the LC Issuer. The LC Issuer shall be fully justified in failing or refusing to take any action under this Agreement unless it shall first have received such advice or concurrence of the Required Lenders as it reasonably deems appropriate or it shall first be indemnified to its reasonable satisfaction by the Lenders against any and all liability and expense which may be incurred by it by reason of taking or continuing to take any such action. Notwithstanding any other provision of this Section 2.20, the LC Issuer shall in all cases be fully protected in acting, or in refraining from acting, under this Agreement in accordance with a request of the Required Lenders, and such request and any action taken

or failure to act pursuant thereto shall be binding upon the Lenders and any future holders of a participation in any Facility LC.

2.20.9 INDEMNIFICATION. The Borrower hereby agrees to indemnify and hold harmless each Lender, the LC Issuer and the Administrative Agent, and their respective directors, officers, agents and employees from and against any and all claims and damages, losses, liabilities and related reasonable out-of-pocket costs or expenses which such Lender, the LC Issuer or the Administrative Agent may incur (or which may be claimed against such Lender, the LC Issuer or the Administrative Agent by any Person whatsoever) by reason of or in connection with the issuance, execution and delivery or transfer of or payment or failure to pay under any Facility LC or any actual or proposed use of any Facility LC, including, without limitation, any such claims, damages, losses, liabilities, costs or expenses which the LC Issuer may incur by reason of or in connection with (i) the failure of any other Lender to fulfill or comply with its obligations to the LC Issuer hereunder (but nothing herein contained shall affect any rights the Borrower may have against any defaulting Lender) or (ii) by reason of or on account of the LC Issuer issuing any Facility LC which specifies that the term "Beneficiary" included therein includes any successor by operation of law of the named Beneficiary, but which Facility LC does not require that any drawing by any such successor Beneficiary be accompanied by a copy of a legal document, satisfactory to the LC Issuer, evidencing the appointment of such successor Beneficiary; provided that the Borrower shall not be required to indemnify any Lender, the LC Issuer or the Administrative Agent for any claims, damages, losses, liabilities, costs or expenses to the extent, but only to the extent, caused by (x) the willful misconduct or gross negligence of the LC Issuer in determining whether a request presented under any Facility LC complied with the terms of such Facility LC or (y) the LC Issuer's failure to pay under any Facility LC after the presentation to it of a request strictly complying with the terms and conditions of such Facility LC. Nothing in this Section 2.20.9 is intended to limit the obligations of the Borrower under any other provision of this Agreement.

2.20.10 LENDERS' INDEMNIFICATION. Each Lender shall, ratably in accordance with its Revolving Loan Pro Rata Share, indemnify the LC Issuer, its affiliates and their respective directors, officers, agents and employees (to the extent not reimbursed by the Borrower) against any cost, expense (including reasonable counsel fees and disbursements), claim, demand, action, loss or liability (except such as result from such indemnitees' gross negligence or willful misconduct or the LC Issuer's failure to pay under any Facility LC after the presentation to it of a request strictly complying with the terms and conditions of the Facility LC) that such indemnitees may suffer or incur in connection with this Section 2.20 or any action taken or omitted by such indemnitees hereunder.

2.20.11 FACILITY LC COLLATERAL ACCOUNT. The Borrower agrees that it will, upon the request of the Administrative Agent or the Required Lenders and until the final expiration date of any Facility LC and thereafter as long as any amount is payable to the LC Issuer or the Lenders in respect of any Facility LC, maintain a special collateral account pursuant to arrangements reasonably satisfactory to the Administrative Agent and the Borrower (the "Facility LC Collateral Account") at the Administrative Agent's

office at the address specified pursuant to Article XIII, in the name of the Borrower but under the sole dominion and control of the Collateral Agent for the benefit of the LC Issuers and the Lenders and in which the Borrower shall have no interest other than as set forth in Section 8.1. The Borrower hereby pledges, assigns and grants to the Collateral Agent, on behalf of and for the ratable benefit of the Lenders and the LC Issuer, a security interest in all of the Borrower's right, title and interest in and to all funds which may from time to time be on deposit in the Facility LC Collateral Account to secure the prompt and complete payment and performance of the Secured Obligations in respect of Facility LCs. The Borrower shall deposit cash collateral pursuant to this paragraph as and to the extent required by Section 2.2 as collateral for the payment and performance of the LC Obligations and the other Secured Obligations in respect of Facility LCs. Each such deposit shall be held by the Collateral Agent as collateral for the payment and performance of the obligations of the Borrower for the portion of the LC Obligations relating to Facility LCs issued for the account of the Borrower under this Agreement. The Collateral Agent will invest any funds on deposit from time to time in the Facility LC Collateral Account in certificates of deposit of Bank One having a maturity not exceeding thirty (30) days. Interest or profits, if any, on such investments shall accumulate in such account. Moneys in such account shall be applied to reimburse the LC Issuer for Reimbursement Obligations for which it has not been reimbursed and as collateral for the remaining LC Obligations. If the Borrower is required to provide an amount of cash collateral hereunder pursuant to Section 8.1, such amount (to the extent not applied) shall be returned to such Borrower within three Business Days after all Events of Default have been cured or waived. If the Borrower is required to provide an amount of cash collateral hereunder pursuant to Section 2.2, such amount (to the extent not applied as aforesaid) shall be returned to the Borrower as and to the extent that, after giving effect to such return, the Borrower would remain in compliance with Section 2.2. Nothing in this Section 2.20.11 shall either require the Borrower or any Guarantor to deposit any funds in the Facility LC Collateral Account or limit the right of the Administrative Agent or the Collateral Agent to release any funds held in the Facility LC Collateral Account in each case other than as required by this Section, Section 2.2 or Section 8.1.

2.20.12 RIGHTS AS A LENDER. In its capacity as a Lender, the LC Issuer shall have the same rights and obligations as any other Lender.

2.21. FINANCIAL CONTRACTS. The Borrower confirms that all Rate Management Obligations owed to Lenders shall for purposes of the Senior Secured Indenture constitute "Credit Agreement Obligations" as defined therein (unless the Borrower and any applicable Lender mutually agree that such Rate Management Obligations do not constitute "Credit Agreement Obligations").

ARTICLE III

YIELD PROTECTION; TAXES

3.1. YIELD PROTECTION. If, on or after the Closing Date, the adoption of any law or any governmental or quasi-governmental rule, regulation, policy, guideline or directive (whether or

not having the force of law), or any change in any such law, rule, regulation, policy, guideline or directive or in the interpretation or administration thereof by any governmental or quasi- governmental authority, central bank or comparable agency charged with the interpretation or administration thereof, or compliance by any Lender or applicable Lending Installation or the LC Issuer with any request or directive (whether or not having the force of law) of any such authority, central bank or comparable agency:

(i) imposes or increases or deems applicable any reserve, assessment, insurance charge, special deposit or similar requirement against assets of, deposits with or for the account of, or credit extended by, any Lender or any applicable Lending Installation or the LC Issuer (other than reserves and assessments taken into account in determining the interest rate applicable to Eurodollar Advances), or

(ii) imposes any other condition the result of which is to increase the cost to any Lender or any applicable Lending Installation of making, funding or maintaining its Revolving Loan Commitment or Eurodollar Loans or of issuing or participating in Facility LCs, or reduces any amount receivable by any Lender or any applicable Lending Installation or the LC Issuer in connection with its Revolving Loan Commitment or Eurodollar Loans or Facility LCs (including participations therein), or requires any Lender or any applicable Lending Installation or the LC Issuer to make any payment calculated by reference to the amount of Revolving Loan Commitment or Eurodollar Loans or Facility LCs (including participations therein) held or interest or LC Fees received by it, by an amount deemed material by such Lender or the LC Issuer, as applicable.

and the result of any of the foregoing is to increase the cost to such Lender or applicable Lending Installation or the LC Issuer of making or maintaining its Eurodollar Loans or Revolving Loan Commitment or of issuing or participating in Facility LCs, as applicable, or to reduce the return received by such Lender or applicable Lending Installation or LC Issuer in connection with such Eurodollar Loans or Revolving Loan Commitment, or Facility LCs (including participations therein), then, within fifteen (15) days of demand, accompanied by the written statement required by Section 3.6, by such Lender or LC Issuer, the Borrower shall pay such Lender or LC Issuer such additional amount or amounts as will compensate such Lender or LC Issuer for such increased cost or reduction in amount received.

3.2. CHANGES IN CAPITAL ADEQUACY REGULATIONS. If a Lender or LC Issuer determines the amount of capital required or expected to be maintained by such Lender or LC Issuer, any Lending Installation of such Lender or LC Issuer or any corporation controlling such Lender or LC Issuer is increased as a result of a Change (as defined below), then, within fifteen (15) days of demand, accompanied by the written statement required by Section 3.6, by such Lender or LC Issuer, the Borrower shall pay such Lender or LC Issuer the amount necessary to compensate for any shortfall in the rate of return on the portion of such increased capital which such Lender or LC Issuer determines is attributable to this Agreement, its Outstanding Revolving Credit Exposure, its Term Loans, its Term Loan Commitment to make Term Loans, its Revolving Loan Commitment to make Revolving Loans and issue or participate in Facility LCs, as applicable, hereunder (after taking into account such Lender's or LC Issuer's policies as to capital adequacy). "Change" means (i) any change after the Closing Date in the Risk-Based Capital

Guidelines or (ii) any adoption of, or change in, or change in the interpretation or administration of any other law, governmental or quasi-governmental rule, regulation, policy, guideline, interpretation, or directive (whether or not having the force of law) after the Closing Date which affects the amount of capital required or expected to be maintained by any Lender or LC Issuer or any Lending Installation or any corporation controlling any Lender or LC Issuer. "Risk-Based Capital Guidelines" means (i) the risk-based capital guidelines in effect in the United States on the Closing Date, including transition rules, and (ii) the corresponding capital regulations promulgated by regulatory authorities outside the United States implementing the July 1988 report of the Basle Committee on Banking Regulation and Supervisory Practices Entitled "International Convergence of Capital Measurements and Capital Standards," including transition rules, and any amendments to such regulations adopted prior to the Closing Date.

3.3. AVAILABILITY OF TYPES OF ADVANCES. If the Administrative Agent determines that maintenance of its Eurodollar Loans at a suitable Lending Installation would violate any applicable law, rule, regulation, or directive, whether or not having the force of law, or no reasonable basis exists for determining the Eurodollar Base Rate, then the Administrative Agent shall suspend the availability of Eurodollar Advances and require any affected Eurodollar Advances to be repaid or converted to Floating Rate Advances on the respective last days of the then current Interest Periods with respect to such Revolving Loans or within such earlier period as required by law, subject to the payment of any funding indemnification amounts required by Section 3.4.

3.4. FUNDING INDEMNIFICATION. If any payment of a Eurodollar Advance occurs on a date which is not the last day of the applicable Interest Period, whether because of acceleration, prepayment or otherwise, or a Eurodollar Advance is not made or continued, or a Floating Rate Advance is not converted into a Eurodollar Advance, on the date specified by the Borrower for any reason other than default by the Lenders, or a Eurodollar Advance is not prepaid on the date specified by the Borrower for any reason, the Borrower will indemnify each Lender for any loss or cost (excluding lost profit) incurred by it resulting therefrom, including, without limitation, any loss or cost in liquidating or employing deposits acquired to fund or maintain such Eurodollar Advance.

3.5. TAXES.

(i) All payments by the Borrower to or for the account of any Lender or the LC Issuer or the Administrative Agent hereunder or under any Note shall be made free and clear of and without deduction for any and all Taxes. If the Borrower shall be required by law to deduct any Taxes from or in respect of any sum payable hereunder to any Lender, LC Issuer or the Administrative Agent, (a) the sum payable shall be increased as necessary so that after making all required deductions (including deductions applicable to additional sums payable under this Section 3.5) such Lender, LC Issuer or the Administrative Agent (as the case may be) receives an amount equal to the sum it would have received had no such deductions been made, (b) the Borrower shall make such deductions, (c) the Borrower shall pay the full amount deducted to the relevant authority in accordance with applicable law and (d) the Borrower shall furnish to the Administrative Agent the original copy of a receipt evidencing payment thereof

or, if a receipt cannot be obtained with reasonable efforts, such other evidence of payment as is reasonably acceptable to the Administrative Agent, in each case within thirty (30) days after such payment is made.

(ii) In addition, the Borrower shall pay any present or future stamp or documentary taxes and any other excise or property taxes, charges or similar levies which arise from any payment made hereunder or under any Note or Facility LC Application or from the execution or delivery of, or otherwise with respect to, this Agreement or any Note or Facility LC Application ("Other Taxes").

(iii) The Borrower shall indemnify the Administrative Agent, the LC Issuer and each Lender for the full amount of Taxes or Other Taxes (including, without limitation, any Taxes or Other Taxes imposed on amounts payable under this Section 3.5) paid by the Administrative Agent, the LC Issuer or such Lender as a result of its Revolving Loan Commitment, any Credit Extensions made by it hereunder, any Facility LC issued or participated in by it hereunder, or otherwise in connection with its participation in this Agreement and any liability (including penalties, interest and expenses) arising therefrom or with respect thereto; provided, however, that the Borrower shall not be obligated to reimburse the Administrative Agent, the LC Issuer or a Lender in respect of penalties, interest or similar liabilities attributable to such Taxes or Other Taxes if such penalties, interest or similar liabilities are attributable to a failure or delay by the Administrative Agent, the LC Issuer or a Lender to make a written request therefore pursuant to Section 3.6; provided, further, that no request delivered within the ninety (90) day period described in Section 3.6 shall constitute a delayed request. Payments due under this indemnification shall be made within thirty (30) days of the date the Administrative Agent, the LC Issuer or such Lender makes demand therefor pursuant to Section 3.6.

(iv) Each Lender that is not incorporated under the laws of the United States of America or a state thereof (each a "Non-U.S. Lender") agrees that it will, not more than ten (10) Business Days after the date on which it becomes a party to this Agreement or changes its lending office under this Agreement (but in any event before a payment is due to it hereunder), (i) deliver to each of the Borrower and the Administrative Agent two duly completed copies of United States Internal Revenue Service Form W-8BEN or W-8ECI, certifying in either case that such Lender is entitled to receive payments under this Agreement without deduction or withholding of any United States federal income taxes (including backup withholding taxes), or (ii) in the case of a Non-U.S. Lender that is fiscally transparent, deliver to the Administrative Agent a United States Internal Revenue Form W-8IMY together with the applicable accompanying forms, W-8 or W-9, as the case may be, and certify that it is entitled to an exemption from United States Federal income tax (including backup withholding taxes). Each Non- U.S. Lender further undertakes to deliver to each of the Borrower and the Administrative Agent (x) renewals or additional copies of such form (or any successor form) on or before the date that such form expires or becomes obsolete, and (y) after the occurrence of any event requiring a change in the most recent forms so delivered

by it, such additional forms or amendments thereto as may be reasonably requested by the Borrower or the Administrative Agent. All forms or amendments described in the preceding sentence shall certify that such Lender is entitled to receive payments under this Agreement without deduction or withholding of any United States federal income taxes, unless an event (including without limitation any change in treaty, law or regulation) has occurred prior to the date on which any such delivery would otherwise be required which renders all such forms inapplicable or which would prevent such Lender from duly completing and delivering any such form or amendment with respect to it and such Lender advises the Borrower and the Administrative Agent that it is not capable of receiving payments without any deduction or withholding of United States federal income tax.

(v) For any period during which a Non-U.S. Lender has failed to provide the Borrower with an appropriate form pursuant to clause (iv) above (unless such failure is due to a change in treaty, law or regulation, or any change in the interpretation or administration thereof by any governmental authority, occurring subsequent to the date on which a form originally was required to be provided), such Non-U.S. Lender shall not be entitled to indemnification under this Section 3.5 with respect to Taxes imposed by the United States; provided that, should a Non-U.S. Lender which is otherwise exempt from or subject to a reduced rate of withholding tax become subject to Taxes because of its failure to deliver a form required under clause (iv) above, the Borrower shall take such steps as such Non-U.S. Lender shall reasonably request to assist such Non-U.S. Lender to recover such Taxes.

(vi) Any Lender that is entitled to an exemption from or reduction of withholding tax with respect to payments under this Agreement or any Note pursuant to the law of any relevant jurisdiction or any treaty shall deliver to the Borrower (with a copy to the Administrative Agent), at the time or times prescribed by applicable law, such properly completed and executed documentation prescribed by applicable law or reasonably requested by the Borrower as will permit such payments to be made without withholding or at a reduced rate.

(vii) If the U.S. Internal Revenue Service or any other governmental authority of the United States or any other country or any political subdivision thereof asserts a claim that the Administrative Agent did not properly withhold tax from amounts paid to or for the account of any Lender (because the appropriate form was not delivered or properly completed, because such Lender failed to notify the Administrative Agent of a change in circumstances which rendered its exemption from withholding ineffective, or for any other reason), such Lender shall indemnify the Administrative Agent fully for all amounts paid, directly or indirectly, by the Administrative Agent as tax, withholding therefor, or otherwise, including penalties and interest, and including taxes imposed by any jurisdiction on amounts payable to the Administrative Agent under this subsection, together with all costs and expenses related thereto (including attorneys fees and time charges of attorneys for the Administrative Agent, which attorneys may be

employees of the Administrative Agent). The obligations of the Lenders under this Section 3.5(vii) shall survive the payment of the Obligations and termination of this Agreement.

(viii) The Administrative Agent, the LC Issuer and each Lender shall take such steps as the Borrower reasonably requests to apply or otherwise take advantage of any tax refund or offsetting tax credit or other similar tax benefit arising out of or in conjunction with any amounts for which they have been indemnified by the Borrower or with respect to which the Borrower has paid additional amounts pursuant to this Section 3.5. If the Administrative Agent, the LC Issuer or a Lender determines that it has received a tax benefit arising out of or in conjunction with any amounts as to which it has been indemnified by the Borrower or with respect to which the Borrower has paid additional amounts pursuant to this Section 3.5, it shall pay over such refund to the Borrower (but only to the extent of indemnity payments made, or additional amounts paid by the Borrower under this Section 3.5 with respect to the amounts giving rise to such refund); provided, however, that during the continuance of an Event of Default, any such refund shall be applied in reduction of the Secured Obligations.

(ix) The Administrative Agent, the LC Issuer, and each Lender shall take reasonable steps to avoid the need for the Borrower to pay any amounts under this Section 3.5, but they shall not be required to take any steps that would impose material costs or other detriments on them. Any such cost incurred by the Administrative Agent, the LC Issuer or any Lender shall constitute a Secured Obligation and the Borrower shall reimburse such Person for such cost.

3.6. LENDER STATEMENTS; SURVIVAL OF INDEMNITY. Each Lender shall deliver a written statement of such Lender to the Borrower (with a copy to the Administrative Agent) as to the amount due, if any, under Section 3.1, 3.2, 3.4 or 3.5. Such written statement shall set forth in reasonable detail the calculations upon which such Lender determined such amount and shall be final, conclusive and binding on the Borrower in the absence of manifest error. Determination of amounts payable under such Sections in connection with a Eurodollar Loan shall be calculated as though each Lender funded its Eurodollar Loan through the purchase of a deposit of the type, currency and maturity corresponding to the deposit used as a reference in determining the Eurodollar Rate applicable to such Loan, whether in fact that is the case or not. Unless otherwise provided herein, the amount specified in the written statement of any Lender shall be payable on demand after receipt by the Borrower of such written statement. The obligations of the Borrower under Sections 3.1, 3.2, 3.4 and 3.5 shall survive payment of the Obligations and termination of this Agreement; provided that the Borrower shall not be required to make any payments pursuant to Section 3.1, 3.2, 3.4 or 3.5 to a Lender or LC Issuer for any increased costs incurred or reductions suffered more than ninety (90) days prior to the date that such Lender or LC Issuer, as the case may be, notifies the Borrower of the circumstances giving rise to such increased costs or reductions and of such Lender's or the LC Issuer's intention to claim compensation therefor (except that, if the circumstances giving rise to such increased costs or reductions are retroactive, then the ninety (90) day period referred to above shall be extended to include the period of retroactive effect thereof).

3.7. ALTERNATIVE LENDING INSTALLATION. To the extent reasonably possible, each Lender shall designate an alternate Lending Installation with respect to its Eurodollar Loans to reduce any liability of the Borrower to such Lender under Sections 3.1, 3.2 and 3.5 or to avoid the unavailability of Eurodollar Advances under Section 3.3, so long as such designation is not, in the judgment of such Lender, reasonably disadvantageous to such Lender. A Lender's designation of an alternative Lending Installation shall not affect the Borrower's rights under Section 2.19 to replace a Lender.

ARTICLE IV

CONDITIONS PRECEDENT

4.1. INITIAL CREDIT EXTENSION. The Lenders shall not be required to make the initial Credit Extension hereunder, which initial Credit Extension shall occur no later than March 15, 2004, unless the following conditions precedent are satisfied (or waived by the Administrative Agent) immediately prior to or substantially concurrent with such initial Credit Extension:

4.1.1 Copies of the articles or certificate of incorporation (or the equivalent thereof) of each Credit Party, in each case, together with all amendments thereto, and a certificate of good standing, each certified by the appropriate governmental officer in its jurisdiction of organization.

4.1.2 Copies, certified by the Secretary or Assistant Secretary (or the equivalent thereof) of each Credit Party, in each case, of its by-laws and of its Board of Directors' resolutions and of resolutions or actions of any other body authorizing the execution of the Loan Documents to which such Credit Party is a party.

4.1.3 An incumbency certificate, executed by the Secretary or Assistant Secretary (or the equivalent thereof) of each Credit Party, in each case, which shall identify by name and title and bear the signatures of the Authorized Officers and any other officers of such Credit Party authorized to sign the Loan Documents to which such Credit Party is party, upon which certificate the Administrative Agent and the Lenders shall be entitled to rely until informed of any change in writing by such Credit Party.

4.1.4 A certificate signed by the chief financial officer of the Borrower, stating that on the initial Credit Extension Date (i) no Event of Default or Unmatured Event of Default has occurred and is continuing, (ii) all of the representations and warranties in Article V shall be true and correct in all material respects as of such date and (iii) other than (A) the Service America Write-down and (B) as disclosed in public filings with the Securities and Exchange Commission prior to the initial Credit Extension Date, no material adverse change in the business, condition (financial or otherwise), operations, performance or Property of (1) the Borrower and its Subsidiaries, taken as a whole, or (2) the Target and its Subsidiaries, taken as a whole, has occurred since December 31, 2002.

4.1.5 (a) A written opinion of the Borrower's in-house counsel, in form and substance reasonably satisfactory to the Administrative Agent and addressed to the Administrative Agent and the Lenders, in substantially the form of Exhibit A-1, (b) a

written opinion of Cravath, Swaine & Moore LLP, special New York counsel to the Borrower, in form and substance reasonably satisfactory to the Administrative Agent and addressed to the Administrative Agent and the Lenders, in substantially the form of Exhibit A-2, and (c) a written opinion of Richards, Layton & Finger, P.A., special counsel to the Borrower, in form and substance reasonably satisfactory to the Administrative Agent and addressed to the Administrative Agent and the Lenders, in substantially the form of Exhibit A-3.

4.1.6 Any Notes requested by a Lender pursuant to Section 2.13 payable to the order of each such requesting Lender.

4.1.7 Written money transfer instructions, in substantially the form of Exhibit D, addressed to the Administrative Agent and signed by an Authorized Officer, together with such other related money transfer authorizations as the Administrative Agent may have reasonably requested.

4.1.8 The Administrative Agent shall have received the consolidated financial statements of the Borrower and its Subsidiaries for the Borrower's fiscal quarter ended September 30, 2003 and the audited financial statements of the Target for the Target's fiscal year ended September 30, 2003.

4.1.9 The Administrative Agent and the Lenders shall have received pro forma opening financial statements ("Pro Forma Opening Statements") giving effect to the Target Acquisition and five year financial statement projections ("Projections"), together with such information as the Administrative Agent may reasonably request to confirm the tax, legal, and business assumptions made in such Pro Forma Opening Statements and Projections, such Pro Forma Opening Statements and Projections demonstrating, in the reasonable judgment of the Administrative Agent, together with all other information then available to the Administrative Agent, that the Borrower and its Subsidiaries have the ability to repay their debts and satisfy their other respective obligations as and when due and to comply with Sections 6.20 through 6.24.

4.1.10 The Administrative Agent shall have received evidence reasonably satisfactory to the Administrative Agent of the payment of all principal, interest, fees and premiums, if any, on all Indebtedness under the Existing Credit Agreements, and the agreement to release all Liens and the termination of the applicable agreements relating thereto, all taking effect concurrently with the effectiveness of this Agreement; provided, however, that any Existing Letters of Credit incorporated into and governed by the terms of this Agreement shall not be required to be terminated in connection with the termination of the Existing Credit Agreements and the agreements, documents, and instruments related thereto; provided, further, that Letters of Credit issued under the Existing Credit Agreements that do not constitute Existing Letters of Credit and that are either cash collateralized or supported by back-to- back Letters of Credit in a manner reasonably acceptable to the Administrative Agent, together with agreements, documents and instruments directly related to such Letters of Credit, shall not be required to be terminated in connection with the termination of the Existing Credit Agreements and the agreements, documents, and instruments related thereto.

4.1.11 All legal matters shall be reasonably satisfactory to the Administrative Agent.

4.1.12 The Borrower shall have received capital contributions, proceeds from the issuance of the Senior Secured Notes, and proceeds from the issuance of the Senior Unsecured Notes in an aggregate amount equal to or greater than $260,000,000 or such other amount reasonably satisfactory to the Administrative Agent.

4.1.13 The Administrative Agent shall have received a fully executed copy of the Intercreditor Agreement.

4.1.14 The Administrative Agent shall have received fully executed copies of the Senior Secured Indenture, the Senior Unsecured Indenture, and the Senior Secured Notes and Senior Unsecured Notes issued pursuant to the foregoing, in each case on or prior to the Closing Date.

4.1.15 The Target Acquisition shall be consummated, on the Closing Date, pursuant to the terms of the Agreement and Plan of Merger, dated as of December 18, 2003, by and among the Borrower, the Target, and Marlin Merger Corp., as such agreement was in effect on December 18, 2003; provided, however, that amendments or modifications to such agreement subsequent to December 18, 2003 shall not preclude the Borrower's satisfaction of the condition set forth in this Section 4.1.15 so long as any such amendment or modification that is materially adverse to the Lenders has been approved by the Administrative Agent (such approval not to be unreasonably withheld).

4.1.16 The Administrative Agent shall have received evidence reasonably satisfactory to it that the Collateral Agent, on behalf of the creditors of the Borrower party to the Intercreditor Agreement, holds a perfected first-priority Lien upon the Collateral or that arrangements reasonably satisfactory to the Administrative Agent for perfecting such Liens are in place.

4.1.17 Such other documents as the Administrative Agent or its counsel may have reasonably requested, including, without limitation, the Collateral Documents and those other documents set forth in Exhibit G hereto.

4.2. EACH CREDIT EXTENSION. The Lenders shall not (except as otherwise set forth in Section 2.4.4 or Section 2.20.6 with respect to Revolving Loans extended for the purpose of repaying Swing Line Loans or reimbursing draws under Facility LCs, as the case may be) be required to make any Credit Extension unless on the applicable Credit Extension Date:

4.2.1 There exists no Event of Default or Unmatured Event of Default.

4.2.2 The representations and warranties contained in Article V are true and correct as of such Credit Extension Date in all material respects except to the extent any such representation or warranty is stated to relate solely to an earlier date, in which case such representation or warranty shall have been true and correct in all material respects on and as of such earlier date.

Each Borrowing Notice or Swing Line Borrowing Notice, as the case may be, or request for issuance of a Facility LC, with respect to each such Credit Extension shall constitute a representation and warranty by the Borrower that the conditions contained in Sections 4.2.1 and 4.2.2 have been satisfied.

ARTICLE V

REPRESENTATIONS AND WARRANTIES

The Borrower represents and warrants to each Lender and the Administrative Agent as of each of (i) the date of the initial Credit Extension hereunder and (ii) each date as required by Section 4.2:

5.1. EXISTENCE AND STANDING. Each of the Borrower and its Subsidiaries is a corporation, partnership (in the case of Subsidiaries only) or limited liability company duly incorporated or organized, as the case may be, validly existing and (to the extent such concept applies to such entity) in good standing under the laws of its jurisdiction of incorporation or organization and has all requisite authority to conduct its business in each jurisdiction in which its business is conducted.

5.2. AUTHORIZATION AND VALIDITY. The Borrower has the power and authority and legal right to execute and deliver the Loan Documents to which it is a party and to perform its obligations thereunder. The execution and delivery by the Borrower of the Loan Documents to which it is a party and the performance of its obligations thereunder have been duly authorized by proper proceedings, and the Loan Documents to which the Borrower is a party constitute legal, valid and binding obligations of the Borrower enforceable against the Borrower in accordance with their terms, except as enforceability may be limited by (i) bankruptcy, insolvency, fraudulent conveyances, reorganization or similar laws relating to or affecting the enforcement of creditors' rights generally; (ii) general equitable principles (whether considered in a proceeding in equity or at law); and (iii) requirements of reasonableness, good faith and fair dealing.

5.3. NO CONFLICT; GOVERNMENT CONSENT. Neither the execution and delivery by the Borrower or its Subsidiaries, as applicable, of the Loan Documents to which such Person is a party, nor the consummation of the transactions therein contemplated, nor compliance with the provisions thereof will violate (i) any law, rule, regulation, order, writ, judgment, injunction, decree or award binding on the Borrower or any of its Subsidiaries except for violations which individually or in the aggregate would not reasonably be expected to result in a Material Adverse Effect, or (ii) the Borrower's or any Subsidiary's articles or certificate of incorporation, partnership agreement, certificate of partnership, articles or certificate of organization, by-laws, or operating agreement or other management agreement, as the case may be, or (iii) the provisions of any indenture, instrument or agreement to which the Borrower or any of its Subsidiaries is a party or is subject, or by which it, or its Property, is bound, or conflict with, or constitute a default thereunder, or result in, or require, the creation or imposition of any Lien in, of or on the Property of the Borrower or a Subsidiary pursuant to the terms of, any such indenture, instrument or agreement, other than indentures, instruments or agreements which will be terminated on the Closing Date in connection with the full repayment of Indebtedness

outstanding under such indentures, instruments or agreements, and except for violations which individually or in the aggregate would not reasonably be expected to result in a Material Adverse Effect. No material order, consent, adjudication, approval, license, authorization, or validation of, or filing, recording or registration with, or exemption by, or other material action in respect of any governmental or public body or authority, or any subdivision thereof, which has not been obtained by the Borrower or any of its Subsidiaries, is required to be obtained by the Borrower or any of its Subsidiaries in connection with the execution and delivery of the Loan Documents, the borrowings under this Agreement, the payment and performance by the Borrower of the Obligations or the legality, validity, binding effect or enforceability of any of the Loan Documents, except filings necessary to perfect Liens created under the Loan Documents.

5.4. FINANCIAL STATEMENTS. The December 31, 2002 audited consolidated financial statements of the Borrower and its Subsidiaries heretofore delivered to the Administrative Agent and the Lenders were prepared in accordance with generally accepted accounting principles in effect on the date such statements were prepared and fairly present in all material respects the consolidated financial condition and operations of the Borrower and its Subsidiaries at such date and the consolidated results of their operations for the period then ended in accordance with generally accepted accounting principles in effect on the date such statements were prepared.

5.5. MATERIAL ADVERSE CHANGE. Other than (i) the Service America Write-down and (ii) as disclosed in public filings with the Securities and Exchange Commission prior to the initial Credit Extension Date, since December 31, 2002, there has been no change in the business, condition (financial or otherwise), operations, performance or Property of the Borrower and its Subsidiaries taken together, in each case which could reasonably be expected to have a Material Adverse Effect.

5.6. TAXES. The Borrower and its Subsidiaries have filed all United States federal tax returns and all other tax returns which are required to be filed and have paid all taxes due pursuant to said returns or pursuant to any assessment received by the Borrower or any of its Subsidiaries, except (i) in respect of such taxes, if any, as are being contested in good faith and as to which adequate reserves have been provided in accordance with Agreement Accounting Principles or (ii) to the extent that the failure to do so would not reasonably be expected to have a Material Adverse Effect. The United States federal income tax returns of the Borrower and its Subsidiaries have been audited by the Internal Revenue Service through the 1997 fiscal year. No Liens have been filed and no claims are being asserted with respect to such taxes that would reasonably be expected to have a Material Adverse Effect. The charges, accruals and reserves on the books of the Borrower and its Subsidiaries in respect of any taxes or other governmental charges are adequate.

5.7. LITIGATION AND CONTINGENT OBLIGATIONS. There is no litigation, arbitration, governmental investigation, proceeding or inquiry pending or, to the knowledge of any of their officers, threatened against or affecting the Borrower or any of its Subsidiaries which could reasonably be expected to have a Material Adverse Effect or which seeks to prevent, enjoin or delay the making of any Credit Extensions.

5.8. SUBSIDIARIES. Schedule 5.8 contains an accurate list of all Subsidiaries of the Borrower as of the date of this Agreement, setting forth their respective jurisdictions of

organization and the percentage of their respective capital stock or other ownership interests owned by the Borrower or other Subsidiaries. All of the issued and outstanding shares of capital stock or other ownership interests of such Subsidiaries have been (to the extent such concepts are relevant with respect to such ownership interests) duly authorized and issued and are fully paid and non-assessable.

5.9. ERISA. The Unfunded Liabilities of all Single Employer Plans would not reasonably be expected to have a Material Adverse Effect. Neither the Borrower nor any other member of the Controlled Group has incurred, or reasonably expects to incur, pursuant to Section 4201 of ERISA, any withdrawal liability to Multiemployer Plans that in the aggregate would reasonably be expected to have a Material Adverse Effect. Each Plan complies in all material respects with all applicable requirements of law and regulations. No Reportable Event has occurred with respect to any Plan that would reasonably be expected to have a Material Adverse Effect. No steps have been taken to reorganize or terminate, within the meaning of Title IV of ERISA, any Multiemployer Plan.

5.10. ACCURACY OF INFORMATION. The Loan Documents and other written statements furnished by the Borrower and its Subsidiaries to the Administrative Agent in connection with the negotiation of, and compliance with, the Loan Documents (as modified or supplemented by information so furnished) taken as a whole do not contain any material misstatement of fact or omit to state a material fact necessary to make the statements contained therein, in light of the circumstances under which they were made, not misleading; provided, however, that with respect to projected financial information, the Borrower and its Subsidiaries represent only that such information was prepared in good faith based upon assumptions believed to be reasonable at the time.

5.11. REGULATIONS T, U, AND X. The Borrower will ensure that no use of Advances or proceeds thereof will violate Regulation T, U or X.

5.12. MATERIAL AGREEMENTS; RESTRICTIONS ON DIVIDENDS. As of the Closing Date, neither the Borrower nor any Subsidiary is a party to any agreement or instrument or subject to any charter or other corporate restriction which could reasonably be expected to have a Material Adverse Effect. As of the Closing Date, neither the Borrower nor any Subsidiary is in default in the performance, observance or fulfillment of any of the obligations, covenants or conditions contained in any agreement or instrument to which it is a party, which default could reasonably be expected to have a Material Adverse Effect (other than any agreement or instrument evidencing or governing Indebtedness).

5.13. COMPLIANCE WITH LAWS. The Borrower and its Subsidiaries have complied with all applicable statutes, rules, regulations, orders and restrictions of any domestic or foreign government or any instrumentality or agency thereof having jurisdiction over the conduct of their respective businesses or the ownership of their respective Property, except such non- compliances that would not, either individually or in the aggregate, reasonably be expected to have a Material Adverse Effect. This Section 5.13 does not relate to taxes which are the subject of Section 5.6, to employee benefits or ERISA matters which are the subject of Section 5.9 and environmental matters which are the subject of Section 5.16.

5.14. OWNERSHIP OF PROPERTIES; PRIORITY OF LIENS. The Borrower and its Subsidiaries have good title, free of all Liens other than those permitted by Section 6.15, to all of the material Property and assets reflected in the Borrower's most recent consolidated financial statements provided to the Administrative Agent, as owned by the Borrower and its Subsidiaries. To the extent governed by Article 8 or Article 9 of the UCC, when financing statements have been filed in the appropriate offices, the Collateral Agent has a perfected first priority Lien upon all of the Collateral, subject to (i) Liens permitted by Section 6.15, (ii) filings under any federal statute for patents, trademarks, and copyrights, and (iii) Collateral in which security interests or liens can only be perfected through compliance with the terms of the Federal Assignment of Claims Act.

5.15. PLAN ASSETS; PROHIBITED TRANSACTIONS. The Borrower is not an entity deemed to hold "plan assets" within the meaning of 29 C.F.R. {section} 2510.3-101 of an employee benefit plan (as defined in Section 3(3) of ERISA) which is subject to Title I of ERISA or any plan (within the meaning of Section 4975 of the Code).

5.16. ENVIRONMENTAL MATTERS. In the ordinary course of its business, the officers of the Borrower consider the effect of Environmental Laws applicable to the business of the Borrower and its Subsidiaries, in the course of which they identify and evaluate potential risks and liabilities accruing to the Borrower due to Environmental Laws. On the basis of this consideration, the Borrower has concluded that the status of the Borrower's compliance with Environmental Laws cannot reasonably be expected to have a Material Adverse Effect. Neither the Borrower nor any Subsidiary has received any notice to the effect that its operations are not in material compliance with any of the requirements of applicable Environmental Laws or are the subject of any federal or state investigation evaluating whether any remedial action is needed to respond to a release of any toxic or hazardous waste or substance into the environment, which non-compliance or remedial action could reasonably be expected to have a Material Adverse Effect.

5.17. INVESTMENT COMPANY ACT. Neither the Borrower nor any Subsidiary is required to register as an "investment company" within the meaning of the Investment Company Act of 1940, as amended.

5.18. PUBLIC UTILITY HOLDING COMPANY ACT. Neither the Borrower nor any Subsidiary is a "holding company" or a "subsidiary company" of a "holding company" within the meaning of the Public Utility Holding Company Act of 1935, as amended.

5.19. INSURANCE. The Borrower maintains, and has caused each Subsidiary to maintain, with financially sound and reputable insurance companies, or pursuant to self-insurance arrangements, insurance on all their material Property in such amounts, subject to such deductibles and self-insurance retentions and covering such properties and risks as is reasonably consistent with sound business practice.

5.20. NO EVENT OF DEFAULT OR UNMATURED EVENT OF DEFAULT. No Event of Default or Unmatured Event of Default has occurred and is continuing.

5.21. SDN LIST DESIGNATION. Neither the Borrower nor any of its Subsidiaries or Affiliates is a country, individual or entity named on the Specifically Designated National and

Blocked Persons (SDN) list issued by the Office of Foreign Asset Control of the Department of the Treasury of the United States of America.

5.22. SOLVENCY. Immediately after the consummation of the transactions to occur as of the initial Credit Extension Date, including, without limitation, the Target Acquisition, and immediately following the making of each Credit Extension on the initial Credit Extension Date, including, without limitation, Credit Extensions to fund the Target Acquisition, and after giving effect to the application of the proceeds of such Credit Extensions: (i) the fair value of the assets of the Borrower and its Subsidiaries on a consolidated basis, at fair valuation, will exceed the debts and liabilities, subordinated, contingent, or otherwise, of the Borrower and its Subsidiaries on a consolidated basis, (ii) the present fair saleable value of the Property of the Borrower and its Subsidiaries on a consolidated basis will be greater than the amount that will be required to pay the probable liability of the Borrower and its Subsidiaries on a consolidated basis on their debts and other liabilities, subordinated, contingent or otherwise, as such debts and other liabilities become absolute and matured, (iii) the Borrower and its Subsidiaries on a consolidated basis will be able to pay their debts and liabilities, subordinated, contingent or otherwise, as such debts and liabilities become absolute and matured, and (iv) the Borrower and its Subsidiaries on a consolidated basis will not have unreasonably small capital with which to conduct the businesses in which they are engaged as such businesses are now conducted and are proposed to be conducted after the Closing Date and after the initial Credit Extension Date.

ARTICLE VI

COVENANTS

Until the Revolving Loan Commitments have expired or been terminated, the LC Obligations have expired, been reimbursed or been cash collateralized (in each case in accordance with the terms of this Agreement), and the other Obligations have been paid in full (other than obligations to pay fees and expenses with respect to which the Borrower has not received an invoice, contingent indemnity obligations, other contingent obligations, and Rate Management Obligations), unless the Required Lenders shall otherwise consent in writing:

6.1. FINANCIAL REPORTING. The Borrower will maintain, for itself and each Subsidiary, a system of accounting established and administered in accordance with generally accepted accounting principles, and furnish to the Lenders:

6.1.1 Within ninety (90) days after the close of each of its fiscal years, financial statements prepared in accordance with Agreement Accounting Principles on a consolidated and consolidating basis for itself and its consolidated Subsidiaries, including balance sheets as of the end of such period, statements of income and statements of cash flows, accompanied by (a) an audit report, unqualified as to scope, of a nationally recognized firm of independent public accountants or other independent public accountants reasonably acceptable to the Required Lenders (it being understood and agreed that consolidating financial statements need not be certified by such accountants); (b) any management letter prepared by said accountants and (c) a certificate of said accountants (which certificate may be limited to the extent required by generally accepted accounting principles, rules or guidelines) that, in the course of their audit of the financial

statements of the Borrower and its consolidated Subsidiaries, which audit was conducted in accordance with generally accepted accounting standards, they have obtained no knowledge of any Event of Default or Unmatured Event of Default, or if, in the opinion of such accountants, any Event of Default or Unmatured Event of Default shall exist, stating the nature and status thereof.

6.1.2 Within forty-five (45) days after the close of the first three quarterly periods of each of its fiscal years, for itself and its consolidated Subsidiaries, consolidated and consolidating unaudited balance sheets as at the close of each such period and consolidated and consolidating statements of income and a statement of cash flows for the period from the beginning of such fiscal year to the end of such quarter, all certified as to fairness of presentation in all material respects in accordance with Agreement Accounting Principles, compliance with Agreement Accounting Principles, and consistency by its chief financial officer or treasurer, except for normal year-end audit adjustments and the absence of footnotes.

6.1.3 Together with the financial statements required under Sections 6.1.1 and 6.1.2, a compliance certificate in substantially the form of Exhibit B signed by its chief financial officer or treasurer showing the calculations necessary to determine compliance with Sections 6.20 through 6.24, an officer's certificate in substantially the form of Exhibit F stating that, to such officer's knowledge, no Event of Default or Unmatured Event of Default exists, or if any Event of Default or Unmatured Event of Default exists, stating the nature and status thereof.

6.1.4 As soon as possible and in any event within ten (10) days after the Borrower knows that any material Reportable Event has occurred with respect to any Plan, a statement, signed by the chief financial officer or treasurer of the Borrower, describing said Reportable Event and the action which the Borrower proposes to take with respect thereto.

6.1.5 As soon as possible and in any event within ten (10) days after receipt by the Borrower, a copy of (a) any notice or claim to the effect that the Borrower or any of its Subsidiaries is or may be liable to any Person as a result of the release by the Borrower, any of its Subsidiaries, or any other Person of any toxic or hazardous waste or substance into the environment, and (b) any notice alleging any violation of any Environmental Law by the Borrower or any of its Subsidiaries, which, in either case, could reasonably be expected to have a Material Adverse Effect.

6.1.6 Promptly upon the filing thereof, copies of all registration statements and copies of all filings on forms 10-K, 10-Q, or 8-K which the Borrower or any of its Subsidiaries makes with the Securities and Exchange Commission, including, without limitation, all certifications and other filings required by Section 302 and Section 906 of the Sarbanes-Oxley Act of 2002 and all rules and regulations related thereto.

6.1.7 As soon as practicable, and in any event within thirty (30) days after the beginning of each fiscal year of the Borrower, a copy of the plan and forecast (including

a projected consolidated balance sheet, income statement and funds flow statement) of the Borrower for such fiscal year.

6.1.8 As soon as possible, and in any event within three (3) Business Days (in the case of the Borrower) and fifteen (15) days (in the case of any Guarantor) after the occurrence thereof, a reasonably detailed notification to the Administrative Agent and its counsel of any change in the jurisdiction of organization of the Borrower or any Guarantor.

6.1.9 Such other information (including non-financial information) as the Administrative Agent or any Lender may from time to time reasonably request.

If any information which is required to be furnished to the Lenders under this Section 6.1 is required by law or regulation to be filed by the Borrower with a government body on an earlier date, then the information required hereunder shall be furnished to the Lenders promptly following such earlier date.

6.2. USE OF PROCEEDS. The Borrower will, and will cause each Subsidiary to, use (i) the proceeds of the Term Loans in compliance with Section 2.1.2 and solely to refinance certain existing Indebtedness outstanding on the Closing Date and to pay a portion of the consideration to be paid in connection with the Target Acquisition, and (ii) the proceeds of the Revolving Loans to pay a portion of the consideration to be paid in connection with the Target Acquisition, to refinance certain Indebtedness outstanding on the Closing Date, to provide cash collateral for certain Letters of Credit not constituting Facility LCs or Existing Letters of Credit, and for general corporate purposes, including, without limitation, for working capital, commercial paper liquidity support, Permitted Acquisitions, and to pay fees and expenses incurred in connection with this Agreement. The Borrower shall use the proceeds of Credit Extensions in compliance with all applicable legal and regulatory requirements and any such use shall not result in a violation of any such requirements, including, without limitation, Regulation T, U and X, the Securities Act of 1933, as amended, and the Securities Exchange Act of 1934, as amended, and the regulations promulgated thereunder.

6.3. NOTICE OF EVENT OF DEFAULT. Within three (3) Business Days after an Authorized Officer becomes aware thereof, the Borrower will give notice in writing to the Lenders of the occurrence of any Event of Default or Unmatured Event of Default.

6.4. CONDUCT OF BUSINESS. The Borrower will, and will cause each Subsidiary to, carry on and conduct its business in substantially the same manner and in substantially the same fields of enterprise as it is presently conducted (including, without limitation, the business currently conducted by the Target), and do all things necessary to remain duly incorporated or organized, validly existing and (to the extent such concept applies to such entity) in good standing as a domestic corporation, partnership or limited liability company in its jurisdiction of incorporation or organization, as the case may be, as in effect on the Closing Date, and maintain all requisite authority to conduct its business in each jurisdiction in which its business is conducted; provided, however, that the foregoing shall not prohibit any merger, dissolution, or consolidation permitted under Section 6.11.

6.5. TAXES. The Borrower will, and will cause each Subsidiary to, timely file complete and correct United States federal and applicable foreign, state and local tax returns required by law and pay all material taxes, assessments and governmental charges and levies before the same shall become delinquent or in default upon it or its income, profits or Property, except those which are being contested in good faith by appropriate proceedings and with respect to which adequate reserves have been set aside in accordance with Agreement Accounting Principles.

6.6. INSURANCE. The Borrower will, and will cause each Subsidiary to, maintain with financially sound and reputable insurance companies, or pursuant to self-insurance arrangements, insurance on all their material Property in such amounts, subject to such deductibles and self-insurance retentions, and covering such risks as is consistent with sound business practice, and the Borrower will furnish to any Lender upon request full information as to the insurance carried. The Borrower shall deliver to the Collateral Agent and the Administrative Agent endorsements in form and substance reasonably acceptable to the Collateral Agent and the Administrative Agent (x) to all "All Risk" physical damage insurance policies on all of the Borrower's and its Subsidiaries' tangible real and personal property and assets and business interruption insurance policies naming the Collateral Agent as loss payee and (y) to all general liability and other liability policies naming the Collateral Agent as an additional insured. In the event the Borrower or any of its Subsidiaries at any time or times hereafter shall fail to obtain or maintain any of the policies or insurance required herein or to pay any premium in whole or in part relating thereto, then the Administrative Agent, without waiving or releasing any obligations or resulting Event of Default hereunder, may at any time or times thereafter (but shall be under no obligation to do so) obtain and maintain such policies of insurance and pay such premiums and take any other action with respect thereto which the Administrative Agent deems advisable. All sums so disbursed by the Administrative Agent shall constitute part of the Obligations, payable as provided in this Agreement.

6.7. COMPLIANCE WITH LAWS. The Borrower will, and will cause each Subsidiary to, comply with all laws, rules, regulations, orders, writs, judgments, injunctions, decrees or awards to which it may be subject including, without limitation, all Environmental Laws, ERISA and Section 302 and Section 906 of the Sarbanes-Oxley Act of 2002, except where the failure to do so individually or in the aggregate would not reasonably be expected to result in a Material Adverse Effect.

6.8. MAINTENANCE OF PROPERTIES. Subject to Section 6.12, the Borrower will, and will cause each Subsidiary to, do all things necessary to maintain, preserve, protect and keep its Property material to the operation of its business in good repair, working order and condition (ordinary wear and tear excepted), and make all necessary and proper repairs, renewals and replacements to any such Property so that its business carried on in connection therewith may be properly conducted at all times.

6.9. INSPECTION; KEEPING OF BOOKS AND RECORDS.

(i) The Borrower will, and will cause each Subsidiary to, permit (x) the Administrative Agent at any time and (y) the Lenders during the continuance of an Event of Default, in each case by their respective representatives and agents, to inspect any of the Property, including, without limitation, the Collateral, books

and financial records of the Borrower and each Subsidiary, to examine and make copies of the books of accounts and other financial records of the Borrower and each Subsidiary, and to discuss the affairs, finances and accounts of the Borrower and each Subsidiary with, and to be advised as to the same by, their respective officers at such reasonable times and intervals as the Administrative Agent or any Lender may designate (in each case other than (x) records subject to attorney-client privilege and (y) patent-related information the disclosure of which is prohibited by applicable law or the rules and regulations of a Governmental Authority). The Borrower shall keep and maintain, and cause each of its Subsidiaries to keep and maintain, in all material respects, proper books of record and account in which entries in conformity with Agreement Accounting Principles shall be made of all dealings and transactions in relation to their respective businesses and activities.

(ii) Except to the extent the Administrative Agent may reasonably consent to any change, the Borrower will, or will cause each Subsidiary to, continue to account for PIP in the same manner as the Credit Parties account for PIP as of the Closing Date which is as follows: (i) when PIP is received by any Credit Parties, funds are initially allocated (a) as a debit to cash on the Credit Parties' general ledger; and (B) as a corresponding credit in a contra-account reserve established with respect to the Credit Parties' accounts, with the funds in such contra-account not specifically allocated to identified accounts (the amount of funds in such contra-account from time to time are referred to as "Unapplied PIP"); (ii) at such time as the Borrower allocates any portion of PIP to identified accounts, the contra-account for Unapplied PIP is reduced by that amount and the identified account is extinguished by that amount; and (iii) at such time as the Borrower determines any portion of PIP represents an overpayment under applicable Medicare, Medicaid, TRICARE, CHAMPVA or any other program of any Governmental Authority, Borrower transfers such overpaid portion on its books from the contra-account for Unapplied PIP to a liability entry on its general ledger entitled "PIP Settlements".

6.10. RESTRICTED PAYMENTS. The Borrower will not, nor will it permit any Subsidiary to, make any Restricted Payment (other than dividends payable in its own capital stock) except that,

6.10.1 Any Subsidiary may declare and pay dividends or make distributions (i) payable solely in its capital stock to the direct or indirect holders of its capital stock or (ii) payable in dividends and distributions to the Borrower or to a Subsidiary that is a Guarantor (and if such Subsidiary has shareholders other than the Borrower or a Subsidiary that is a Guarantor, to its shareholders on a pro rata basis).

6.10.2 The Borrower may make dividends or distributions in respect of capital stock subject to the Closing Date Stock Award Plan so long as the aggregate amount of dividends or distributions made in cash in respect thereof does not exceed $2,800,000 and the aggregate amount of dividends or distributions made in capital stock in respect thereof does not exceed $5,500,000.

6.10.3 The Borrower may declare and pay dividends with respect to its capital stock payable solely in additional shares of its capital stock (or warrants, options, or other rights to acquire additional shares of its capital stock).

6.10.4 Repurchases of capital stock deemed to occur upon exercise of stock options if such capital stock represents a portion of the exercise price of such options, and repurchases of capital stock of Subsidiaries consisting of directors' qualifying shares or repurchases of shares issued to third parties to the extent necessary to satisfy any licensing requirements under applicable law with respect to the Borrower's or any of its Subsidiaries' businesses.

6.10.5 Cash payments in lieu of the issuance of fractional shares in connection with the exercise of warrants, options or other securities convertible into or exchangeable for capital stock of the Borrower; provided, however, that any such cash payment shall not be for the purpose of evading the limitations of this Section 6.10.

6.10.6 The payment of scheduled, quarterly cash dividends on the Chemed Trust Securities declared on or prior to December 31, 2004 in an amount not to exceed $2.00 per share per year, and the redemption of the Chemed Trust Securities and the Subordinated Chemed Debentures declared on or prior to December 31, 2004 at the scheduled redemption price.

6.10.7 So long as no Event of Default or Unmatured Event of Default exists at the time thereof, the Borrower may declare and pay dividends on its capital stock so long as (x) the amount of any dividend for any share of capital stock does not exceed $0.48, and (y) the aggregate amount of dividends paid on such capital stock does not exceed $7,000,000 in any fiscal year.

6.10.8 Any purchase, repurchase, redemption, retirement or other acquisition for value of shares of, or options to purchase shares of, common stock of the Borrower or any of its Subsidiaries from employees, former employees, directors or former directors of the Borrower or any of its Subsidiaries (or permitted transferees of such employees, former employees, directors or former directors), pursuant to the terms of agreements (including employment agreements) or plans (or amendments thereto) approved by the Board of Directors under which such individuals purchase or sell or are granted the option to purchase or sell, shares of such common stock; provided, however, that the aggregate amount of such purchases, repurchases, redemptions, retirements and other acquisitions for value will not exceed $2,000,000 in any calendar year.

6.10.9 Additional Restricted Payments to the extent not otherwise permitted under this 6.10 so long as the aggregate amount of such additional Restricted Payments does not exceed $1,000,000 at any time.

6.11. MERGER OR DISSOLUTION. The Borrower will not, nor will it permit any Subsidiary to, merge or consolidate into any other Person or dissolve, except that:

6.11.1 A Guarantor may merge into (x) the Borrower or (y) a Wholly-Owned Subsidiary that is a Guarantor or becomes a Guarantor promptly upon the completion of the applicable merger or consolidation.

6.11.2 A Subsidiary that is not a Guarantor and not required to be a Guarantor may merge or consolidate with or into any other Person; provided, however, that if the equity interests of such Subsidiary have been pledged to the Collateral Agent as Collateral, then such merger or consolidation shall not be permitted unless such Subsidiary is the surviving entity of such merger or consolidation or such merger or consolidation is approved in writing by the Administrative Agent prior to the consummation thereof (such approval not to be unreasonably withheld).

6.11.3 The Borrower or any Subsidiary may consummate any merger or consolidation in connection with the Target Acquisition or any Permitted Acquisition.

6.11.4 Any Person may merge into the Borrower, provided that the Borrower shall be the continuing or surviving entity resulting from such merger.

6.11.5 Any Subsidiary may liquidate or dissolve if the Borrower determines in good faith that such liquidation or dissolution is in the best interests of the Borrower and the Subsidiaries and is not materially disadvantageous to the Lenders.

6.12. SALE OF ASSETS. The Borrower will not, nor will it permit any Subsidiary to, lease, sell or otherwise dispose of its Property (other than cash or cash equivalents not constituting Cash Equivalent Investments) to any other Person, except:

6.12.1 Sales or other dispositions of inventory in the ordinary course of business.

6.12.2 A disposition or transfer of assets by a Subsidiary to the Borrower or a Guarantor or by the Borrower to a Guarantor.

6.12.3 A disposition of obsolete, excess, damaged or worn-out Property, Property no longer used or useful in the business of the Borrower or its Subsidiaries or other assets in the ordinary course of business of the Borrower or any Subsidiary.

6.12.4 The Target Stock Issuance so long as the form and substance thereof is reasonably satisfactory to the Required Lenders.

6.12.5 Sales or liquidations of Cash Equivalent Investments.

6.12.6 Each of the Borrower and its Subsidiaries may grant licenses, sublicenses, leases or subleases to other Persons not materially interfering with the conduct of the business of the Borrower or any of its Subsidiaries.

6.12.7 Restricted Payments permitted by Section 6.10.

6.12.8 Investments permitted by Section 6.13.

6.12.9 Liens permitted by Section 6.15.

6.12.10 Sale and Leaseback Transactions permitted by Section 6.27.

6.12.11 Sales of directors' qualifying shares or shares issued to third parties to the extent necessary to satisfy any licensing requirements under applicable law with respect to the Borrower's or any of its Subsidiaries' businesses.

6.12.12 Leases, sales or other dispositions of its Property that, together with all other Property of the Borrower and its Subsidiaries previously leased, sold or disposed of (other than dispositions otherwise permitted by this Section 6.12) as permitted by this Section during any fiscal year of the Borrower do not exceed $1,000,000 in the aggregate.

6.13. INVESTMENTS AND ACQUISITIONS. The Borrower will not, nor will it permit any Subsidiary to, make or suffer to exist any Investments (including without limitation, loans and advances to, and other Investments in, Subsidiaries), or commitments therefor, or to create any Subsidiary or to become or remain a partner in any partnership or joint venture, or to make any Acquisition of any Person, except:

6.13.1 Cash Equivalent Investments.

6.13.2 Existing Investments in Subsidiaries and other Investments in existence on the Closing Date and described in Schedule 6.13.

6.13.3 Investments permitted by Section 6.14.5.

6.13.4 Investments (x) by a Credit Party in any newly formed Subsidiary so long as the newly formed Subsidiary promptly becomes a Credit Party thereafter and (y) by the Borrower or a Guarantor in equity interests in their respective Subsidiaries; provided, however, all such Investments subject to this clause (y) that constitute contributions to capital shall not, when aggregated with Indebtedness owing by such Subsidiaries to the Borrower or any Guarantors as permitted by Section 6.14.5, exceed $2,500,000 at any time outstanding (such amount, the "Permitted Non-Credit Party Amount"); provided, further, that not more than $400,000 of the Permitted Non-Credit Party Amount shall at any time consist of Investments other than Investments in Roto-Rooter of Canada, Ltd. as further described in Schedule 6.13.

6.13.5 Investments permitted by Section 6.17.

6.13.6 Investments consisting of Contingent Obligations not prohibited by Section 6.14.

6.13.7 Investments arising out of deposits and pledges permitted by Section 6.15.

6.13.8 Investments received in connection with the bankruptcy or reorganization of, or settlement of delinquent accounts and disputes with, customers and suppliers.

6.13.9 Investments resulting from transactions permitted by Section 6.11.

6.13.10 Investments resulting from transactions permitted by Section 6.12.

6.13.11 Investments in charitable foundations organized under Section 501(c) of the Code in an amount not to exceed $1,000,000 in the aggregate in any fiscal year.

6.13.12 Loans and advances to employees, officers and directors of the Borrower and its Subsidiaries not to exceed in the aggregate at any time (x) $6,000,000 in respect of split-dollar policies and (y) $2,000,000 in respect of other loans and advances.

6.13.13 Investments in VNF not exceeding $1,000,000 in the aggregate in any fiscal year.

6.13.14 Payroll, travel and similar advances to cover matters that are expected at the time of such advances ultimately to be treated as expenses for accounting purposes and that are made in the ordinary course of business.

6.13.15 Investments resulting from stock, obligations or securities received in settlement of debts created in the ordinary course of business and owing to the Borrower or any Subsidiary or in satisfaction of judgments.

6.13.16 Investments in any Person consisting of the licensing of intellectual property pursuant to joint ventures, strategic alliances or joint marketing arrangements with such Person, in each case made in the ordinary course of business.

6.13.17 Investments in a vendor or supplier consisting of loans or advances to such vendor or supplier in connection with any guarantees to the Borrower or any Guarantor of supply by, or to fund the supply capacity of, such vendor or supplier, in any case not to exceed $2,000,000 at any time outstanding.

6.13.18 Investments which constitute cash collateral securing obligations outstanding under Letters of Credit issued under the Existing Credit Agreements that do not constitute Existing Letters of Credit so long as the form and substance of such cash collateralization is reasonably acceptable to the Administrative Agent.

6.13.19 Investments consisting of loans or advances by the Borrower or a Subsidiary thereof to independent contractors or subcontractors of the Borrower or a Subsidiary thereof; provided, however, that (x) the proceeds of such loans or advances are used for equipment purchases in the ordinary course of business or for working capital expenditures in the ordinary course of business, (y) the aggregate amount of loans and advances to any individual independent contractor or subcontractor of the Borrower or a Subsidiary thereof shall not exceed $250,000, and (z) the aggregate amount of loans and advances to all independent contractors and subcontractors of the Borrower and its Subsidiaries shall not exceed $4,000,000.

6.13.20 Additional Investments to the extent not otherwise permitted under Sections 6.13.1 through 6.13.19 so long as the aggregate amount of such additional Investments does not exceed $1,000,000 at any time.

6.13.21 the Target Acquisition or any other Acquisitions meeting the following requirements or otherwise approved by the Required Lenders (each such Acquisition constituting a "Permitted Acquisition"):

(i) as of the date of the consummation of such Acquisition, no Event of Default or Unmatured Event of Default shall have occurred and be continuing or would result from such Acquisition, and the representation and warranty contained in Section 5.11 shall be true both before and after giving effect to such Acquisition;

(ii) such Acquisition is consummated on a non-hostile basis pursuant to a negotiated acquisition agreement approved by the board of directors or other applicable governing body of the seller or entity to be acquired;

(iii) the business to be acquired in such Acquisition is similar or related to one or more of the lines of business in which the Borrower and its Subsidiaries, including, without limitation, the Target, are engaged on the Closing Date;

(iv) as of the date of the consummation of such Acquisition, all material governmental and corporate approvals required in connection therewith shall have been obtained;

(v) the Purchase Price for each such Acquisition together with the Purchase Price of all other Permitted Acquisitions shall not exceed an amount equal to $3,000,000 during the period beginning on the Closing Date and ending on the later of the Revolving Loan Termination Date and the Term Loan Maturity Date;

(vi) prior to the consummation of such Permitted Acquisition, the Borrower shall have delivered to the Administrative Agent a pro forma consolidated balance sheet, income statement and cash flow statement of the Borrower and its Subsidiaries (the "Acquisition Pro Forma"), based on the Borrower's most recent financial statements delivered pursuant to Section 6.1.1 and using historical financial statements for the acquired entity provided by the seller(s) or which shall be complete and shall fairly present, in all material respects, the financial condition and results of operations and cash flows of the Borrower and its Subsidiaries in accordance with Agreement Accounting Principles, but taking into account such Permitted Acquisition and the funding of all Credit Extensions in connection therewith, and such Acquisition Pro Forma shall reflect that, on a pro forma basis, the Borrower would have been in compliance with the financial covenants set forth in Sections 6.20 through 6.24 for the period of four fiscal quarters reflected in the compliance certificate most recently delivered to the Administrative Agent pursuant to Section 6.1.3 prior to the consummation of such Permitted Acquisition (giving effect to such Permitted Acquisition and all Credit Extensions funded in connection therewith as if made on the first day of such period); and

(vii) prior to each such Permitted Acquisition, the Borrower shall deliver to the Administrative Agent a documentation, information and certification package in form and substance reasonably acceptable to the Administrative Agent, including, without limitation:

(A) a near-final version (with no amendments to be made thereto that could reasonably be expected to be materially adverse to the Lenders, without the approval of the Administrative Agent) of the acquisition agreement for such Acquisition together with drafts of the material schedules thereto;

(B) a near-final version (with no amendments to be made thereto that could reasonably be expected to be materially adverse to the Lenders, without the approval of the Administrative Agent) of all documents, instruments and agreements with respect to any Indebtedness to be incurred or assumed in connection with such Acquisition; and

(C) such other documents or information as shall be reasonably requested by the Administrative Agent in connection with such Acquisition.

(viii) as of the date on which the Permitted Acquisition is consummated, the Borrower shall deliver (or shall cause the delivery) to the Administrative Agent and the Collateral Agent all of the Collateral Documents necessary for the perfection of a first priority Lien (subject to Liens permitted by Section 6.15) in all of the Property to be acquired (including, as applicable, equity interests in the Person being acquired and such Person's Subsidiaries), all in accordance with the requirements of Section 6.26, and in each case together with opinions of counsel in form and substance reasonably acceptable to the Administrative Agent and the Collateral Agent. The Borrower shall also deliver (or shall cause the delivery) to the Administrative Agent a supplement to the Guaranty Agreement if the Permitted Acquisition is an Acquisition of equities and the Person being acquired is not being merged with the Borrower or any other Person required to be a Guarantor under the terms of this Agreement, the Guaranty Agreement, or the Collateral Documents;

6.14. INDEBTEDNESS. The Borrower will not, nor will it permit any Subsidiary to, create, incur or suffer to exist any Indebtedness, except:

6.14.1 The Secured Obligations.

6.14.2 Indebtedness existing on the Closing Date and described in Schedule 6.14 (and renewals, refinancings or extensions thereof on non-pricing terms and conditions, taken as a whole, not materially less favorable to the applicable obligor than such existing Indebtedness and in a principal amount not in excess of that outstanding as of the date of such renewal, refinancing or extension plus the amount of any interest, premium or penalties required to be paid thereon plus fees and expenses associated therewith).

6.14.3 Indebtedness arising under Rate Management Transactions permitted under Section 6.17.

6.14.4 Secured or unsecured purchase money Indebtedness (including Capitalized Leases) and Indebtedness in respect of Sale and Leaseback Transactions permitted under Section 6.27 that is incurred by the Borrower or any of its Subsidiaries after the Closing Date to finance the acquisition of assets used in its business, if (1) the total of all such Indebtedness for the Borrower and its Subsidiaries taken together incurred on or after the Closing Date shall not exceed an aggregate principal amount of $1,000,000 at any one time outstanding, (2) such Indebtedness when incurred shall not exceed the purchase price of the asset(s) financed, (3) no such Indebtedness shall be refinanced for a principal amount in excess of the principal balance outstanding thereon at the time of such refinancing plus the amount of any interest, premium or penalties required to be paid thereon plus fees and expenses associated therewith, and (4) any Lien securing such Indebtedness is permitted under Section 6.15 (such Indebtedness being referred to herein as "Permitted Purchase Money Indebtedness").

6.14.5 Indebtedness arising from intercompany loans and advances (i) made by any Credit Party to any other Credit Party, (ii) made by any Subsidiary that is not a Credit Party to any Credit Party; provided that all such Indebtedness described in this clause (ii) shall be expressly subordinated to the Secured Obligations pursuant to subordination provisions reasonably acceptable to the Administrative Agent, or (iii) made by any Credit Party to any Subsidiary that is not a Credit Party; provided that the aggregate of all such Indebtedness described in this clause (iii) shall not exceed $250,000 at any time.

6.14.6 Contingent Obligations of the Borrower of any Indebtedness of any Subsidiary permitted under this Section 6.14.

6.14.7 Contingent Obligations of any Subsidiary of the Borrower that is a Guarantor with respect to any Indebtedness of the Borrower or any other Subsidiary permitted under this Section 6.14.

6.14.8 Indebtedness outstanding under the Senior Secured Indenture Documents and any extensions, renewals, refinancings or replacements of such Indebtedness so long as the aggregate principal amount of the Indebtedness resulting from such extension, renewal, refinancing, or replacement does not exceed the aggregate principal amount of Indebtedness outstanding under the Senior Secured Indenture Documents on the Closing Date plus interest, premiums, penalties, fees and expenses paid in respect of refinancing, renewing, extending or refunding such Indebtedness, (y) the holders of the Indebtedness resulting from such extension, renewal, refinancing or replacement are subject to the Intercreditor Agreement, and (z) the Borrower and its Subsidiaries are in compliance with Section 6.31.

6.14.9 Indebtedness outstanding under the Senior Unsecured Indenture Documents and any extensions, renewals, refinancings or replacements of such Indebtedness plus interest, premiums, penalties, fees and expenses paid in respect of refinancing, renewing, extending or refunding such Indebtedness, so long as the Borrower and its Subsidiaries are in compliance with Section 6.31.

6.14.10 Indebtedness of any Subsidiary of the Borrower at the time such Subsidiary is merged or consolidated with or into the Borrower or any Subsidiary and is not created in contemplation of such event.

6.14.11 Undrawn amounts under Letters of Credit that were issued under the Existing Credit Agreements, that are not Existing Letters of Credit, and that are cash collateralized or supported by back-to-back Letters of Credit on terms reasonably acceptable to the Administrative Agent.

6.14.12 Indebtedness arising from judgments or orders in circumstances not constituting an Event of Default.

6.14.13 Indebtedness incurred under Financial Contracts entered into in the ordinary course of financial management and not for speculative purposes.

6.14.14 Indebtedness in respect of performance bonds, bankers' acceptances and surety or appeal bonds provided by the Borrower and its Subsidiaries in the ordinary course of their business.

6.14.15 Indebtedness arising from the agreements of the Borrower or a Subsidiary providing for indemnification, adjustment of purchase price or similar obligations, in each case incurred in connection with the disposition of any business, assets or a Subsidiary of the Borrower in accordance with the terms of this Agreement other than guarantees of Indebtedness incurred by any Person acquiring all or any portion of such business, assets or Subsidiary for the purpose of financing such acquisition.

6.14.16 Indebtedness arising from the honoring by a bank or other financial institution of a check, draft or similar instrument drawn against insufficient funds in the ordinary course of business, provided that such Indebtedness is extinguished within five Business Days of its incurrence.

6.14.17 Obligations arising from or representing deferred compensation to employees of the Borrower or its Subsidiaries that constitute or are deemed to be Indebtedness under Agreement Accounting Principles and that are incurred in the ordinary course of business.

6.14.18 Indebtedness incurred by a Guarantor, to the extent that the proceeds of such Indebtedness are used to repay Indebtedness under this Agreement or the Senior Secured Notes.

6.14.19 Additional unsecured Indebtedness of the Borrower or any Subsidiary, to the extent not otherwise permitted under this Section 6.14; provided, however, that the aggregate principal amount of such Indebtedness shall not exceed $5,000,000 at any time outstanding.

6.15. Liens. The Borrower will not, nor will it permit any Subsidiary to, create, incur, or suffer to exist any Lien in, of or on the Property of the Borrower or any of its Subsidiaries, except:

6.15.1 Liens securing (x) Secured Obligations and (y) Indebtedness permitted under Section 6.14.8 so long as the holders of such Indebtedness are bound by and subject to the terms of the Intercreditor Agreement.

6.15.2 Liens for taxes, assessments or governmental charges or levies on its Property if the same shall not at the time be delinquent or thereafter can be paid without penalty, or are being contested in good faith and by appropriate proceedings and for which reserves, if any, required in accordance with Agreement Accounting Principles shall have been set aside on its books.

6.15.3 Liens imposed by law, such as landlords', wage earners', carriers', warehousemen's and mechanics' liens and other similar liens arising in the ordinary course of business which secure payment of obligations not more than forty-five (45) days past due or which are being contested in good faith by appropriate proceedings and for which reserves, if any, required in accordance with Agreement Accounting Principles shall have been set aside on its books.

6.15.4 Liens arising out of pledges or deposits under worker's compensation laws, unemployment insurance, old age pensions, or other social security or retirement benefits, or similar legislation.

6.15.5 Liens existing on the Closing Date and described in Schedule 6.15.

6.15.6 Deposits securing liability to insurance carriers under insurance or self-insurance arrangements.

6.15.7 Deposits to secure the performance of bids, contracts (other than for borrowed money), leases, public or statutory obligations, surety and appeal bonds, contested taxes, the payment of rent, performance bonds and other obligations of a like nature incurred in the ordinary course of business.

6.15.8 Easements, reservations, rights-of-way, zoning, building and other restrictions, survey exceptions and other similar encumbrances as to real property of the Borrower and its Subsidiaries which customarily exist on properties of corporations engaged in similar activities and similarly situated and which do not materially interfere with the conduct of the business of the Borrower or such Subsidiary conducted at the property subject thereto.

6.15.9 Purchase money Liens securing Permitted Purchase Money Indebtedness (as defined in Section 6.14); provided, that such Liens shall not apply to any property of the Borrower or its Subsidiaries other than that purchased with the proceeds of such Permitted Purchase Money Indebtedness.

6.15.10 Liens existing on any asset of any Subsidiary of the Borrower at the time such Subsidiary becomes a Subsidiary and not created in contemplation of such event.

6.15.11 Liens on any asset securing Indebtedness incurred or assumed for the purpose of financing or refinancing all or any part of the cost of acquiring or constructing

such asset; provided that such Lien attaches to such asset concurrently with or within eighteen (18) months after the acquisition or completion or construction thereof.

6.15.12 Liens existing on any asset of any Subsidiary of the Borrower at the time such Subsidiary is merged or consolidated with or into the Borrower or any Subsidiary and not created in contemplation of such event.

6.15.13 Liens existing on any asset prior to the acquisition thereof by the Borrower or any Subsidiary and not created in contemplation thereof; provided that such Liens do not encumber any other property or assets.

i 6.15.14 Liens arising out of the refinancing, extension, renewal or refunding of any Indebtedness secured by any Lien permitted under this Section 6.15; provided that (a) such Indebtedness is not secured by any additional assets, and (b) the principal amount of such Indebtedness secured by any such Lien is not increased, except to the extent such increase includes interest, premiums, penalties, fees and expenses paid in respect of refinancing, extending, renewing or refunding such Indebtedness.

6.15.15 Bankers' liens and rights of set off with respect to customary depositary arrangements entered into in the ordinary course of business.

6.15.16 Liens on assets of any Subsidiary of any Credit Party in favor of any Credit Party securing borrowings from such Credit Party.

6.15.17 Liens to collateralize Letters of Credit issued under the Existing Credit Agreements that remain outstanding after the Closing Date, do not constitute Existing Letters of Credit, and are cash collateralized or supported by back-to-back Letters of Credit on terms reasonably acceptable to the Administrative Agent.

6.15.18 Liens in favor of customs and revenue authorities which secure payment of customs duties in connection with the importation of goods.

6.15.19 Liens arising out of Capitalized Leases or Operating Leases.

6.15.20 Licenses, sublicenses, leases or subleases granted to others in the ordinary course of business that do not interfere in any material respect with the business of the Borrower and its Subsidiaries.

6.15.21 Liens arising from judgments, awards, orders or attachments in circumstances not constituting an Event of Default.

6.15.22 Liens affecting the interest of the landlord of any ground lease.

6.15.23 Liens securing Indebtedness permitted by Section 6.14.14.

6.15.24 Liens issued in favor of surety bonds in existence on the Closing Date and identified on Schedule 6.15.

6.15.25 Liens of any landlord arising under a real property lease to the extent such Liens arise in the ordinary course of business and secure obligations not more than forty-five (45) days past due or which are being contested in good faith by appropriate proceedings and for which reserves, if any, required in accordance with Agreement Accounting Principles shall have been set aside on its books.

6.15.26 Liens in favor of any Holder of Secured Obligations securing Rate Management Obligations permitted under Section 6.17.

6.15.27 Liens deemed to exist in connection with Cash Equivalent Investments of the type described in clause (v) of the definition thereof.

6.15.28 Rights of recoupment and any other Liens, rights and benefits of any governmental Third Party Payor with respect to Governmental Receivables.

6.15.29 Additional Liens to the extent not otherwise permitted under this Section 6.15 so long as the aggregate amount of Indebtedness secured thereby does not exceed $1,000,000 at any time and the aggregate value of the Property subject thereto does not exceed $1,000,000 at any time.

If the Borrower or any Guarantor creates any initial or additional Lien on any Property to secure the Senior Secured Notes, it must concurrently grant a first-priority Lien that is equal and ratable with any other first-priority Lien upon such Property as security for the Secured Obligations. In addition, neither the Borrower nor any of its Subsidiaries shall become a party to any agreement, note, indenture or other instrument, or take any other action, which would prohibit the creation of a Lien on any of its Properties or other assets in favor of the Collateral Agent or the Administrative Agent for the benefit of the Holders of Secured Obligations; provided, that (i) any agreement, note, indenture or other instrument in connection with (A) purchase money Indebtedness (including Capitalized Leases) and Indebtedness in respect of Sale and Leaseback Transactions for which the related Liens are permitted hereunder may prohibit the creation of a Lien in favor of the Collateral Agent or the Administrative Agent for the benefit of the Holders of Secured Obligations, with respect to the assets or Property obtained with the proceeds of such Indebtedness, (B) the Senior Unsecured Notes and other agreements with respect to unsecured Indebtedness governed by indentures or credit agreements or note purchase agreements with institutional investors permitted by this Agreement may contain terms that are not materially more restrictive (as reasonably determined by the Administrative Agent), taken as a whole, than those contained in the Senior Unsecured Notes Documents, (C) the Senior Secured Notes and other agreements with respect to secured Indebtedness governed by indentures or credit agreements or note purchase agreements with institutional investors permitted by this Agreement may contain terms that are not materially more restrictive (as reasonably determined by the Administrative Agent), taken as a whole, than those contained in the Senior Secured Indenture Documents, (ii) this paragraph shall not prohibit (A) customary restrictions contained in purchase and sale agreements limiting the transfer of the subject assets pending closing, (B) customary non-assignment provisions in leases and other contracts entered into in the ordinary course of business, (C) agreements in effect as of the Closing Date and not entered into in contemplation of the transactions effected in connection with the Target Acquisition, (D) any restriction existing under agreements relating to assets acquired by the Borrower or a Subsidiary

in a transaction permitted hereby, and (E) any restriction or condition as required by applicable law; provided that such agreements existed at the time of such acquisition, were not put into place in anticipation of such acquisition and are not applicable to any assets other than assets so acquired and (iii) any restriction existing under any agreement of a Person acquired as a Subsidiary pursuant to a transaction permitted hereby; provided that any such agreement existed at the time of such acquisition, was not put into place in anticipation of such acquisition and was not applicable to any Person or assets other than the Person or assets so acquired.

6.16. TRANSACTIONS WITH AFFILIATES. The Borrower will not, and will not permit any Subsidiary to, enter into any transaction (including, without limitation, the purchase or sale of any Property or service) with, or make any payment or transfer to, any Affiliate (other than the Borrower and its Subsidiaries) except (i) pursuant to the reasonable requirements of the Borrower's or such Subsidiary's business and upon terms no less favorable to the Borrower or such Subsidiary than the Borrower or such Subsidiary would obtain in a comparable arm's-length transaction, (ii) transactions between or among the Credit Parties not involving any other Affiliate, (iii) transactions between or among Subsidiaries that are not Guarantors not involving any other Affiliate, (iv) the Borrower and its Subsidiaries may make loans and advances to directors, officers, and employees of the Borrower and its Subsidiaries in the ordinary course of business, (v) the Borrower and its Subsidiaries may make payments in respect of transactions required to be made pursuant to agreements or arrangements in effect on the Closing Date and set forth on Schedule 6.16, (vi) the Borrower and its Subsidiaries may enter into, make payments under, or issue securities, stock options or similar rights pursuant to employment arrangements, employee benefit plans, equity option plans, indemnification provisions and other compensatory arrangements with directors, officers, and employees of the Borrower and its Subsidiaries in the ordinary course of business, so long as such payments and issuances otherwise comply with the terms of this Agreement, (vii) the Borrower and its Subsidiaries may make Restricted Payments permitted by Section 6.10, (viii) the Borrower and its Subsidiaries may enter into transactions permitted by Section 6.11, 6.12, 6.13 or 6.14, (ix) the Transactions and (x) the making of severance payments to directors, officers or employees of the Target that are required pursuant to arrangements in effect prior to the date that the Borrower acquired the Target.

6.17. FINANCIAL CONTRACTS. The Borrower will not, nor will it permit any Subsidiary to, enter into or remain liable upon any Rate Management Transactions except for those entered into in the ordinary course of business for bona fide hedging purposes and not for speculative purposes.

6.18. SUBSIDIARY COVENANTS. The Borrower will not, and will not permit any Subsidiary to, create or otherwise cause to become effective any consensual encumbrance or restriction of any kind on the ability of any Subsidiary (i) to pay dividends or make any other distribution on its stock, (ii) to pay any Indebtedness or other obligation owed to the Borrower or any other Subsidiary, (iii) to make loans or advances or other Investments in the Borrower or any other Subsidiary, or (iv) to sell, transfer or otherwise convey any of its property to the Borrower or any other Subsidiary, except (A) any restriction existing under (1) the Loan Documents, (2) agreements disclosed in Schedule 6.18, (3) the Senior Unsecured Notes Documents, the Senior Secured Notes Documents and agreements with respect to Indebtedness permitted by this Agreement containing provisions described in clauses (i), (ii) and (iii) above that are not

materially more restrictive (as reasonably determined by the Administrative Agent), taken as a whole, than those of the Senior Unsecured Notes Documents or Senior Secured Notes Documents, (B) customary non- assignment, subletting or transfer provisions in leases, licenses and other contracts entered into in the ordinary course of business, (C) customary restrictions contained in purchase and sale agreements limiting the transfer of the subject assets pending closing, (D) any restriction or condition as required by applicable law, (E) any restriction existing under agreements relating to assets acquired by the Borrower or a Subsidiary in a transaction permitted hereby; provided that such agreements existed at the time of such acquisition, were not put into place in anticipation of such acquisition and are not applicable to any assets other than assets so acquired, (F) any restriction existing under any agreement of a Person acquired as a Subsidiary in a transaction permitted hereby; provided any such agreement existed at the time of such acquisition, was not put into place in anticipation of such acquisition and was not applicable to any Person or assets other than the Person or assets so acquired, (G) agreements with respect to Indebtedness secured by Liens permitted by Section 6.15 that restrict the ability to transfer the assets securing such Indebtedness and (H) any encumbrance or restriction pursuant to an agreement effecting a refinancing of Indebtedness incurred pursuant to an agreement referred to in clause (A)(2)(E) or (F) of this covenant or this clause (H) or contained in any amendment to an agreement referred to in clause (A)(2)(E) or (F) of this covenant or this clause (H); provided, however, that the encumbrances and restrictions contained in any such refinancing agreement or amendment, taken as a whole, are not materially more restrictive than the encumbrances and restrictions contained in such predecessor agreements (as reasonably determined by the Administrative Agent).

6.19. CONTINGENT OBLIGATIONS. The Borrower will not, nor will it permit any Subsidiary to, make or suffer to exist any Contingent Obligation in respect of Indebtedness of another Person (including, without limitation, any Contingent Obligation with respect to the obligations of a Subsidiary), except (i) by endorsement of instruments for deposit or collection in the ordinary course of business, (ii) the Reimbursement Obligations and any reimbursement obligations in respect of Letters of Credit issued under the Existing Credit Agreements that do not constitute Existing Letters of Credit and that are cash collateralized or supported by back-to-back Letters of Credit in a manner reasonably acceptable to the Administrative Agent, (iii) any Contingent Obligation in respect of the Secured Obligations, (iv) any Indebtedness permitted by Section 6.14, and (v) any Contingent Obligation in respect of any Indebtedness permitted by Section 6.14.

6.20. LEVERAGE RATIO; SENIOR LEVERAGE RATIO.

6.20.1 LEVERAGE RATIO. The Borrower will not permit the ratio (the "Leverage Ratio"), determined as of the end of each of its fiscal quarters set forth below, of (i) Consolidated Funded Indebtedness of the Borrower to (ii) Consolidated EBITDA for the then most-recently ended four fiscal quarters (subject to the remainder of this Section 6.20.1) to be greater than the applicable "Maximum Leverage Ratio" set forth below:

FISCAL QUARTER ENDING	MAXIMUM LEVERAGE RATIO
Each of June 30, 2004, September 30, 2004 and December 31, 2004	5.50 to 1.00
Each of March 31, 2005, June 30, 2005, September 30, 2005, and December 31, 2005	4.75 to 1.00
Each of March 31, 2006 and each fiscal quarter thereafter	4.25 to 1.00

The first determination of the Leverage Ratio shall occur as of the end of the Borrower's fiscal quarter ending June 30, 2004. For purposes of making such determination, Consolidated EBITDA shall equal two (2) times Consolidated EBITDA for the period beginning January 1, 2004 and ending June 30, 2004. The second determination of the Leverage Ratio shall occur as of the end of the Borrower's fiscal quarter ending September 30, 2004. For purposes of making such determination, Consolidated EBITDA shall equal four-thirds (4/3) times Consolidated EBITDA for the period beginning January 1, 2004 and ending September 30, 2004. Thereafter, Consolidated EBITDA shall be calculated using the actual amount thereof as of the last day of each fiscal quarter for the most recently ended four consecutive fiscal quarters. Consolidated Funded Indebtedness shall in all cases be determined as of the last day of the applicable fiscal quarter.

6.20.2 SENIOR LEVERAGE RATIO. The Borrower will not permit the ratio (the "Senior Leverage Ratio"), determined as of the end of each of its fiscal quarters set forth below, of (i) Consolidated Senior Funded Debt of the Borrower to (ii) Consolidated EBITDA for the then most recently ended four fiscal quarters (subject to the remainder of this Section 6.20.2) to be greater than the applicable "Maximum Senior Leverage Ratio" set forth below:

FISCAL QUARTER ENDING	MAXIMUM LEVERAGE RATIO
Each of June 30, 2004, September 30, 2004 and December 31, 2004	3.375 to 1.00
Each of March 31, 2005, June 30, 2005, September 30, 2005, and December 31, 2005	2.875 to 1.00
Each of March 31, 2006 and each fiscal quarter thereafter	2.624 to 1.00

The first determination of the Senior Leverage Ratio shall occur as of the end of the Borrower's fiscal quarter ending June 30, 2004. For purposes of making such determination, Consolidated EBITDA shall equal two (2) times Consolidated EBITDA for the period beginning January 1, 2004 and ending June 30, 2004. The second determination of the Senior Leverage Ratio shall occur as of the end of the Borrower's fiscal quarter ending September 30, 2004. For purposes of making such determination, Consolidated EBITDA shall equal four-thirds (4/3) times Consolidated EBITDA for the period beginning January 1, 2004 and ending September 30, 2004. Thereafter, Consolidated EBITDA shall be calculated using the actual amount thereof as of the last day of each fiscal quarter for the most recently ended four consecutive fiscal quarters. Consolidated Senior Funded Debt shall in all cases be determined as of the last day of the applicable fiscal quarter.

6.21. FIXED CHARGE COVERAGE RATIO. The Borrower will not permit the ratio (the "Fixed Charge Coverage Ratio"), determined as of the end of each of its fiscal quarters for the then most-recently ended four fiscal quarters of (i) Consolidated EBITDA minus Consolidated Capital Expenditures to (ii) Consolidated Interest Expense plus Consolidated Current Maturities during such period (including, without limitation, Capitalized Lease Obligations) plus cash dividends paid on the equity interests of the Borrower during such period plus expenses for taxes paid or taxes accrued during such period, all calculated for the Borrower and its Subsidiaries on a consolidated basis, to be less than the applicable "Minimum Fixed Charge Coverage Ratio" below:

FISCAL QUARTER ENDING	MAXIMUM LEVERAGE RATIO
Each of June 30, 2004, September 30, 2004 and December 31, 2004	1.15 to 1.00
Each of March 31, 2005, June 30, 2005, September 30, 2005, and December 31, 2005	1.375 to 1.00
Each of March 31, 2006 and each fiscal quarter thereafter	1.50 to 1.00

Notwithstanding the foregoing, the first determination of the Fixed Charge Coverage Ratio shall occur as of the end of the Borrower's fiscal quarter ending June 30, 2004. For purposes of making such determination, Consolidated EBITDA shall equal two (2) times Consolidated EBITDA for the period beginning January 1, 2004 and ending June 30, 2004. The second determination of the Fixed Charge Coverage Ratio shall occur as of the end of the Borrower's fiscal quarter ending September 30, 2004. For purposes of making such determination, Consolidated EBITDA shall equal four-thirds (4/3) times Consolidated EBITDA for the period beginning January 1, 2004 and ending September 30, 2004. Thereafter, Consolidated EBITDA shall be calculated using the actual amount thereof as of the last day of each fiscal quarter for the most recently ended four consecutive fiscal quarters.

6.22. MINIMUM CONSOLIDATED NET WORTH. The Borrower will at all times maintain Consolidated Net Worth of not less than (i) $232,000,000 plus (ii) 50% of Consolidated Net Income (if positive) earned in each fiscal quarter beginning with the fiscal quarter ending June 30, 2004 plus (iii) the amount of all Net Cash Proceeds resulting from issuances of the Borrower's or any Subsidiary's capital stock or other equity interests to a Person other than the Borrower or any Subsidiary.

6.23. CAPITAL EXPENDITURES. The Borrower will not, nor will it permit any Subsidiary to, expend, or be committed to expend, in excess of $20,000,000 (the "Base Amount") for Capital Expenditures of the Borrower and its Subsidiaries during any fiscal year of the Borrower; provided, however, that if the aggregate amount of Capital Expenditures actually expended during any such fiscal year is less than the Base Amount (the difference being the "Unused CapEx Amount"), then, the permitted amount of Capital Expenditures during the immediately succeeding fiscal year (and no other succeeding fiscal year) shall be an amount equal to the Base Amount plus the Unused CapEx Amount, with the Unused Cap Ex Amount being deemed utilized first with any excess Base Amount available to use in the immediately succeeding fiscal year in accordance herewith.

6.24. OPERATING LEASES. The Borrower will not, nor will it permit any Subsidiary to, enter into or remain liable upon any Operating Lease, synthetic lease or tax ownership operating

lease, except for Operating Leases which give rise to Operating Lease Obligations not in excess of $20,000,000 annually.

6.25. GUARANTORS. The Borrower shall cause each of its Domestic Subsidiaries to guarantee pursuant to the Guaranty Agreement or supplement thereto the Secured Obligations. In furtherance of the above, the Borrower shall promptly (and in any event within forty-five (45) days thereof) (i) provide written notice to the Administrative Agent upon any Person becoming a Domestic Subsidiary, setting forth information in reasonable detail describing all of the assets of such Person, (ii) cause such Person to execute a supplement to the Guaranty Agreement and such other Collateral Documents as are necessary for the Borrower and its Subsidiaries to comply with Section 6.26, (iii) cause the Applicable Pledge Percentage of the issued and outstanding equity interests of such Person to be delivered to the Collateral Agent (together with undated stock powers signed in blank, if applicable) and pledged to the Collateral Agent pursuant to an appropriate pledge agreement(s) in substantially the form of the Pledge and Security Agreement (or joinder or other supplement thereto) and otherwise in form reasonably acceptable to the Collateral Agent and (iv) deliver such other documentation as the Collateral Agent may reasonably request in connection with the foregoing, including, without limitation, certified resolutions and other authority documents of such Person and, to the extent requested by the Collateral Agent, favorable opinions of counsel to such Person (which shall cover, among other things, the legality, validity, binding effect and enforceability of the documentation referred to above), all in form, content and scope reasonably satisfactory to the Collateral Agent; provided, however, that in respect of subclause (iii), no Credit Party shall be required to pledge (w) the equity interests of Roto-Rooter of Canada, Ltd., Chemed Capital Trust or VNF, (x) more than 40% of the equity interests of RR Plumbing Services Corporation, (y) more than 49% of the equity interests of Complete Plumbing Services Inc., or (z) more than 80% of the equity interests of Nurotoco of New Jersey, Inc.; provided, further, that, except to the extent necessary to satisfy any licensing requirement under applicable law with respect to the Borrower's or any Subsidiary's business, the Borrower will not permit, nor will it permit any other Credit Party to, grant a security interest in, pledge or deliver to any non-Credit Party those equity interests that are not pledged or delivered to the Collateral Agent pursuant to this Section 6.25.

6.26. COLLATERAL. The Borrower will cause, and will cause each other Credit Party to cause, all of its owned Property (other than real property) to be subject at all times to first priority, perfected Liens in favor of the Collateral Agent for the benefit of the creditors of the Borrower that are party to the Intercreditor Agreement, including, without limitation, the Holders of Secured Obligations, to secure the Secured Obligations and the other Indebtedness subject to the Intercreditor Agreement in accordance with the terms and conditions of the Collateral Documents, subject in any case to Liens permitted by Section 6.15 hereof; provided, however, that the Borrower and the other Credit Parties shall not be required to comply with the terms of the Federal Assignment of Claims Act in connection with their pledge of any Collateral to the Collateral Agent. Without limiting the generality of the foregoing, the Borrower will cause the Applicable Pledge Percentage of the issued and outstanding equity interests of each Pledge Subsidiary directly owned by the Borrower or any other Credit Party to be subject at all times to a first priority, perfected Lien in favor of the Collateral Agent in accordance with the terms and conditions of this Agreement and the Collateral Documents or such other security documents as the Collateral Agent shall reasonably request, in each case to the extent, and within such time period as is, reasonably required by the Collateral Agent, subject in any case to Liens permitted

by Section 6.15. Notwithstanding the foregoing, (i) no Credit Party shall be required to pledge (A) the equity interests of Roto-Rooter of Canada, Ltd., Chemed Capital Trust or VNF, (B) more than 40% of the equity interests of RR Plumbing Services Corporation, (C) more than 49% of the equity interests of Complete Plumbing Services Inc., or (D) more than 80% of the equity interests of Nurotoco of New Jersey, Inc.; provided, however, that, except to the extent necessary to satisfy any licensing requirement under applicable law with respect to the Borrower's or any Subsidiary's business, the Borrower will not permit, nor will it permit any other Credit Party to, grant a security interest in, pledge or deliver to any non-Credit Party those equity interests that are not pledged or delivered to the Collateral Agent pursuant to this Section 6.26; and (ii) no pledge agreement in respect of the equity interests of a Foreign Subsidiary shall be required hereunder to the extent such pledge thereunder is prohibited by applicable law or its counsel reasonably determines that such pledge would not provide material credit support for the benefit of the creditors of the Borrower that are party to the Intercreditor Agreement pursuant to legally valid, binding and enforceable pledge agreements.

6.27. SALE AND LEASEBACK TRANSACTIONS. The Borrower shall not, nor shall it permit any Subsidiary to, enter into any Sale and Leaseback Transaction, other than Sale and Leaseback Transactions in respect of which the net cash proceeds received in connection therewith does not exceed $250,000 in the aggregate during any fiscal year of the Borrower, determined on a consolidated basis for the Borrower and its Subsidiaries.

6.28. INTENTIONALLY OMITTED.

6.29. REVOLVING CREDIT AVAILABILITY. On the Closing Date, immediately after giving effect to all Credit Extensions made on the Closing Date (including the Existing Letters of Credit), the excess of the Aggregate Revolving Loan Commitment over the Aggregate Outstanding Revolving Credit Exposure shall equal or exceed $10,000,000.

6.30. PREPAYMENT OF INDEBTEDNESS. The Borrower will not, and will not permit any Subsidiary, to voluntarily prepay any Indebtedness other than (i) the Obligations and Indebtedness permitted by Section 6.14.4, 6.14.5, 6.14.8 and 6.14.9, (ii) any other Indebtedness so long as such other Indebtedness is voluntarily prepaid with cash proceeds resulting from the sale to non-Affiliates of equity interests in the Borrower or any Subsidiary thereof, (iii) pursuant to renewals, refinancings and extensions of Indebtedness permitted by Section 6.14, and (iv) payments of Indebtedness that would become due or would be required to be redeemed or repurchased as a result of the voluntary sale or transfer of Property that is being sold or transferred.

6.31. AMENDMENTS TO SENIOR SECURED INDENTURE DOCUMENTS AND SENIOR UNSECURED INDENTURE DOCUMENTS. The Borrower will not, and will not permit any Subsidiary to, amend the Senior Secured Notes, the other Senior Secured Indenture Documents, the Senior Unsecured Notes, the other Senior Unsecured Indenture Documents or any document, agreement or instrument evidencing any Indebtedness incurred pursuant to the Senior Secured Indenture Documents or the Senior Unsecured Indenture Documents (or any replacements, substitutions, extensions or renewals thereof) or pursuant to which such Indebtedness is issued to the extent such amendment, modification or supplement provides for the following or which has any of the following effects: (i) results in the Indebtedness outstanding under the Senior Unsecured

Indenture Documents being secured by the Borrower's or any Subsidiary's Property; (ii) prohibits the Borrower or any Subsidiary from securing the Secured Obligations or the Indebtedness outstanding under the Senior Secured Indenture Documents; (iii) shortens the final maturity date of the Indebtedness outstanding under the Senior Secured Indenture Documents or the Senior Unsecured Indenture Documents or otherwise accelerates the amortization schedule for Indebtedness outstanding under the Senior Secured Indenture Documents or the Senior Unsecured Indenture Documents; (iv) increases the overall principal amount of the Indebtedness outstanding under the Senior Secured Indenture Documents or the Senior Unsecured Indenture Documents or increases the amount of any single scheduled installment of principal or interest other than in connection with issuances of additional Senior Secured Notes and Senior Unsecured Notes permitted by Sections 6.14.8 and 6.14.9, respectively; (v) shortens or accelerates the date upon which any installment of principal or interest becomes due or adds any additional mandatory prepayment or redemption provisions not set forth in the Senior Secured Indenture Documents or the Senior Unsecured Indenture Documents on the Closing Date; or (vi) adds to or otherwise includes in any Senior Unsecured Indenture Document a default or event of default provision, including, without limitation, a cross-default, that is triggered by the occurrence of an Event of Default or Unmatured Event of Default under the Loan Documents or a default, event of default, unmatured default, unmatured event of default, or other similar event under the Senior Secured Indenture Documents, unless such Event of Default hereunder or comparable event under the Senior Secured Indenture Documents results from the non-payment of the Obligations upon the maturity thereof or the non-payment of the Indebtedness outstanding under the Senior Secured Indenture Documents upon the maturity thereof or the acceleration of the Obligations or the acceleration of the repayment of the Indebtedness outstanding under the Senior Secured Indenture Documents.

ARTICLE VII

EVENTS OF DEFAULT

The occurrence of any one or more of the following events shall constitute an Event of Default:

7.1 Any representation or warranty made or deemed made by or on behalf of the Borrower or any of its Subsidiaries to the Lenders or the Administrative Agent under or in connection with this Agreement, any Credit Extension, or any certificate or information delivered in connection with this Agreement or any other Loan Document shall be false in any material respect on the date as of which made or deemed made.

7.2 Nonpayment of (i) principal of any Loan when due, (ii) any Reimbursement Obligation within one Business Day after the same becomes due, or (iii) interest upon any Loan or any Commitment Fee, LC Fee or other Obligations under any of the Loan Documents within five (5) Business Days after such interest, fee or other Obligation becomes due.

7.3 The breach by the Borrower of any of the terms or provisions of Section 6.2, 6.10, 6.11, 6.12, 6.13, 6.14, 6.15, 6.16, 6.17, 6.18, 6.19, 6.20, 6.21, 6.22, 6.23, 6.24, 6.25, 6.26, 6.27, 6.28, 6.29, 6.30, and 6.31.

7.4 The breach by the Borrower (other than a breach which constitutes an Event of Default under another Section of this Article VII) of any of the terms or provisions of (i) this Agreement or (ii) any other Loan Document (beyond the applicable grace period with respect thereto, if any), in each case which is not remedied within thirty (30) days after the earlier to occur of (x) written notice thereof from the Administrative Agent or any Lender to the Borrower or (y) an Authorized Officer otherwise becomes aware of any such breach.

7.5 Failure of the Borrower or any of its Subsidiaries to pay when due any Material Indebtedness (subject to any applicable grace period with respect thereto, if any, set forth in the Material Indebtedness Agreement evidencing such Material Indebtedness) which failure has not been (i) timely cured or (ii) waived in writing by the requisite holders of such Material Indebtedness; or the default by the Borrower or any of its Subsidiaries in the performance (beyond the applicable grace period with respect thereto, if any) of any term, provision or condition contained in any Material Indebtedness Agreement and such default has not been (x) timely cured or (y) waived in writing by the requisite holders of the Material Indebtedness in respect thereof, or any other event shall occur or condition exist, the effect of which default, event or condition is to cause, or to permit the holder(s) of such Material Indebtedness or the lender(s) under any Material Indebtedness Agreement to cause, such Material Indebtedness to become due prior to its stated maturity or any commitment to lend under any Material Indebtedness Agreement to be terminated prior to its stated expiration date; or any Material Indebtedness of the Borrower or any of its Subsidiaries shall be declared to be due and payable or required to be prepaid or repurchased (other than by a regularly scheduled payment) prior to the stated maturity thereof, in each case other than secured Indebtedness that becomes due as a result of the voluntary sale or transfer of the Property securing such Indebtedness; or the Borrower or any of its Subsidiaries shall not pay, or admit in writing its inability to pay, its debts generally as they become due.

7.6 The Borrower or any of its Subsidiaries shall (i) have an order for relief entered with respect to it under the Federal bankruptcy laws as now or hereafter in effect, (ii) make an assignment for the benefit of creditors, (iii) apply for, seek, consent to, or acquiesce in, the appointment of a receiver, custodian, trustee, examiner, liquidator or similar official for it or any Substantial Portion of its Property, (iv) institute any proceeding seeking an order for relief under the Federal bankruptcy laws as now or hereafter in effect or seeking to adjudicate it a bankrupt or insolvent, or seeking dissolution, winding up, liquidation, reorganization, arrangement, adjustment or composition of it or its debts under any law relating to bankruptcy, insolvency or reorganization or relief of debtors or fail to file an answer or other pleading denying the material allegations of any such proceeding filed against it, or (v) take any corporate or partnership action to authorize or effect any of the foregoing actions set forth in this Section 7.6.

7.7 Without the application, approval or consent of the Borrower or any of its Subsidiaries, a receiver, trustee, examiner, liquidator or similar official shall be appointed for the Borrower or any of its Subsidiaries or any Substantial Portion of its Property, or a proceeding described in Section 7.6(iv) shall be instituted against the Borrower or any of its Subsidiaries and such appointment continues undischarged or such proceeding continues undismissed or unstayed for a period of sixty (60) consecutive days.

7.8 The Borrower or any of its Subsidiaries shall fail within thirty (30) days to pay, bond or otherwise discharge one or more judgments or orders for the payment of money in excess of $10,000,000 (or the equivalent thereof in currencies other than Dollars) in the aggregate, which judgment(s), in any such case, is/are not stayed on appeal or otherwise being appropriately contested in good faith.

7.9 The Unfunded Liabilities of all Single Employer Plans shall exceed $5,000,000 in the aggregate, or any Reportable Event shall occur in connection with any Plan and such Reportable Event would reasonably be expected to have a Material Adverse Effect.

7.10 Any Change of Control shall occur.

7.11 The Borrower or any other member of the Controlled Group shall have been notified by the sponsor of a Multiemployer Plan that it has incurred, pursuant to Section 4201 of ERISA, withdrawal liability to such Multiemployer Plan in an amount which, when aggregated with all other amounts required to be paid to Multiemployer Plans by the Borrower or any other member of the Controlled Group as withdrawal liability (determined as of the date of such notification), exceeds $5,000,000 or requires payments exceeding $5,000,000 per annum.

7.12 The Borrower or any other member of the Controlled Group shall have been notified by the sponsor of a Multiemployer Plan that such Multiemployer Plan is in reorganization or is being terminated, within the meaning of Title IV of ERISA, if as a result of such reorganization or termination the aggregate annual contributions of the Borrower and the other members of the Controlled Group (taken as a whole) to all Multiemployer Plans which are then in reorganization or being terminated have been or will be increased, in the aggregate, over the annual amounts contributed to such Multiemployer Plans for the respective plan years of such Multiemployer Plans immediately preceding the plan year in which the reorganization or termination occurs by an amount exceeding $5,000,000.

7.13 Other than with respect to environmental proceedings, investigations, violations, or liabilities disclosed by the Borrower to the Administrative Agent and the Lenders prior to the Closing Date, the Borrower or any of its Subsidiaries shall (i) be the subject of any proceeding or investigation pertaining to the release by the Borrower, any of its Subsidiaries or any other Person of any toxic or hazardous waste or substance into the environment, or (ii) violate any Environmental Law, which, in the case of an event described in clause (i) or clause (ii), has resulted in liability to the Borrower or any of its Subsidiaries in an amount equal to $5,000,000 or more, which liability is not paid, bonded or otherwise discharged within forty- five (45) days or which is not stayed on appeal and being appropriately contested in good faith.

7.14 Any Loan Document shall fail to remain in full force or effect or any action shall be taken by the Borrower to assert the invalidity or unenforceability of, or which results in the invalidity or unenforceability of, any Loan Document or any Lien in favor of the Collateral Agent or the Administrative Agent under the Loan Documents as to assets that are material to the Borrower and its Subsidiaries taken as a whole, or such Lien shall not have the priority contemplated by the Loan Documents, except (i) as a result of the sale or other disposition of the applicable Collateral in a transaction permitted under the Loan Documents or (ii) as a result of the Collateral Agent's failure to maintain possession of any stock certificates, promissory notes

or other instruments delivered to it under any Loan Document or as a result of the negligent or willful failure of the Collateral Agent to take such action as is necessary to continue such Liens.

ARTICLE VIII

ACCELERATION, WAIVERS, AMENDMENTS AND REMEDIES

8.1. Acceleration.

(i) If any Event of Default described in Section 7.6 or 7.7 occurs with respect to the Borrower, the obligations of the Lenders to make Loans hereunder and the obligation and power of the LC Issuer to issue Facility LCs shall automatically terminate and the Secured Obligations shall immediately become due and payable without any election or action on the part of the Administrative Agent, the LC Issuer or any Lender, and the Borrower will be and become thereby unconditionally obligated, without any further notice, act or demand, to pay the Administrative Agent an amount in immediately available funds, which funds shall be held in the Facility LC Collateral Account, equal to the difference of (x) the amount of LC Obligations at such time less (y) the amount or deposit in the Facility LC Collateral Account at such time which is free and clear of all rights and claims of third parties and has not been applied against the Secured Obligations (the "Collateral Shortfall Amount"). If any other Event of Default occurs, the Required Lenders (or the Administrative Agent with the consent of the Required Lenders) may (a) terminate or suspend the obligations of the Lenders to make Loans hereunder and the obligation and power of the LC Issuer to issue Facility LCs, or declare the Secured Obligations to be due and payable, or both, whereupon the Secured Obligations shall become immediately due and payable, without presentment, demand, protest or notice of any kind, all of which the Borrower hereby expressly waives and (b) upon notice to the Borrower and in addition to the continuing right to demand payment of all amounts payable under this Agreement, make demand on the Borrower to pay, and the Borrower will forthwith upon such demand and without any further notice or act pay to the Administrative Agent the Collateral Shortfall Amount which funds shall be deposited in the Facility LC Collateral Account.

(ii) If at any time while any Event of Default is continuing, the Administrative Agent determines that the Collateral Shortfall Amount at such time is greater than zero, the Administrative Agent may make demand on the Borrower to pay, and the Borrower will, forthwith upon such demand and without any further notice or act, pay to the Administrative Agent the Collateral Shortfall Amount, which funds shall be deposited in the Facility LC Collateral Account.

(iii) While an Event of Default is continuing, the Administrative Agent may at any time or from time to time after funds are deposited in the Facility LC Collateral Account, apply such funds to the payment of the Secured Obligations in respect of Facility LCs and any other amounts as shall from time to time have become due

and payable by the Borrower to the Lenders or the LC Issuer under the Loan Documents.

(iv) At any time while any Event of Default is continuing, neither the Borrower nor any Person claiming on behalf of or through the Borrower shall have any right to withdraw any of the funds held in the Facility LC Collateral Account. After all of the Secured Obligations have been indefeasibly paid in full and the Aggregate Revolving Loan Commitment and Aggregate Term Loan Commitment have been terminated, any funds remaining in the Facility LC Collateral Account shall be paid to the Collateral Agent or paid to whomever may be legally entitled thereto at such time.

(v) If, after acceleration of the maturity of the Obligations or termination of the obligations of the Lenders to make Loans and the obligation and power of the LC Issuer to issue Facility LCs hereunder as a result of any Event of Default (other than any Event of Default as described in Section 7.6 or 7.7 with respect to the Borrower) and before any judgment or decree for the payment of the Obligations due shall have been obtained or entered, the Required Lenders (in their sole discretion) shall so direct, the Administrative Agent shall, by notice to the Borrower, rescind and annul such acceleration and/or termination.

8.2. AMENDMENTS. Subject to the provisions of this Section 8.2 and the Intercreditor Agreement, the Required Lenders (or the Administrative Agent with the consent in writing of the Required Lenders) and the Borrower may enter into agreements supplemental hereto for the purpose of adding or modifying any provisions to the Loan Documents or changing in any manner the rights of the Lenders or the Borrower hereunder or thereunder or waiving any Event of Default hereunder or thereunder; provided, however, that no such supplemental agreement shall, without the consent of each Lender directly affected thereby:

8.2.1 Extend the Revolving Loan Termination Date, extend the final maturity of any Revolving Loan or extend the expiry date of any Facility LC to a date after the Revolving Loan Termination Date (except as expressly permitted in Section 2.20.1), extend the final maturity date of any Term Loan to a date after the Term Loan Maturity Date, or postpone any regularly scheduled payment of principal of any Loan or forgive all or any portion of the principal amount thereof, or any Reimbursement Obligation related thereto, or reduce the rate or extend the time of payment of interest or fees thereon or Reimbursement Obligations related thereto (other than (x) a waiver of the application of the default rate of interest pursuant to Section 2.11 hereof and (y) any reduction of the amount of or any modification of the payment date for the mandatory payments required under Section 2.2, in each case which shall only require the approval of the Required Lenders).

8.2.2 Reduce the percentage specified in the definition of Required Lenders or any other percentage of Lenders specified to be the applicable percentage in this Agreement to act on specified matters or amend the definition of "Pro Rata Share", "Revolving Loan Pro Rata Share" or "Term Loan Pro Rata Share".

8.2.3 Increase the amount of the Revolving Loan Commitment or Term Loan Commitment of any Lender hereunder, or permit the Borrower to assign its rights or obligations under this Agreement.

8.2.4 Amend this Section 8.2.

8.2.5 Other than in connection with a transaction permitted under this Agreement, release all or substantially all of the Collateral.

8.2.6 Other than in connection with a transaction permitted under this Agreement, release all or substantially all of the Guarantors from their obligations under the Guaranty Agreement or any other agreement pursuant to which such Guarantors guarantee the repayment of the Secured Obligations.

Notwithstanding the foregoing, no Lender's consent shall be required for any amendment, modification or waiver if (i) by the terms of such amendment, modification or waiver the Revolving Loan Commitment and the Term Loan Commitment, as applicable, of such Lender shall terminate upon the effectiveness of such amendment, modification or waiver and (ii) at the time such amendment, modification or waiver becomes effective, such Lender receives payment in full of all of the Obligations (other than obligations to pay fees and expenses with respect to which the Borrower has not received an invoice, Rate Management Obligations, contingent indemnity obligations and other contingent obligations) owing to it under the Loan Documents. No amendment of any provision of this Agreement relating to the Administrative Agent shall be effective without the written consent of the Administrative Agent. The Administrative Agent may waive payment of the fee required under Section 12.3.3 without obtaining the consent of any other party to this Agreement. No amendment of any provision of this Agreement relating to the Swing Line Lender or any Swing Line Loan shall be effective without the written consent of the Swing Line Lender. No amendment of any provision of this Agreement relating to the LC Issuer shall be effective without the written consent of the LC Issuer.

8.3. PRESERVATION OF RIGHTS. No delay or omission of the Lenders, the LC Issuer or the Administrative Agent to exercise any right under the Loan Documents shall impair such right or be construed to be a waiver of any Event of Default or an acquiescence therein, and the making of a Credit Extension notwithstanding the existence of an Event of Default or Unmatured Event of Default or the inability of the Borrower to satisfy the conditions precedent to such Credit Extension shall not constitute any waiver or acquiescence. Any single or partial exercise of any such right shall not preclude other or further exercise thereof or the exercise of any other right, and no waiver, amendment or other variation of the terms, conditions or provisions of the Loan Documents whatsoever shall be valid unless in writing signed by, or by the Administrative Agent with the consent of, the requisite number of Lenders required pursuant to Section 8.2, and then only to the extent in such writing specifically set forth. All remedies contained in the Loan Documents or by law afforded shall be cumulative and all shall be available to the Administrative Agent, the LC Issuer and the Lenders until all of the Secured Obligations have been paid in full.

ARTICLE IX

GENERAL PROVISIONS

9.1. SURVIVAL OF REPRESENTATIONS. All representations and warranties of the Borrower contained in this Agreement shall survive the making of the Credit Extensions herein contemplated.

9.2. GOVERNMENTAL REGULATION. Anything contained in this Agreement to the contrary notwithstanding, neither the LC Issuer nor any Lender shall be obligated to extend credit to the Borrower in violation of any limitation or prohibition provided by any applicable statute or regulation.

9.3. HEADINGS. Section headings in the Loan Documents are for convenience of reference only, and shall not govern the interpretation of any of the provisions of the Loan Documents.

9.4. ENTIRE AGREEMENT. The Loan Documents embody the entire agreement and understanding among the Borrower, the Administrative Agent, the Collateral Agent, the LC Issuer and the Lenders and supersede all prior agreements and understandings among the Borrower, the Administrative Agent, the Collateral Agent, the LC Issuer and the Lenders relating to the subject matter thereof other than those contained in the fee letter described in Section 10.13 which shall survive and remain in full force and effect during the term of this Agreement.

9.5. SEVERAL OBLIGATIONS; BENEFITS OF THIS AGREEMENT. The respective obligations of the Lenders hereunder are several and not joint and no Lender shall be the partner or agent of any other (except to the extent to which the Administrative Agent is authorized to act as such). The failure of any Lender to perform any of its obligations hereunder shall not relieve any other Lender from any of its obligations hereunder. This Agreement shall not be construed so as to confer any right or benefit upon any Person other than the parties to this Agreement and their respective successors and assigns, provided, however, that the parties hereto expressly agree that the Arranger shall enjoy the benefits of the provisions of Sections 9.6, 9.10 and 10.11 to the extent specifically set forth therein and shall have the right to enforce such provisions on its own behalf and in its own name to the same extent as if it were a party to this Agreement.

9.6. EXPENSES; INDEMNIFICATION. (i) The Borrower shall reimburse the Administrative Agent and the Arranger for any reasonable out-of-pocket costs and expenses (including reasonable out-of-pocket attorneys' fees and out-of- pocket expenses of and fees for other advisors and professionals engaged by the Administrative Agent or the Arranger) paid or incurred by the Administrative Agent or the Arranger in connection with the investigation, preparation, negotiation, documentation, execution, delivery, syndication, distribution (including, without limitation, via the internet), review, amendment, modification and administration of the Loan Documents. The Borrower also agrees to reimburse the Administrative Agent, the Arranger, the LC Issuer and the Lenders for any reasonable out-of-pocket costs and expenses (including reasonable out-of-pocket attorneys' fees and expenses) paid or incurred by the Administrative Agent, the Arranger, the LC Issuer or any Lender in connection with the collection and enforcement of the Loan Documents. Expenses being reimbursed by the

Borrower under this Section include, without limitation, costs and expenses incurred in connection with the Reports described in the following sentence. The Borrower acknowledges that from time to time Bank One may prepare and may distribute to the Lenders (but shall have no obligation or duty to prepare or to distribute to the Lenders) certain audit reports (the "Reports") pertaining to the Borrower's assets for internal use by Bank One from information furnished to it by or on behalf of the Borrower, after Bank One has exercised its rights of inspection pursuant to this Agreement.

(ii) The Borrower hereby further agrees to indemnify the Administrative Agent, the Arranger, the LC Issuer, each Lender, their respective affiliates, and each of their directors, officers and employees against all losses, claims, damages, penalties, judgments, liabilities and related reasonable out-of-pocket expenses (including, without limitation, all reasonable out-of-pocket expenses of litigation or preparation therefor whether or not the Administrative Agent, the Arranger, the LC Issuer, any Lender or any affiliate is a party thereto, and all reasonable out-of-pocket attorneys' fees and expenses) which any of them may pay or incur arising out of or relating to this Agreement, the other Loan Documents, the transactions contemplated hereby or the direct or indirect application or proposed application of the proceeds of any Credit Extension hereunder except to the extent that they are determined in a final non-appealable judgment by a court of competent jurisdiction to have resulted from the gross negligence or willful misconduct of the party seeking indemnification. The obligations of the Borrower under this Section 9.6 shall survive the termination of this Agreement.

(iii) The Collateral Agent shall receive the benefits of the provisions of this Section 9.6 with respect to all losses, claims, damages, penalties, judgments, liabilities and expenses resulting under or in connection with the Collateral Documents.

9.7. NUMBERS OF DOCUMENTS. All statements, notices, closing documents, and requests hereunder shall be furnished to the Administrative Agent with sufficient counterparts so that the Administrative Agent may furnish one to each of the Lenders, to the extent that the Administrative Agent deems appropriate.

9.8. ACCOUNTING. Except as provided to the contrary herein, all accounting terms used in the calculation of any financial covenant or test shall be interpreted and all accounting determinations hereunder in the calculation of any financial covenant or test shall be made in accordance with Agreement Accounting Principles. If any changes in generally accepted accounting principles are hereafter required or permitted and are adopted by the Borrower or any of its Subsidiaries with the agreement of its independent certified public accountants and such changes result in a change in the method of calculation of any of the financial covenants, tests, restrictions or standards herein or in the related definitions or terms used therein ("Accounting Changes"), the parties hereto agree, at the Borrower's request, to enter into negotiations, in good faith, in order to amend such provisions in a credit neutral manner so as to reflect equitably such changes with the desired result that the criteria for evaluating the Borrower's and its Subsidiaries' financial condition shall be the same after such changes as if such changes had not been made; provided, however, until such provisions are amended in a manner reasonably satisfactory to the Administrative Agent and the Required Lenders, no Accounting Change shall be given effect in such calculations. In the event such amendment is entered into, all references in this Agreement to Agreement Accounting Principles shall mean generally accepted accounting principles as of

the date of such amendment. Notwithstanding the foregoing, all financial statements to be delivered by the Borrower pursuant to Section 6.1 shall be prepared in accordance with generally accepted accounting principles in effect at such time.

9.9. SEVERABILITY OF PROVISIONS. Any provision in any Loan Document that is held to be inoperative, unenforceable, or invalid in any jurisdiction shall, as to that jurisdiction, be inoperative, unenforceable, or invalid without affecting the remaining provisions in that jurisdiction or the operation, enforceability, or validity of that provision in any other jurisdiction, and to this end the provisions of all Loan Documents are declared to be severable.

9.10. NONLIABILITY OF LENDERS. The relationship between the Borrower on the one hand and the Lenders, the LC Issuer and the Administrative Agent on the other hand shall be solely that of borrower and lender. Neither the Administrative Agent, the Arranger, the LC Issuer nor any Lender shall have any fiduciary responsibilities to the Borrower. Neither the Administrative Agent, the Arranger, the LC Issuer nor any Lender undertakes any responsibility to the Borrower to review or inform the Borrower of any matter in connection with any phase of the Borrower's business or operations. The Borrower agrees that neither the Administrative Agent, the Arranger, the LC Issuer nor any Lender shall have liability to the Borrower (whether sounding in tort, contract or otherwise) for losses suffered by the Borrower in connection with, arising out of, or in any way related to, the transactions contemplated and the relationship established by the Loan Documents, or any act, omission or event occurring in connection therewith, unless it is determined in a final non- appealable judgment by a court of competent jurisdiction that such losses resulted from the gross negligence or willful misconduct of the party from which recovery is sought. Neither the Administrative Agent, the Arranger, the LC Issuer nor any Lender shall have any liability to the Borrower with respect to, and the Borrower hereby waives, releases and agrees not to sue for, any special, indirect, consequential or punitive damages suffered by the Borrower in connection with, arising out of, or in any way related to the Loan Documents or the transactions contemplated thereby.

9.11. CONFIDENTIALITY. The Administrative Agent and each Lender agrees to hold the "Information" (as defined below) which it may receive from the Borrower in connection with this Agreement in confidence, except for disclosure (i) on a confidential basis to its Affiliates and to any other party to this Agreement, (ii) on a confidential basis to legal counsel, accountants, and other professional advisors to such Lender, (iii) to regulatory officials as requested, (iv) to any Person as required by law, regulation, or legal process, (v) to any Person as required in connection with any legal proceeding to which it is a party, (vi) subject to an agreement containing provisions substantially the same as those of this Section, on a confidential basis to its direct or indirect contractual counterparties in swap agreements or to legal counsel, accountants and other professional advisors to such counterparties, and (vii) permitted by Section 12.4. Without limiting Section 9.4, the Borrower agrees that the terms of this Section 9.11 shall set forth the entire agreement between the Borrower and each Lender (including the Administrative Agent) with respect to any confidential information previously or hereafter received by such Lender in connection with this Agreement, and this Section 9.11 shall supersede any and all prior confidentiality agreements entered into by such Lender with respect to such confidential information. For the purposes of this Section, "Information" means all information received from the Borrower or any of its Subsidiaries relating to the Borrower or any of its Subsidiaries or their respective businesses, as the case may be, other than any such information that is available

to the Administrative Agent, the Collateral Agent, the LC Issuer or any Lender on a nonconfidential basis.

9.12. LENDERS NOT UTILIZING PLAN ASSETS. Each Lender represents and warrants that none of the consideration used by such Lender to make its Credit Extensions constitutes for any purpose of ERISA or Section 4975 of the Code assets of any "plan" as defined in Section 3(3) of ERISA or Section 4975 of the Code and the rights and interests of such Lender in and under the Loan Documents shall not constitute such "plan assets" under ERISA.

9.13. NONRELIANCE. Each Lender hereby represents that it is not relying on or looking to any margin stock (as defined in Regulation U) as collateral in the extension or maintenance of the credit provided for herein.

9.14. DISCLOSURE. The Borrower and each Lender, including the LC Issuer, hereby acknowledge and agree that each Lender and/or its Affiliates from time to time may hold investments in, make other loans to or have other relationships with the Borrower and its Affiliates.

9.15. PERFORMANCE OF OBLIGATIONS. Subject to the terms of the Intercreditor Agreement, the Borrower agrees that the Collateral Agent or the Administrative Agent may, but shall have no obligation to (i) after the occurrence and during the continuance of an Event of Default, pay or discharge taxes, liens, security interests or other encumbrances levied or placed on or threatened against any Collateral and (ii) after the occurrence and during the continuance of an Event of Default make any other payment or perform any act required of the Borrower under any Loan Document or take any other action which the Collateral Agent or the Administrative Agent in its discretion deems necessary or desirable to protect or preserve the Collateral, including, without limitation, any action to (x) effect any repairs or obtain any insurance called for by the terms of any of the Loan Documents and to pay all or any part of the premiums therefor and the costs thereof and (y) pay any rents payable by the Borrower which are more than thirty (30) days past due, or as to which the landlord has given notice of termination, under any lease. The Administrative Agent shall use its best efforts to give or cause the Collateral Agent to give the Borrower notice of any action taken under this Section 9.15 prior to the taking of such action or promptly thereafter provided the failure to give such notice shall not affect the Borrower's obligations in respect thereof. The Borrower agrees to pay the Administrative Agent, upon demand, the principal amount of all funds advanced by the Administrative Agent under this Section 9.15 together with interest thereon at the rate from time to time applicable to Floating Rate Loans from the date of such advance until the outstanding principal balance thereof is paid in full. If the Borrower fails to make payment in respect of any such advance under this Section 9.15 within one (1) Business Day after the date the Borrower receives written demand therefor from the Administrative Agent, the Administrative Agent shall promptly notify each Lender and each Lender agrees that it shall thereupon make available to the Administrative Agent, in Dollars in immediately available funds, the amount equal to such Lender's Pro Rata Share of such advance. If such funds are not made available to the Administrative Agent by such Lender within one (1) Business Day after the Administrative Agent's demand therefor, the Administrative Agent will be entitled to recover any such amount from such Lender together with interest thereon at the Federal Funds Effective Rate for each day during the period commencing on the date of such demand and ending on the date such amount is received. The

failure of any Lender to make available to the Administrative Agent its Pro Rata Share of any such unreimbursed advance under this Section 9.15 shall neither relieve any other Lender of its obligation hereunder to make available to the Administrative Agent such other Lender's Pro Rata Share of such advance on the date such payment is to be made nor increase the obligation of any other Lender to make such payment to the Administrative Agent. All outstanding principal of, and interest on, advances made under this Section 9.15 shall constitute Obligations secured by the Collateral until paid in full by the Borrower.

9.16. USA PATRIOT ACT NOTIFICATION. The following notification is provided to the Borrower pursuant to Section 326 of the USA Patriot Act of 2001, 31 U.S.C. Section 5318:

IMPORTANT INFORMATION ABOUT PROCEDURES FOR OPENING A NEW ACCOUNT. To help the government of the United States of America fight the funding of terrorism and money laundering activities, Federal law requires all financial institutions to obtain, verify, and record information that identifies each Person that opens an account, including any deposit account, treasury management account, loan, other extension of credit, or other financial services product. Accordingly, when the Borrower opens an account, the Administrative Agent and the Lenders will ask for the Borrower's name, tax identification number, business address, and other information that will allow the Administrative Agent and the Lenders to identify the Borrower. The Administrative Agent and the Lenders may also ask to see the Borrower's legal organizational documents or other identifying documents.

9.17. SUBORDINATION OF INTERCOMPANY INDEBTEDNESS. The Borrower agrees that any and all claims of the Borrower against any Guarantor with respect to any "Intercompany Indebtedness" (as hereinafter defined) shall be subordinate and subject in right of payment to the prior payment, in full and in cash, of all Secured Obligations; provided that, and not in contravention of the foregoing, unless an Event of Default has occurred and is continuing and the Borrower receives from the Administrative Agent a payment blockage notice pursuant to this Section 9.17 that has not been withdrawn, the Borrower may make loans to and receive payments in the ordinary course with respect to such Intercompany Indebtedness from the Guarantors, to the extent permitted by the terms of this Agreement and the other Loan Documents. Notwithstanding any right of the Borrower to ask, demand, sue for, take or receive any payment from the Guarantors, all rights, liens and security interests of the Borrower, whether now or hereafter arising and howsoever existing, in any assets of any such guarantor shall be and are subordinated to the rights of the Holders of Secured Obligations in those assets. The Borrower shall not have any right to possession of any such asset or to foreclose upon any such asset, whether by judicial action or otherwise, unless and until all of the Secured Obligations (other than obligations to pay fees and expenses with respect to which the Borrower has not received an invoice, Rate Management Obligations, contingent indemnity obligations, and other contingent obligations) shall have been fully paid and satisfied (in cash). If all or any part of the assets of any such guarantor, or the proceeds thereof, are subject to any distribution, division or application to the creditors of such guarantor, whether partial or complete, voluntary or involuntary, and whether by reason of liquidation, bankruptcy, arrangement, receivership, assignment for the benefit of creditors or any other similar action or proceeding, then, and in any such event (such events being herein referred to as an "Insolvency Event"), any payment or distribution of any kind or character, either in cash, securities or other property, which shall be payable or deliverable upon or with respect to any Indebtedness of any Guarantor, to the

Borrower ("Intercompany Indebtedness") shall be paid or delivered directly to the Administrative Agent, who shall remit it to the Collateral Agent if required under the Intercreditor Agreement for application in accordance with the Intercreditor Agreement, or, if not required under the Intercreditor Agreement, for application to any of the Secured Obligations, due or to become due, until such Secured Obligations (other than obligations to pay fees and expenses with respect to which the Borrower has not received an invoice, Rate Management Obligations, contingent indemnity obligations, and other contingent obligations) shall have first been fully paid and satisfied (in cash). Should any payment, distribution, security or instrument or proceeds thereof be received by the Borrower upon or with respect to the Intercompany Indebtedness after an Insolvency Event prior to the satisfaction of all of the Secured Obligations (other than obligations to pay fees and expenses with respect to which the Borrower has not received an invoice, Rate Management Obligations, contingent indemnity obligations and other contingent obligations), the Borrower shall receive and hold the same in trust, as trustee, for the benefit of the Holders of Secured Obligations and the holders of obligations under the Senior Secured Indenture Documents and shall forthwith deliver the same to the Administrative Agent, who shall remit it to the Collateral Agent if required under the Intercreditor Agreement for application in accordance with the Intercreditor Agreement or, if not required under the Intercreditor Agreement, for application to any of the Secured Obligations, in precisely the form received (except for the endorsement or assignment of the Borrower where necessary), and, until so delivered, the same shall be held in trust by the Borrower as the property of the Administrative Agent or the Collateral Agent, as applicable. If the Borrower fails to make any such endorsement or assignment to the Collateral Agent or the Administrative Agent, the Collateral Agent or the Administrative Agent or any of its officers or employees are irrevocably authorized to make the same. The Borrower agrees that until the Secured Obligations (other than obligations to pay fees and expenses with respect to which the Borrower has not received an invoice, Rate Management Obligations, contingent indemnity obligations, and other contingent obligations) have been paid in full (in cash) and satisfied, the Borrower will not assign or transfer to any Person (other than the Agent) any claim the Borrower has or may have against any Guarantor except as otherwise permitted by the Loan Documents.

ARTICLE X

THE ADMINISTRATIVE AGENT

10.1. APPOINTMENT; NATURE OF RELATIONSHIP. Bank One, NA is hereby appointed by each of the Lenders as its contractual representative (herein referred to as the "Administrative Agent") hereunder and under each other Loan Document, and each of the Lenders irrevocably authorizes the Administrative Agent to act as the contractual representative of such Lender with the rights and duties expressly set forth herein and in the other Loan Documents. The Administrative Agent agrees to act as such contractual representative upon the express conditions contained in this Article X. Notwithstanding the use of the defined term "Administrative Agent," it is expressly understood and agreed that the Administrative Agent shall not have any fiduciary responsibilities to any of the Holders of Secured Obligations by reason of this Agreement or any other Loan Document and that the Administrative Agent is merely acting as the contractual representative of the Lenders with only those duties as are expressly set forth in this Agreement and the other Loan Documents. In its capacity as the Lenders' contractual representative, the Administrative Agent (i) does not hereby assume any

fiduciary duties to any of the Holders of Secured Obligations, (ii) is a "representative" of the Holders of Secured Obligations within the meaning of the term "secured party" as defined in the Illinois Uniform Commercial Code and (iii) is acting as an independent contractor, the rights and duties of which are limited to those expressly set forth in this Agreement and the other Loan Documents. Each of the Lenders, for itself and on behalf of its Affiliates as Holders of Secured Obligations, hereby agrees to assert no claim against the Administrative Agent on any agency theory or any other theory of liability for breach of fiduciary duty, all of which claims each Holder of Secured Obligations hereby waives.

10.2. POWERS. The Administrative Agent shall have and may exercise such powers under the Loan Documents as are specifically delegated to the Administrative Agent by the terms of each thereof, together with such powers as are reasonably incidental thereto. The Administrative Agent shall have no implied duties or fiduciary duties to the Lenders, or any obligation to the Lenders to take any action thereunder except any action specifically provided by the Loan Documents to be taken by the Administrative Agent.

10.3. GENERAL IMMUNITY. Neither the Administrative Agent nor any of its directors, officers, agents or employees shall be liable to the Borrower, or any Lender or Holder of Secured Obligations for any action taken or omitted to be taken by it or them hereunder or under any other Loan Document or in connection herewith or therewith except to the extent such action or inaction is determined in a final, non-appealable judgment by a court of competent jurisdiction to have arisen from the gross negligence or willful misconduct of such Person.

10.4. NO RESPONSIBILITY FOR LOANS, RECITALS, ETC. Neither the Administrative Agent nor any of its directors, officers, agents or employees shall be responsible for or have any duty to ascertain, inquire into, or verify (a) any statement, warranty or representation made in connection with any Loan Document or any borrowing hereunder; (b) the performance or observance of any of the covenants or agreements of any obligor under any Loan Document, including, without limitation, any agreement by an obligor to furnish information directly to each Lender; (c) the satisfaction of any condition specified in Article IV, except receipt of items required to be delivered solely to the Administrative Agent; (d) the existence or possible existence of any Event of Default or Unmatured Event of Default; (e) the validity, enforceability, effectiveness, sufficiency or genuineness of any Loan Document or any other instrument or writing furnished in connection therewith; (f) the value, sufficiency, creation, perfection or priority of any Lien in any Collateral; or (g) the financial condition of the Borrower or any guarantor of any of the Obligations or of any of the Borrower's or any such guarantor's respective Subsidiaries. The Administrative Agent shall have no duty to disclose to the Lenders information that is not required to be furnished by the Borrower to the Administrative Agent at such time, but is voluntarily furnished by the Borrower to the Administrative Agent (either in its capacity as Administrative Agent or in its individual capacity).

10.5. ACTION ON INSTRUCTIONS OF LENDERS. The Administrative Agent shall in all cases be fully protected in acting, or in refraining from acting, hereunder and under any other Loan Document in accordance with written instructions signed by the Required Lenders (or all of the Lenders in the event that and to the extent that this Agreement expressly requires such), and such instructions and any action taken or failure to act pursuant thereto shall be binding on all of the Lenders. The Lenders hereby acknowledge that the Administrative Agent shall be under no duty

to take any discretionary action permitted to be taken by it pursuant to the provisions of this Agreement or any other Loan Document unless it shall be requested in writing to do so by the Required Lenders (or all of the Lenders in the event that and to the extent that this Agreement expressly requires such). The Administrative Agent shall be fully justified in failing or refusing to take any action hereunder and under any other Loan Document unless it shall first be indemnified to its satisfaction by the Lenders pro rata against any and all liability, cost and expense that it may incur by reason of taking or continuing to take any such action.

10.6. EMPLOYMENT OF AGENTS AND COUNSEL. The Administrative Agent may execute any of its duties as Administrative Agent hereunder and under any other Loan Document by or through employees, agents, and attorneys-in-fact and shall not be answerable to the Lenders, except as to money or securities received by it or its authorized agents, for the default or misconduct of any such agents or attorneys-in-fact selected by it with reasonable care. The Administrative Agent shall be entitled to advice of counsel concerning the contractual arrangement between the Administrative Agent and the Lenders and all matters pertaining to the Administrative Agent's duties hereunder and under any other Loan Document.

10.7. RELIANCE ON DOCUMENTS; COUNSEL. The Administrative Agent shall be entitled to rely upon any Note, notice, consent, certificate, affidavit, letter, telegram, facsimile, telex, electronic mail message, statement, paper or document believed by it to be genuine and correct and to have been signed or sent by the proper person or persons, and, in respect to legal matters, upon the opinion of counsel selected by the Administrative Agent, which counsel may be employees of the Administrative Agent. For purposes of determining compliance with the conditions specified in Sections 4.1 and 4.2, each Lender that has signed this Agreement shall be deemed to have consented to, approved or accepted or to be satisfied with, each document or other matter required thereunder to be consented to or approved by or acceptable or satisfactory to a Lender unless the Administrative Agent shall have received notice from such Lender prior to the applicable date specifying its objection thereto.

10.8. ADMINISTRATIVE AGENT'S REIMBURSEMENT AND INDEMNIFICATION. The Lenders agree to reimburse and indemnify the Administrative Agent ratably in proportion to the Lenders' Pro Rata Shares (i) for any amounts not reimbursed by the Borrower for which the Administrative Agent is entitled to reimbursement by the Borrower under the Loan Documents, (ii) for any other expenses incurred by the Administrative Agent on behalf of the Lenders, in connection with the preparation, execution, delivery, administration and enforcement of the Loan Documents (including, without limitation, for any expenses incurred by the Administrative Agent in connection with any dispute between the Administrative Agent and any Lender or between two or more of the Lenders) and (iii) for any liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind and nature whatsoever which may be imposed on, incurred by or asserted against the Administrative Agent in any way relating to or arising out of the Loan Documents or any other document delivered in connection therewith or the transactions contemplated thereby (including, without limitation, for any such amounts incurred by or asserted against the Administrative Agent in connection with any dispute between the Administrative Agent and any Lender or between two or more of the Lenders), or the enforcement of any of the terms of the Loan Documents or of any such other documents, provided that (i) no Lender shall be liable for any of the foregoing to the extent any of the foregoing is found in a final, non-appealable judgment by a court of competent jurisdiction to

have resulted from the gross negligence or willful misconduct of the Administrative Agent and (ii) any indemnification required pursuant to Section 3.5(vii) shall, notwithstanding the provisions of this Section 10.8, be paid by the relevant Lender in accordance with the provisions thereof. The obligations of the Lenders under this Section 10.8 shall survive payment of the Secured Obligations and termination of this Agreement.

10.9. NOTICE OF EVENT OF DEFAULT. The Administrative Agent shall not be deemed to have knowledge or notice of the occurrence of any Event of Default or Unmatured Event of Default hereunder unless the Administrative Agent has received written notice from a Lender or the Borrower referring to this Agreement describing such Event of Default or Unmatured Event of Default and stating that such notice is a "notice of default". In the event that the Administrative Agent receives such a notice, the Administrative Agent shall give prompt notice thereof to the Lenders.

10.10.RIGHTS AS A LENDER. In the event the Administrative Agent is a Lender, the Administrative Agent shall have the same rights and powers hereunder and under any other Loan Document with respect to its Revolving Loan Commitment and its Credit Extensions as any Lender and may exercise the same as though it were not the Administrative Agent, and the term "Lender" or "Lenders" shall, at any time when the Administrative Agent is a Lender, unless the context otherwise indicates, include the Administrative Agent in its individual capacity. The Administrative Agent and its Affiliates may accept deposits from, lend money to, and generally engage in any kind of trust, debt, equity or other transaction, in addition to those contemplated by this Agreement or any other Loan Document, with the Borrower or any of its Subsidiaries in which the Borrower or such Subsidiary is not restricted hereby from engaging with any other Person. The Administrative Agent, in its individual capacity, is not obligated to remain a Lender.

10.11. LENDER CREDIT DECISION. Each Lender acknowledges that it has, independently and without reliance upon the Administrative Agent, the Arranger or any other Lender and based on the financial statements prepared by the Borrower and such other documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement and the other Loan Documents. Each Lender also acknowledges that it will, independently and without reliance upon the Administrative Agent, the Arranger or any other Lender and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under this Agreement and the other Loan Documents.

10.12. SUCCESSOR ADMINISTRATIVE AGENT. The Administrative Agent may resign at any time by giving written notice thereof to the Lenders and the Borrower, such resignation to be effective upon the appointment of a successor Administrative Agent or, if no successor Administrative Agent has been appointed, forty-five (45) days after the retiring Administrative Agent gives notice of its intention to resign. The Administrative Agent may be removed at any time with or without cause by written notice received by the Administrative Agent from the Required Lenders, such removal to be effective on the date specified by the Required Lenders. Upon any such resignation or removal, the Required Lenders shall have the right to appoint, on behalf of the Borrower and the Lenders, a successor Administrative Agent reasonably acceptable to the Borrower. If no successor Administrative Agent shall have been so appointed by the

Required Lenders within thirty (30) days after the resigning Administrative Agent's giving notice of its intention to resign, then the resigning Administrative Agent may appoint, on behalf of the Borrower and the Lenders, a successor Administrative Agent reasonably acceptable to the Borrower. Notwithstanding the previous sentence, the Administrative Agent may at any time without the consent of the Borrower or any Lender, appoint any of its Affiliates which is a commercial bank as a successor Administrative Agent hereunder. If the Administrative Agent has resigned or been removed and no successor Administrative Agent has been appointed, the Lenders may perform all the duties of the Administrative Agent hereunder and the Borrower shall make all payments in respect of the Obligations to the applicable Lender and for all other purposes shall deal directly with the Lenders. No successor Administrative Agent shall be deemed to be appointed hereunder until such successor Administrative Agent has accepted the appointment. Any such successor Administrative Agent shall be a commercial bank having capital and retained earnings of at least $100,000,000. Upon the acceptance of any appointment as Administrative Agent hereunder by a successor Administrative Agent, such successor Administrative Agent shall thereupon succeed to and become vested with all the rights, powers, privileges and duties of the resigning or removed Administrative Agent. Upon the effectiveness of the resignation or removal of the Administrative Agent, the resigning or removed Administrative Agent shall be discharged from its duties and obligations hereunder and under the Loan Documents. After the effectiveness of the resignation or removal of an Administrative Agent, the provisions of this Article X shall continue in effect for the benefit of such Administrative Agent in respect of any actions taken or omitted to be taken by it while it was acting as the Administrative Agent hereunder and under the other Loan Documents. In the event that there is a successor to the Administrative Agent by merger, or the Administrative Agent assigns its duties and obligations to an Affiliate pursuant to this Section 10.12, then the term "Prime Rate" as used in this Agreement shall mean the prime rate, base rate or other analogous rate of the new Administrative Agent.

10.13. ADMINISTRATIVE AGENT AND ARRANGER FEES. The Borrower agrees to pay to the Administrative Agent and the Arranger, for their respective accounts, the fees agreed to by the Borrower, the Administrative Agent and the Arranger pursuant to that certain letter agreement dated January 12, 2004, or as otherwise agreed from time to time.

10.14. DELEGATION TO AFFILIATES. The Borrower and the Lenders agree that the Administrative Agent may delegate any of its duties under this Agreement to any of its Affiliates. Any such Affiliate (and such Affiliate's directors, officers, agents and employees) which performs duties in connection with this Agreement shall be entitled to the same benefits of the indemnification, waiver and other protective provisions to which the Administrative Agent is entitled under Articles IX and X.

10.15. INTENTIONALLY OMITTED

10.16. COLLATERAL DOCUMENTS. (a) Each Lender authorizes the Administrative Agent and the Collateral Agent to enter into, on behalf of each such Lender, the Intercreditor Agreement and each of the Collateral Documents to which it is a party and to take all action contemplated by such documents. Each Lender agrees that no Holder of Secured Obligations (other than the Administrative Agent) shall have the right individually to seek to realize upon the security granted by any Collateral Document, it being understood and agreed that such rights and

remedies may be exercised solely by the Administrative Agent for the benefit of the Holders of Secured Obligations or the Collateral Agent for the benefit of the Holders of Secured Obligations and the Borrower's other creditors subject to the Intercreditor Agreement and upon the terms of the Collateral Documents.

(b) In the event that any Collateral is hereafter pledged by any Person as collateral security for the Secured Obligations, the Administrative Agent is hereby authorized to execute and deliver on behalf of the Holders of Secured Obligations any Loan Documents necessary or appropriate to grant and perfect a Lien on such Collateral in favor of the Collateral Agent; provided, however, that any such Person also shall have pledged and granted a Lien in such Collateral on an equal and ratable basis for the benefit of the holders of the obligations outstanding under the Senior Secured Indenture Documents.

(c) Subject to the Intercreditor Agreement, the Lenders hereby authorize the Administrative Agent, at its option and in its discretion, to direct the Collateral Agent to release any Lien granted to or held by the Collateral Agent upon any Collateral (i) upon termination of the Revolving Loan Commitments, Term Loan Commitments and payment and satisfaction of all of the Obligations (other than obligations to pay fees and expenses with respect to which the Borrower has not received an invoice, contingent indemnity obligations, and Rate Management Obligations) at any time arising under or in respect of this Agreement or the Loan Documents or the transactions contemplated hereby or thereby; (ii) as permitted by, but only in accordance with, the terms of the applicable Loan Document; or (iii) if approved, authorized or ratified in writing by the Required Lenders, unless such release is required to be approved by all of the Lenders hereunder. Upon request by the Administrative Agent at any time, the Lenders will confirm in writing the Administrative Agent's authority to direct the Collateral Agent to release particular types or items of Collateral pursuant to this Section 10.16. The Lenders confirm that the Collateral Agent may take actions described in this Section 10.16(c) so long as such actions are permitted under and comply with the terms of the Intercreditor Agreement.

(d) Subject to the terms of the Intercreditor Agreement, upon any sale or transfer of assets constituting Collateral which is permitted pursuant to the terms of any Loan Document, or consented to in writing by the Required Lenders or all of the Lenders, as applicable, the security interest in such Collateral shall be automatically released. In connection with any such release, the Administrative Agent shall (and is hereby irrevocably authorized by the Lenders to) direct the Collateral Agent to execute such documents as may be necessary to evidence the release of the Liens granted to the Collateral Agent for the benefit of the Holders of Secured Obligations herein or pursuant hereto upon the Collateral that was sold or transferred; provided, however, that (i) the Administrative Agent shall not be required to direct the Collateral Agent to execute any such document on terms which, in the Administrative Agent's opinion, would expose the Administrative Agent to liability or create any obligation or entail any consequence other than the release of such Liens without recourse or warranty, and (ii) such release shall not in any manner discharge, affect or impair the Secured Obligations or any Liens upon (or obligations of the Borrower or any Subsidiary in respect of) all interests retained by the Borrower or any Subsidiary, including (without limitation) the proceeds of the sale, all of which shall continue to constitute part of the Collateral.

ARTICLE XI

SETOFF; RATABLE PAYMENTS

11.1. SETOFF. In addition to, and without limitation of, any rights of the Lenders under applicable law, if the Borrower becomes insolvent, however evidenced, or any other Event of Default occurs, any and all deposits (including all account balances, whether provisional or final and whether or not collected or available) and any other Indebtedness at any time held or owing by any Lender or any Affiliate of any Lender to or for the credit or account of the Borrower may be offset and applied toward the payment of the Secured Obligations owing to such Lender, whether or not the Secured Obligations, or any part thereof, shall then be due.

11.2. RATABLE PAYMENTS. If any Lender, whether by setoff or otherwise, has payment made to it upon its Outstanding Revolving Credit Exposure or its Term Loans (other than payments received pursuant to Section 3.1, 3.2, 3.4 or 3.5) in a greater proportion than that received by any other Lender, such Lender agrees, promptly upon demand, to purchase a participation in the Aggregate Outstanding Revolving Credit Exposure and Term Loans held by the other Lenders so that after such purchase each Lender will hold its Pro Rata Share, Revolving Loan Pro Rata Share and Term Loan Pro Rata Share. If any Lender, whether in connection with setoff or amounts which might be subject to setoff or otherwise, receives collateral or other protection for its Obligations or such amounts which may be subject to setoff, such Lender agrees, promptly upon demand, to take such action necessary such that all Lenders share in the benefits of such collateral ratably in proportion to their respective Pro Rata Shares. In case any such payment is disturbed by legal process, or otherwise, appropriate further adjustments shall be made.

ARTICLE XII

BENEFIT OF AGREEMENT; ASSIGNMENTS; PARTICIPATIONS

12.1. SUCCESSORS AND ASSIGNS. The terms and provisions of the Loan Documents shall be binding upon and inure to the benefit of the Borrower, the Administrative Agent and the Lenders and their respective successors and assigns permitted hereby, except that (i) the Borrower shall not have the right to assign its rights or obligations under the Loan Documents without the prior written consent of each Lender, (ii) any assignment by any Lender must be made in compliance with Section 12.3, and (iii) any transfer by Participation must be made in compliance with Section 12.2. Any attempted assignment or transfer by any party not made in compliance with this Section 12.1 shall be null and void, unless such attempted assignment or transfer is treated as a participation in accordance with Section 12.3.2. The parties to this Agreement acknowledge that clause (ii) of this Section 12.1 relates only to absolute assignments and this Section 12.1 does not prohibit assignments creating security interests, including, without limitation, (x) any pledge or assignment by any Lender of all or any portion of its rights under this Agreement and any Note to a Federal Reserve Bank, (y) in the case of a Lender which is a Fund, any pledge or assignment of all or any portion of its rights under this Agreement and any Note to its trustee in support of its obligations to its trustee or (z) any pledge or assignment by any Lender of all or any portion of its rights under this Agreement and any Note to direct or indirect contractual counterparties in swap agreements relating to the Loans; provided, however,

that (i) no such pledge or assignment creating a security interest shall release the transferor Lender from its obligations hereunder or substitute any such pledgee or assignee for such Lender as a party hereto, (ii) the Lender making such pledge or assignment shall retain the sole right to approve, without consent of any pledgee or assignee, any amendment, modification or waiver of any provisions of the Loan Documents, and (iii) the Borrower shall continue to deal solely and directly with such Lenders in connection such Lenders' rights and obligations under the Loan Documents unless and until the parties thereto have complied with the provisions of Section 12.3. The Administrative Agent may treat the Person which made any Loan or which holds any Note as the owner thereof for all purposes hereof unless and until such Person complies with Section 12.3; provided, however, that the Administrative Agent may in its discretion (but shall not be required to) follow instructions from the Person which made any Loan or which holds any Note to direct payments relating to such Loan or Note to another Person. Any assignee of the rights to any Loan or any Note agrees by acceptance of such assignment to be bound by all the terms and provisions of the Loan Documents. Any request, authority or consent of any Person, who at the time of making such request or giving such authority or consent is the owner of the rights to any Loan (whether or not a Note has been issued in evidence thereof), shall be conclusive and binding on any subsequent holder or assignee of the rights to such Loan.

12.2. PARTICIPATIONS.

12.2.1 PERMITTED PARTICIPANTS; EFFECT. Any Lender may at any time sell to one or more banks or other entities ("Participants") participating interests in any Outstanding Revolving Credit Exposure of such Lender, any Term Loans of such Lender, any Note held by such Lender, any Revolving Loan Commitment of such Lender or any other interest of such Lender under the Loan Documents. In the event of any such sale by a Lender of participating interests to a Participant, such Lender's obligations under the Loan Documents shall remain unchanged, such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations, such Lender shall remain the owner of its Outstanding Revolving Credit Exposure and Term Loans and the holder of any Note issued to it in evidence thereof for all purposes under the Loan Documents, all amounts payable by the Borrower under this Agreement shall be determined as if such Lender had not sold such participating interests, and the Borrower and the Administrative Agent shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under the Loan Documents.

12.2.2 VOTING RIGHTS. Each Lender shall retain the sole right to approve, without the consent of any Participant, any amendment, modification or waiver of any provision of the Loan Documents other than any amendment, modification or waiver with respect to any Credit Extension or Revolving Loan Commitment in which such Participant has an interest which would require consent of all of the Lenders pursuant to the terms of Section 8.2.

12.2.3 BENEFIT OF CERTAIN PROVISIONS. To the extent permitted by law, the Borrower agrees that each Participant shall be deemed to have the right of setoff provided in Section 11.1 in respect of its participating interest in amounts owing under the Loan Documents to the same extent as if the amount of its participating interest were owing directly to it as a Lender under the Loan Documents, provided that each Lender shall

retain the right of setoff provided in Section 11.1 with respect to the amount of participating interests sold to each Participant. The Lenders agree to share with each Participant, and each Participant, by exercising the right of setoff provided in Section 11.1, agrees to share with each Lender, any amount received pursuant to the exercise of its right of setoff, such amounts to be shared in accordance with Section 11.2 as if each Participant were a Lender. The Borrower further agrees that each Participant shall be entitled to the benefits of Sections 3.1, 3.2, 3.4 and 3.5 to the same extent as if it were a Lender and had acquired its interest by assignment pursuant to Section 12.3, provided that (i) a Participant shall not be entitled to receive any greater payment under Section 3.1, 3.2 or 3.5 than the Lender who sold the participating interest to such Participant would have received had it retained such interest for its own account, unless the sale of such interest to such Participant is made with the prior written consent of the Borrower, and (ii) any Participant not incorporated under the laws of the United States of America or any State thereof agrees to comply with the provisions of Section 3.5 to the same extent as if it were a Lender.

12.3. ASSIGNMENTS.

12.3.1 PERMITTED ASSIGNMENTS. Any Lender may at any time assign to one or more banks or other entities ("Purchasers") all or any part of its rights and obligations under the Loan Documents. Such assignment shall be evidenced by an agreement substantially in the form of Exhibit C or in such other form as may be agreed to by the parties thereto (each such agreement, an "Assignment Agreement"). Each such assignment with respect to a Purchaser which is not a Lender or an Affiliate of a Lender or an Approved Fund shall either be in an amount equal to the entire applicable Revolving Loan Commitment, Term Loan Commitment and Outstanding Revolving Credit Exposure and/or Term Loans, as applicable, of the assigning Lender or (unless each of the Borrower and the Administrative Agent otherwise consents) be in an aggregate amount not less than $5,000,000. The amount of the assignment shall be based on the Revolving Loan Commitment, Term Loan Commitment, Outstanding Revolving Credit Exposure (if the Revolving Loan Commitment has been terminated) and/or outstanding Term Loans (if the Term Loan Commitment has been terminated), as applicable, subject to the assignment, determined as of the date of such assignment or as of the "Trade Date," if the "Trade Date" is specified in the Assignment Agreement.

12.3.2 CONSENTS. The consent of the Borrower shall be required prior to an assignment becoming effective unless the Purchaser is a Lender, an Affiliate of a Lender or an Approved Fund; provided that the consent of the Borrower shall not be required if (i) an Event of Default or an Unmatured Event of Default has occurred and is continuing or (ii) if such assignment is in connection with the physical settlement of any Lender's obligations to direct or indirect contractual counterparties in swap agreements relating to the Loans. The consent of the Administrative Agent shall be required prior to an assignment becoming effective unless the Purchaser is a Lender, an Affiliate of a Lender or an Approved Fund. Any consent required under this Section 12.3.2 shall not be unreasonably withheld or delayed.

12.3.3 EFFECT; EFFECTIVE DATE. Upon (i) delivery to the Administrative Agent of an Assignment Agreement, together with any consents required by Sections 12.3.1 and 12.3.2, and (ii) payment of a $3,500 fee to the Administrative Agent for processing such assignment (unless such fee is waived by the Administrative Agent), such assignment shall become effective on the effective date specified in such assignment. The Assignment Agreement shall contain a representation by the Purchaser to the effect that none of the consideration used to make the purchase of the Revolving Loan Commitment and Outstanding Revolving Credit Exposure and/or Term Loans, as applicable, under the applicable Assignment Agreement constitutes "plan assets" as defined under ERISA or Section 4975 of the Code and that the rights and interests of the Purchaser in and under the Loan Documents will not be "plan assets" under ERISA or Section 4975 of the Code. On and after the effective date of such assignment, such Purchaser shall for all purposes be a Lender party to this Agreement and any other Loan Document executed by or on behalf of the Lenders and shall have all the rights and obligations of a Lender under the Loan Documents, to the same extent as if it were an original party thereto, and the transferor Lender shall be released with respect to the Revolving Loan Commitment and Outstanding Revolving Credit Exposure and/or Term Loans, as applicable, assigned to such Purchaser without any further consent or action by the Borrower, the Lenders or the Administrative Agent. In the case of an assignment covering all of the assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be a Lender hereunder but shall continue to be entitled to the benefits of, and subject to, those provisions of this Agreement and the other Loan Documents which survive payment of the Obligations and termination of the applicable agreement. Any assignment or transfer by a Lender of rights or obligations under this Agreement that does not comply with this Section 12.3 shall be treated for purposes of this Agreement as a sale by such Lender of a participation in such rights and obligations in accordance with Section 12.2. Upon the consummation of any assignment to a Purchaser pursuant to this Section 12.3.3, the transferor Lender, the Administrative Agent and the Borrower shall, if the transferor Lender or the Purchaser desires that its Loans be evidenced by Notes, make appropriate arrangements so that new Notes or, as appropriate, replacement Notes are issued to such transferor Lender, if applicable, and new Notes or, as appropriate, replacement Notes, are issued to such Purchaser, in each case in principal amounts reflecting their respective Revolving Loan Commitments (or, if the Revolving Loan Termination Date has occurred, their respective Outstanding Revolving Credit Exposure) or Term Loan Commitments (or, if the Term Loan Commitments have been terminated, outstanding Term Loans), as applicable, as adjusted pursuant to such assignment.

12.3.4 REGISTER. The Administrative Agent, acting solely for this purpose as an agent of the Borrower, shall maintain at one of its offices in Chicago, Illinois a copy of each Assignment Agreement delivered to it and a register for the recordation of the names and addresses of the Lenders, and the Revolving Loan Commitments of, and principal amounts of the Credit Extensions owing to, each Lender pursuant to the terms hereof from time to time (the "Register"). The entries in the Register shall be conclusive, and the Borrower, the Administrative Agent and the Lenders may treat each Person whose name is recorded in the Register pursuant to the terms hereof as a Lender hereunder for all purposes of this Agreement, notwithstanding notice to the contrary. The

Register shall be available for inspection by the Borrower at any reasonable time and from time to time upon reasonable prior notice.

12.4. DISSEMINATION OF INFORMATION. The Borrower authorizes each Lender to disclose to any Participant or Purchaser or any other Person acquiring an interest in the Loan Documents by operation of law (each a "Transferee") and any prospective Transferee any and all information in such Lender's possession concerning the creditworthiness of the Borrower and its Subsidiaries, including without limitation any information contained in any Reports; provided that each Transferee and prospective Transferee agrees to be bound by Section 9.11 of this Agreement.

12.5. TAX TREATMENT. If any interest in any Loan Document is transferred to any Transferee which is not incorporated under the laws of the United States or any State thereof, the transferor Lender shall cause such Transferee, concurrently with the effectiveness of such transfer, to comply with the provisions of Section 3.5(iv).

ARTICLE XIII

NOTICES

13.1. NOTICES; EFFECTIVENESS; ELECTRONIC COMMUNICATION

13.1.1 NOTICES GENERALLY. Except in the case of notices and other communications expressly permitted to be given by telephone (and except as provided in Section 13.1.2 below), all notices and other communications provided for herein shall be in writing and shall be delivered by hand or overnight courier service, mailed by certified or registered mail or sent by telecopier as follows:

(i) if to the Borrower, at its address or telecopier number set forth on the signature page hereof;

(ii) if to the Administrative Agent, at its address or telecopier number set forth on the signature page hereof;

(iii) if to the LC Issuer, at its address or telecopier number set forth on the signature page hereof;

(iv) if to a Lender, to it at its address (or telecopier number) set forth in its Administrative Questionnaire.

Notices sent by hand or overnight courier service, or mailed by certified or registered mail, shall be deemed to have been given when received; notices sent by telecopier shall be deemed to have been given when sent (except that, if not given during normal business hours for the recipient, shall be deemed to have been given at the opening of business on the next Business Day for the recipient). Notices delivered through electronic communications to the extent provided in Section 13.1.2 below, shall be effective as provided in said Section 13.1.2.

13.1.2 ELECTRONIC COMMUNICATIONS. Notices and other communications to the Lenders and the LC Issuer hereunder may be delivered or furnished by electronic communication (including e-mail and internet or intranet websites) pursuant to procedures approved by the Administrative Agent or as otherwise determined by the Administrative Agent; provided that the foregoing shall not apply to notices to any Lender or the LC Issuer pursuant to Article II if such Lender or the LC Issuer, as applicable, has notified the Administrative Agent that it is incapable of receiving notices under such Article by electronic communication. The Administrative Agent or the Borrower may, in its respective discretion, agree to accept notices and other communications to it hereunder by electronic communications pursuant to procedures approved by it or as it otherwise determines, provided that such determination or approval may be limited to particular notices or communications. Unless the Administrative Agent otherwise prescribes, (i) notices and other communications sent to an e-mail address shall be deemed received upon the sender's receipt of an acknowledgement from the intended recipient (such as by the "return receipt requested" function, as available, return e-mail or other written acknowledgement), provided that if such notice or other communication is not given during the normal business hours of the recipient, such notice or communication shall be deemed to have been given at the opening of business on the next Business Day for the recipient, and (ii) notices or communications posted to an Internet or intranet website shall be deemed received upon the deemed receipt by the intended recipient at its e-mail address as described in the foregoing clause (i) of notification that such notice or communication is available and identifying the website address therefor.

13.2. CHANGE OF ADDRESS, ETC. Any party hereto may change its address or telecopier number for notices and other communications hereunder by notice to the other parties hereto.

ARTICLE XIV

COUNTERPARTS; INTEGRATION; EFFECTIVENESS; ELECTRONIC EXECUTION

14.1. COUNTERPARTS; EFFECTIVENESS. This Agreement may be executed in counterparts (and by different parties hereto in different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. Except as provided in Article IV, this Agreement shall become effective when it shall have been executed by the Borrower, the Administrative Agent, the LC Issuer and the Lenders and when the Administrative Agent shall have received counterparts hereof which, when taken together, bear the signatures of each of such parties hereto, and thereafter shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns. Delivery of an executed counterpart of a signature page of this Agreement by telecopy shall be effective as delivery of a manually executed counterpart of this Agreement.

14.2. ELECTRONIC EXECUTION OF ASSIGNMENTS. The words "execution," "signed," "signature," and words of like import in any Assignment Agreement shall be deemed to include electronic signatures or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature or the use of a paper-based recordkeeping system, as the case may be, to the extent and as provided for in any

applicable law, including the Federal Electronic Signatures in Global and National Commerce Act, or any other state laws based on the Uniform Electronic Transactions Act.

ARTICLE XIV

CHOICE OF LAW; CONSENT TO JURISDICTION; WAIVER OF JURY TRIAL

15.1 CHOICE OF LAW. THE LOAN DOCUMENTS (OTHER THAN THOSE CONTAINING A CONTRARY EXPRESS CHOICE OF LAW PROVISION) SHALL BE CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS (INCLUDING SECTION 5-1401 OF THE GENERAL OBLIGATIONS LAW BUT OTHERWISE WITHOUT REGARD TO CONFLICTS OF LAW PROVISIONS OR PRINCIPLES) OF THE STATE OF NEW YORK, BUT GIVING EFFECT TO FEDERAL LAWS APPLICABLE TO NATIONAL BANKS.

15.2 CONSENT TO JURISDICTION. THE BORROWER HEREBY IRREVOCABLY SUBMITS TO THE NON-EXCLUSIVE JURISDICTION OF ANY UNITED STATES FEDERAL OR NEW YORK STATE COURT SITTING IN THE BOROUGH OF MANHATTAN IN NEW YORK, NEW YORK IN ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO ANY LOAN DOCUMENTS AND THE BORROWER HEREBY IRREVOCABLY AGREES THAT ALL CLAIMS IN RESPECT OF SUCH ACTION OR PROCEEDING MAY BE HEARD AND DETERMINED IN ANY SUCH COURT AND IRREVOCABLY WAIVES ANY OBJECTION IT MAY NOW OR HEREAFTER HAVE AS TO THE VENUE OF ANY SUCH SUIT, ACTION OR PROCEEDING BROUGHT IN SUCH A COURT OR THAT SUCH COURT IS AN INCONVENIENT FORUM. ANY JUDICIAL PROCEEDING BY THE BORROWER AGAINST THE ADMINISTRATIVE AGENT, THE LC ISSUER, ANY LENDER OR ANY HOLDER OF SECURED OBLIGATIONS OR ANY AFFILIATE OF THE ADMINISTRATIVE AGENT, THE LC ISSUER, ANY LENDER OR ANY HOLDER OF SECURED OBLIGATIONS INVOLVING, DIRECTLY OR INDIRECTLY, ANY MATTER IN ANY WAY ARISING OUT OF, RELATED TO, OR CONNECTED WITH ANY LOAN DOCUMENT MAY BE BROUGHT IN A COURT IN THE BOROUGH OF MANHATTAN IN NEW YORK, NEW YORK. NOTHING HEREIN SHALL LIMIT THE RIGHT OF THE ADMINISTRATIVE AGENT, THE LC ISSUER, ANY LENDER OR ANY HOLDER OF SECURED OBLIGATIONS TO BRING PROCEEDINGS AGAINST THE BORROWER OR LIMIT THE RIGHTS OF THE BORROWER TO BRING PROCEEDINGS AGAINST SUCH OTHER PARTY IN THE COURTS OF ANY OTHER JURISDICTION.

15.3 WAIVER OF JURY TRIAL. THE BORROWER, THE ADMINISTRATIVE AGENT, THE LC ISSUER, EACH LENDER, AND EACH OTHER HOLDER OF SECURED OBLIGATIONS HEREBY WAIVE TRIAL BY JURY IN ANY JUDICIAL PROCEEDING INVOLVING, DIRECTLY OR INDIRECTLY, ANY MATTER (WHETHER SOUNDING IN TORT, CONTRACT OR OTHERWISE) IN ANY WAY ARISING OUT OF, RELATED TO, OR CONNECTED WITH ANY LOAN DOCUMENT OR THE RELATIONSHIP ESTABLISHED THEREUNDER.

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IN WITNESS WHEREOF, the Borrower, the Lenders, the LC Issuer and the Administrative Agent have executed this Agreement as of the date first above written.

ROTO-ROOTER, INC.
as the Borrower

By: /s/ Naomi C. Dallob

Print Name: Naomi C. Dallob
Title: Secretary
2600 Chemed Center
255 East Fifth Street
Cincinnati, OH 45202

Attention: Timothy S. O'Toole
Telephone: (513) 762-6702
FAX: (513) 287-6216

BANK ONE, NA (MAIN OFFICE CHICAGO), as a Lender, as Swing Line Lender, as LC Issuer, and as Administrative Agent

By: /s/ Thomas J. Reinhold

Print Name: Thomas J. Reinhold
Title: Vice President
8044 Montgomery Road
OH3-4017
Cincinnati, OH 45236

Attention: Thomas J. Reinhold
Telephone: (513) 985-5118
Facsimile: (513) 985-5760

COMMITMENT SCHEDULE

REVOLVING LOAN COMMITMENTS

Lender	Amount of Revolving Loan Commitment	% of Aggregate Revolving Loan Commitment
Bank One, NA	$100,000,000.00	100%
TOTAL	$100,000,000.00	100%

TERM LOAN COMMITMENTS ON FOLLOWING PAGE

TERM LOAN COMMITMENTS

Lender	Amount of Term Loan Commitment	% of Aggregate Term Loan Loan Commitment
Bank One, NA	$35,000,000.00	100%
TOTAL	$35,000,000.00	100%

PRICING SCHEDULE

APPLICABLE MARGIN	LEVEL I STATUS	LEVEL II STATUS	LEVEL III STATUS	LEVEL IV STATUS	LEVEL V STATUS	LEVEL VI STATUS	LEVEL VII STATUS
Eurodollar Rate for Revolving Loans	3.75%	3.50%	3.25%	3.00%	2.75%	2.50%	2.00%
Eurodollar Rate for Term Loans	4.00%	3.75%	3.50%	3.25%	3.00%	2.75%	2.25%
Floating Rate for Revolving Loans and Term Loans	2.50%	2.25%	2.00%	1.75%	1.50%	1.25%	0.75%

APPLICABLE MARGIN	LEVEL I STATUS	LEVEL II STATUS	LEVEL III STATUS	LEVEL IV STATUS	LEVEL V STATUS	LEVEL VI STATUS	LEVEL VII STATUS
Commitment Fee	0.50%	0.50%	0.50%	0.50%	0.50%	0.375%	0.375%

For the purposes of this Schedule, the following terms have the following meanings, subject to the final paragraph of this Schedule:

"FINANCIALS" means the annual or quarterly financial statements of the Borrower delivered pursuant to Section 6.1.

"LEVEL I STATUS" exists at any date if, as of the last day of the fiscal quarter of the Borrower referred to in the most recent Financials, the Leverage Ratio is equal to or greater than 5.00 to 1.00.

"LEVEL II STATUS" exists at any date if, as of the last day of the fiscal quarter of the Borrower referred to in the most recent Financials, (i) the Borrower has not qualified for Level I Status and (ii) the Leverage Ratio is equal to or greater than 4.75 to 1.00 but less than 5.00 to 1.00.

"LEVEL III STATUS" exists at any date if, as of the last day of the fiscal quarter of the Borrower referred to in the most recent Financials, (i) the Borrower has not qualified for Level I Status or Level II Status and (ii) the Leverage Ratio is equal to or greater than 4.00 to 1.00 but less than 4.75 to 1.00.

"LEVEL IV STATUS" exists at any date if, as of the last day of the fiscal quarter of the Borrower referred to in the most recent Financials, (i) the Borrower has not qualified for Level I Status, Level II Status or Level III Status and (ii) the Leverage Ratio is equal to or greater than 3.50 to 1.00 but less than 4.00 to 1.00.

"LEVEL V STATUS" exists at any date if, as of the last day of the fiscal quarter of the Borrower referred to in the most recent Financials, (i) the Borrower has not qualified for Level I Status, Level II Status, Level III Status or Level IV Status and (ii) the Leverage Ratio is equal to or greater than 3.00 to 1.00 but less than 3.50 to 1.00.

"LEVEL VI STATUS" exists at any date if, as of the last day of the fiscal quarter of the Borrower referred to in the most recent Financials, (i) the Borrower has not qualified for Level I Status, Level II Status, Level III Status, Level IV Status or Level V Status and (ii) the Leverage Ratio is equal to or greater than 2.50 to 1.00 but less than 3.00 to 1.00.

"LEVEL VII STATUS" exists at any date if, as of the last day of the fiscal quarter of the Borrower referred to in the most recent Financials, the Borrower has not qualified for Level I Status, Level II Status, Level III Status, Level IV Status, Level V Status, or Level VI Status.

"STATUS" means either Level I Status, Level II Status, Level III Status, Level IV Status, Level V Status, Level VI Status or Level VII Status.

The Applicable Margin and Applicable Fee Rate shall be determined in accordance with foregoing table based on the Borrower's Status as reflected in the then most recent Financials. Adjustments, if any, to the Applicable Margin or Applicable Fee Rate shall be effective five Business Days after the Administrative Agent has received the applicable Financials. If the Borrower fails to deliver the Financials to the Administrative Agent at the time required pursuant to Section 6.1, then the Applicable Margin and Applicable Fee Rate shall be the highest Applicable Margin and Applicable Fee Rate set forth in the foregoing table until five days after such Financials are so delivered.

Notwithstanding the foregoing, Level III Status shall be in effect until the Administrative Agent receives the Financials for the Borrower's fiscal quarter ending on June 30, 2004 and adjustments to the Applicable Margin and Applicable Fee Rate shall thereafter be effected in accordance with the preceding paragraph.

EXHIBIT 10.45

EXECUTION COPY

PLEDGE AND SECURITY AGREEMENT

THIS PLEDGE AND SECURITY AGREEMENT, dated as of February 24, 2004 (as the same may be amended, restated, supplemented or otherwise modified from time to time, the "Security Agreement"), is entered into by and among ROTO-ROOTER, INC., a Delaware corporation (the "Borrower"), the Subsidiaries of the Borrower set forth on the signature pages hereto (together with the Borrower, the "Initial Grantors"), those additional Subsidiaries of the Borrower, whether now existing or hereafter formed, which become parties to this Security Agreement by executing a supplement hereto (a "Security Agreement Supplement") in substantially the form of Annex I hereto (such additional Subsidiaries, together with the Initial Grantors, the "Grantors"), and BANK ONE, NA, a national banking association having its principal office in Chicago, Illinois, in its capacity as Collateral Agent (the "Collateral Agent") under the Intercreditor Agreement (as defined below).

PRELIMINARY STATEMENT

WHEREAS, the Borrower, certain financial institutions (the "Lenders"), and Bank One, NA (Main Office Chicago), as Administrative Agent (the "Administrative Agent"), have entered into a Credit Agreement dated as of February 24, 2004 (as the same may be amended, restated, supplemented or otherwise modified from time to time, the "Existing Credit Agreement", and together with the other "Loan Documents" as defined therein, the "Bank Group Documents");

WHEREAS, the Grantors (other than the Borrower) shall guaranty the Borrower's obligations under the Existing Credit Agreement and the agreements, documents and instruments delivered in connection therewith pursuant to a Guaranty Agreement dated as of February 24, 2004 (as the same may be amended, restated, supplemented or otherwise modified from time to time, the "Existing Credit Agreement Guaranty");

WHEREAS, the Borrower has entered into an Indenture, dated as of February 24, 2004 (as the same may be amended, restated, supplemented or otherwise modified from time to time, the "Note Indenture") pursuant to which the Borrower has issued, in an initial aggregate principal amount equal to $110,000,000, certain Floating Rate Senior Secured Notes due 2010 (as the same may be amended, restated, supplemented or otherwise modified from time to time, the "Senior Secured Notes" and together with (i) the exchange notes issued in exchange therefor as contemplated by the Registration Rights Agreement dated as of February 24, 2004, among the Borrower, the other Grantors and the "Purchasers" (as defined therein) and (ii) any additional notes issued under the Note Indenture by the Borrower, to the extent permitted by the Note Indenture and the Existing Credit Agreement, the "Notes"), and pursuant to which the Grantors (other than the Borrower) shall guaranty the Borrower's obligations under the Note

Indenture, the Notes and the agreements, documents and instruments delivered in connection therewith;

WHEREAS, the Grantors wish to secure, on an equal and ratable basis, their respective obligations under the Existing Credit Agreement, the Note Indenture, the Notes and the agreements, documents and instruments delivered in connection therewith and certain other obligations, including, without limitation, the Existing Credit Agreement Guaranty (collectively, as the same may be amended, restated, supplemented or otherwise modified from time to time, together with the "Senior Loan Documents" and the "Noteholder Documents" (as each is defined in the Intercreditor Agreement), the "Roto-Rooter Credit Documents"), pursuant to this Security Agreement; and

WHEREAS, in accordance with the Collateral Sharing Agreement, dated as of February 24, 2004, by and among the Administrative Agent for the benefit of the Lenders, Wells Fargo Bank, National Association, as Trustee (the "Trustee") for the benefit of the holders of the Notes, the Collateral Agent and the Borrower (as the same may be amended, restated, supplemented or otherwise modified from time to time, the "Intercreditor Agreement"), the Administrative Agent on behalf of the Lenders and the Trustee on behalf of the holders of the Notes (collectively, together with the other "Secured Parties" (as defined in the Intercreditor Agreement) the "Roto-Rooter Creditors") have appointed the Collateral Agent to be the beneficiary of the Liens granted hereunder;

NOW THEREFORE, in consideration of the premises set forth herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Grantors and the Collateral Agent, on behalf of the Roto-Rooter Creditors, hereby agree as follows:

ARTICLE I

DEFINITIONS

1.1. TERMS DEFINED IN NEW YORK UNIFORM COMMERCIAL CODE. Terms defined in the New York UCC which are not otherwise defined in this Security Agreement are used herein as defined in the New York UCC.

1.2. DEFINITIONS OF CERTAIN TERMS USED HEREIN. As used in this Security Agreement, in addition to the terms defined in the Preliminary Statement, the following terms shall have the following meanings. Capitalized terms used but not defined herein have the meanings given to them in the Intercreditor Agreement.

"Accounts" shall have the meaning set forth in Article 9 of the New York UCC.

"Applicable Pledge Percentage" means 100%, but (x) 65% in the case of a pledge of capital stock of a Foreign Subsidiary or (y) 0% in the case of a pledge of capital stock of a Foreign Subsidiary to the extent a pledge would cause a Financial Assistance Problem.

"ARTICLE" means a numbered article of this Security Agreement, unless another document is specifically referenced.

"CHATTEL PAPER" shall have the meaning set forth in Article 9 of the New York UCC.

"CHEMED CAPITAL TRUST" means Chemed Capital Trust, a Delaware statutory business trust and a wholly-owned Subsidiary of the Borrower, together with its permitted successors and assigns.

"COLLATERAL" means all Accounts, Chattel Paper, Commercial Tort Claims, Deposit Accounts, Documents, Equipment, General Intangibles, Goods, Instruments, Inventory, Investment Property, Letter-Of-Credit Rights, Letters of Credit, Pledged Deposits and Supporting Obligations with respect to the foregoing, wherever located in which any Grantor now has or hereafter acquires any right or interest, and the proceeds (including Stock Rights), insurance proceeds and products thereof, together with all books and records, customer lists, credit files, computer files, programs, printouts and other computer materials and records related thereto, any cash or cash equivalents to the extent deposited into the Special Letter of Credit Cash Collateral Account to collateralize Letters of Credit issued under the Existing Credit Agreement; provided that such amounts deposited into the Special Letter of Credit Cash Collateral Account shall only be applied to satisfy LC Obligations owing under and as defined in the Existing Credit Agreement until such time as all such Letters of Credit giving rise to LC Obligations expire or are terminated and all amounts owing as a result of draws under such Letters of Credit have been satisfied). Notwithstanding the foregoing, the Collateral shall not include (a) any property to the extent that such grant of a security interest is prohibited by any law of a Governmental Authority, requires a consent not obtained of any Governmental Authority pursuant to such law or is prohibited by, or constitutes a breach or default under, or gives rise to a right on the part of the parties thereto other than a Grantor to terminate (or to materially modify), or requires any consent not obtained under, any contract, lease, license, agreement, instrument or other document or, in the case of any Investment Property, any applicable shareholder or similar agreement, except to the extent that such law or the term in such contract, lease, license, agreement, instrument or other document or shareholder or similar agreement providing for such prohibition, breach, default or right of termination or modification or requiring such consent is ineffective under applicable law, or (b) Excluded Equity Interests.

"COMMERCIAL TORT CLAIMS" means all rights and interests in and to any commercial tort claims which are listed on Exhibit "C" hereto or which are listed on a Supplement to such Exhibit.

"CONTROL" shall have the meaning set forth in Article 8 or, if applicable, in Section 9-104, 9-105, 9-106 or 9-107 of Article 9 of the New York UCC.

"DEPOSIT ACCOUNTS" shall have the meaning set forth in Article 9 of the New York UCC.

"DOMESTIC SUBSIDIARY" means any Subsidiary of any Person organized under the laws of a jurisdiction located in the United States of America.

"DOCUMENTS" shall have the meaning set forth in Article 9 of the New York UCC.

"EQUIPMENT" shall have the meaning set forth in Article 9 of the New York UCC.

"EXCLUDED EQUITY INTERESTS" means (i) equity interests in Roto-Rooter of Canada, Ltd., Chemed Capital Trust and VNF, (ii) more than 40% of the equity interests of RR Plumbing Services Corporation, (iii) more than 49% of the equity interests of Complete Plumbing Services, Inc., (iv) more than 80% of the equity interest of Nurotoco of New Jersey, Inc., (v) more than the Applicable Pledge Percentage of any Foreign Subsidiary, and (vi) equity interests in any Foreign Subsidiary other than a First Tier Foreign Subsidiary.

"EXHIBIT" refers to a specific exhibit to this Security Agreement (as supplemented from time to time), unless another document is specifically referenced.

"FACILITY LCs" shall have the meaning set forth in the Existing Credit Agreement.

"FINANCIAL ASSISTANCE PROBLEM" means, with respect to any Foreign Subsidiary, the inability of such Foreign Subsidiary to permit its assets from being pledged pursuant to a pledge or security agreement on account of legal or financial limitations imposed by the jurisdiction of organization of such Foreign Subsidiary or other relevant jurisdictions having authority over such Foreign Subsidiary, in each case as determined by the Borrower in its commercially reasonable judgment acting in good faith and in consultation with its legal and tax advisors.

"FIRST TIER FOREIGN SUBSIDIARY" means each Foreign Subsidiary with respect to which any one or more of the Borrower and its Domestic Subsidiaries directly owns more than 50% of such Foreign Subsidiary's issued and outstanding ordinary equity interests.

"FOREIGN SUBSIDIARY" means any Subsidiary of any Person which is not a Domestic Subsidiary of such Person.

"GENERAL INTANGIBLES" shall have the meaning set forth in Article 9 of the New York UCC.

"GOODS" shall have the meaning set forth in Article 9 of the New York UCC.

"GOVERNMENTAL AUTHORITY" means any nation or government, any foreign, federal, state, local or other political subdivision thereof and any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government.

"INSTRUMENTS" shall have the meaning set forth in Article 9 of the New York UCC.

"INVENTORY" shall have the meaning set forth in Article 9 of the New York UCC.

"INVESTMENT PROPERTY" shall have the meaning set forth in Article 9 of the New York UCC.

"LC ISSUER" shall have the meaning set forth in the Existing Credit Agreement.

"LC OBLIGATIONS" shall have the meaning set forth in the Existing Credit Agreement.

"LETTER-OF-CREDIT RIGHTS" shall have the meaning set forth in Article 9 of the New York UCC.

"LETTERS OF CREDIT" shall have the meaning set forth in Article 5 of the New York UCC.

"LIEN" means any lien (statutory or other), security interest, mortgage, pledge, hypothecation, assignment, deposit arrangement, or encumbrance of any kind or nature whatsoever (including, without limitation, the interest of a vendor or lessor under any conditional sale, capitalized lease or other title retention agreement, and, in the case of stock agreements, any purchase option, call or similar right of a Person with respect to such stock).

"NEW YORK UCC" means the New York Uniform Commercial Code as in effect from time to time.

"OBLIGATIONS" means "Secured Obligations" as defined in the Intercreditor Agreement.

"PERSON" means any individual, corporation, firm, enterprise, partnership, trust, incorporated or unincorporated association, joint venture, joint stock company, limited liability company or other entity of any kind, or any government or political subdivision or any agency, department or instrumentality thereof.

"PLEDGED DEPOSITS" means all time deposits of money (other than Deposit Accounts and Instruments), whether or not evidenced by certificates, which a Grantor may from time to time designate as pledged to the Collateral Agent or to any Roto-Rooter Creditor as security for any Obligation, and all rights to receive interest on said deposits.

"RECEIVABLES" means the Accounts, Chattel Paper, Documents, Investment Property, Instruments or Pledged Deposits, and any other rights or claims to receive money which are General Intangibles or which are otherwise included as Collateral.

"RELEVANT DATE" means (i) in respect of the Initial Grantors, the date of this Security Agreement and (ii) in respect any Grantor that becomes a party to this Security Agreement pursuant to the execution of a Security Agreement Supplement, the date of such Security Agreement Supplement.

"REQUISITE LENDERS" means the "Instructing Group" as defined in the Intercreditor Agreement.

"ROTO-ROOTER DEFAULT" means (i) any "Event of Default" under and as defined in the Existing Credit Agreement and (ii) any "Event of Default" under and as defined in the Note Indenture.

"SECTION" means a numbered section of this Security Agreement, unless another document is specifically referenced.

"SECURITY" has the meaning set forth in Article 8 of the New York UCC.

"STOCK RIGHTS" means any securities, dividends or other distributions and any other right or property which any Grantor shall receive or shall become entitled to receive for any reason whatsoever with respect to, in substitution for or in exchange for any securities or other ownership interests in a corporation, partnership, joint venture or limited liability company constituting Collateral and any securities, any right to receive securities and any right to receive earnings, in which any Grantor now has or hereafter acquires any right, issued by an issuer of such securities.

"SUBSIDIARY" of a Person means (i) any corporation of which more than 50% of the outstanding securities having ordinary voting power shall at the time be owned or controlled, directly or indirectly, by such Person or by one or more of its Subsidiaries or by such Person and one or more of its Subsidiaries, or (ii) any partnership, limited liability company, association, joint venture or similar business organization of which more than 50% of the ownership interests having ordinary voting power shall at the time be so owned or controlled. Unless otherwise expressly provided, all references herein to a "Subsidiary" means a Subsidiary of the Borrower, including, without limitation, the Target.

"SUPPORTING OBLIGATION" shall have the meaning set forth in Article 9 of the New York UCC.

"TARGET" means Vitas Healthcare Corporation, a Delaware corporation.

"VNF" means Vitas of North Florida, Inc., a Florida not-for-profit corporation and a wholly-owned Subsidiary of the Target.

The foregoing definitions shall be equally applicable to both the singular and plural forms of the defined terms.

ARTICLE II

GRANT OF SECURITY INTEREST

Each of the Grantors hereby pledges, assigns and grants to the Collateral Agent, on behalf of and for the ratable benefit of the Roto-Rooter Creditors, a security interest in all of such Grantor's right, title and interest in and to (i) all capital stock or other equity interests held or owned by such Grantor (other than Excluded Equity Interests, directors' qualifying shares or shares issued to third parties to the extent necessary to satisfy any licensing requirements under applicable law with respect to such Grantor's business) and

(ii) all other Collateral, whether now owned or hereafter acquired, to secure the prompt and complete payment and performance when due (whether at stated maturity, by acceleration or otherwise) of the Obligations.

ARTICLE III

REPRESENTATIONS AND WARRANTIES

Each of the Initial Grantors represents and warrants to the Collateral Agent and the Roto-Rooter Creditors and each Grantor that becomes a party to this Security Agreement pursuant to the execution of a Security Agreement Supplement represents and warrants (after giving effect to supplements to each of the Exhibits hereto with respect to such subsequent Grantor as attached to such Security Agreement Supplement), that:

3.1. TITLE, AUTHORIZATION, VALIDITY AND ENFORCEABILITY. Such Grantor has good and valid rights in or the power to transfer the Collateral owned by it and title to the Collateral owned by it with respect to which it has purported to grant a security interest hereunder, free and clear of all Liens except for Liens permitted under Section 4.1.6, and has full power and authority to grant to the Collateral Agent the security interest in such Collateral pursuant hereto. The execution and delivery by such Grantor of this Security Agreement has been duly authorized by proper corporate or other proceedings, and this Security Agreement constitutes a legal, valid and binding obligation of such Grantor and creates a security interest which is enforceable against such Grantor in all Collateral it now owns or hereafter acquires, except as enforceability may be limited by (i) bankruptcy, insolvency, fraudulent conveyances, reorganization or similar laws relating to or affecting the enforcement of creditors' rights generally, (ii) general equitable principles (whether considered in a proceeding in equity or at law), and (iii) requirements of reasonableness, good faith and fair dealing. As of the Relevant Date for such Grantor and to the extent governed by the New York UCC, when UCC financing statements have been filed in the appropriate offices against such Grantor in the locations listed on Exhibit "F", the Collateral Agent will have a fully perfected first priority security interest in that Collateral owned by such Grantor in which a security interest may be perfected by filing, subject only to Liens permitted under Section 4.1.5.

3.2. [RESERVED].

3.3. TYPE AND JURISDICTION OF ORGANIZATION. As of the Relevant Date for such Grantor, such Grantor's exact legal name and jurisdiction of incorporation, organization or formation (as the case may be) are set forth in Exhibit "A".

3.4. PRINCIPAL LOCATION. As of the Relevant Date for such Grantor, such Grantor's mailing address and the location of its place of business (if it has only one) or its chief executive office (if it has more than one place of business), is set forth in Exhibit "A". Such Grantor has no other places of business except those set forth in Exhibit "A".

3.5. PROPERTY LOCATIONS. As of the Relevant Date for such Grantor, the Inventory and Equipment of such

Grantor are located solely at the locations of such Grantor described in Exhibit "A" except to the extent that such Inventory or Equipment, as the case may be, is in transit, has been sold in accordance with the Roto-Rooter Credit Documents or is immaterial to the business of such Grantor. All of said locations are owned by such Grantor except for locations (i) which are leased by such Grantor as lessee and designated in Part B of Exhibit "A" and (ii) at which Inventory is held in a public warehouse or is otherwise held by a bailee or on consignment as designated in Part C of Exhibit "A".

3.6. NO OTHER NAMES. As of the Relevant Date for such Grantor, except as described in Part D of Exhibit A, such Grantor has not conducted business under any name (except immaterial fictitious tradenames) within the past five (5) years except the name in which it has executed this Security Agreement, which is the exact name as it appears in such Grantor's organizational documents, as amended, as filed with such Grantor's jurisdiction of organization.

3.7. [RESERVED].

3.8. FILING REQUIREMENTS. As of the Relevant Date for such Grantor, none of the Collateral owned by such Grantor is of a type for which security interests or liens may be perfected by filing under any federal statute except for those patents, trademarks and copyrights held by any Grantor that are described in Exhibit "B" and Collateral owned by such Grantor in which security interests or liens can only be perfected through compliance with the terms of the Federal Assignment of Claims Act.

3.9. NO FINANCING STATEMENTS. No financing statement describing all or any portion of the Collateral which has not lapsed or been terminated naming such Grantor as debtor has been filed in any jurisdiction except (i) financing statements naming the Collateral Agent on behalf of the Roto-Rooter Creditors as the secured party, (ii) as described in Exhibit "D", (iii) as permitted by Section 4.1.5 or (iv) financing statements not authorized by such Grantor or that relate to Liens that have been released.

3.10. FEDERAL EMPLOYER IDENTIFICATION NUMBER; STATE ORGANIZATION NUMBER. As of the Relevant Date for such Grantor, such Grantor's Federal employer identification number, and if such Grantor is a registered organization, such Grantor's State organization number, are set forth on Exhibit "A".

3.11. PLEDGED SECURITIES AND OTHER INVESTMENT PROPERTY. Exhibit "E" (or any Supplement to such Exhibit) sets forth a complete and accurate list of (i) all of the capital stock, ownership interests or membership interests and the ownership percentages thereof, owned by the Grantors and (ii) the Instruments, Securities and other Investment Property delivered to the Collateral Agent pursuant hereto, excluding, however, the Excluded Equity Interests, which are not required to be delivered hereunder (the "Pledged Securities"). Each Grantor is the direct and beneficial owner of each Instrument, Security and other type of Investment Property listed on Exhibit "E" (or any Supplement to such Exhibit) as being owned by it, free and clear of any Liens, except for the security interest granted to the Collateral Agent for the benefit of the Roto-Rooter Creditors hereunder, Liens permitted under Section 4.1.5 and transfers permitted by the

Roto-Rooter Credit Documents; provided that the Securities pledged shall not include the Excluded Equity Interests. Each Grantor further represents and warrants that:

3.11.1 All such Instruments, Securities or other types of Investment Property owned by it which are shares of stock in a corporation or ownership interests in a partnership or limited liability company have been (to the extent such concepts are relevant with respect to such Instrument, Security or other type of Investment Property) duly and validly issued, are fully paid and non-assessable;

3.11.2 The shares of capital stock, ownership interests or membership interests owned by it with respect to a subsidiary of the Borrower set forth on Exhibit "E" or on any Supplement to such Exhibit represent the aggregate outstanding amount of all of the capital stock, ownership interests or membership interests, as applicable, of such subsidiary required to be pledged hereunder pursuant to the Roto-Rooter Credit Documents and the ownership percentages thereof; and

3.11.3 With respect to any certificates delivered to the Collateral Agent representing an ownership interest in a partnership or limited liability company, either such certificates are Securities as defined in Article 8 of the Uniform Commercial Code of the applicable jurisdiction as a result of actions by the issuer or otherwise, or, if such certificates are not Securities, such Grantor has so informed the Collateral Agent so that the Collateral Agent may take steps to perfect its security interest therein as a General Intangible.

ARTICLE IV

COVENANTS

From the date of this Security Agreement, and thereafter until this Security Agreement is terminated, each of the Initial Grantors agrees, and from and after the effective date of any Security Agreement Supplement applicable to any Grantor (after giving effect to supplements to each of the Exhibits hereto with respect to such subsequent Grantor as attached to such Security Agreement Supplement) and thereafter until this Security Agreement is terminated, each such subsequent Grantor agrees:

4.1. GENERAL.

4.1.1 INSPECTION. Each Grantor will permit the Collateral Agent, at any time, and upon the occurrence and during the continuance of a Roto-Rooter Default, any Roto-Rooter Creditor, by its representatives and agents (i) to inspect the Collateral, (ii) to examine and make copies of the records of such Grantor relating to the Collateral and (iii) to discuss the Collateral and the related records of such Grantor with, and to be advised as to the same by, such Grantor's officers and employees (and, in the case of any Receivable, with any Person or entity

which is or may be obligated thereon), all at such reasonable times and intervals as the Collateral Agent, at any time, and upon the occurrence and during the continuance of a Roto-Rooter Default, such Roto-Rooter Creditor, may reasonably determine, and all at such Grantor's expense.

4.1.2 RECORDS AND REPORTS. Each Grantor shall keep and maintain such complete, accurate and proper books and records with respect to the Collateral owned by such Grantor as is consistent with its current practices and in accordance with such prudent and standard practices used in industries that are the same as or similar to those in which such Grantor is engaged, and furnish to the Collateral Agent such reports with respect to the identity, amount and location of the Collateral as the Collateral Agent shall from time to time reasonably request.

4.1.3 FINANCING STATEMENTS AND OTHER ACTIONS; DEFENSE OF TITLE. Each Grantor hereby authorizes the Collateral Agent to file, and if requested will deliver to the Collateral Agent, all financing statements describing the Collateral owned by such Grantor and other documents and take such other actions as may from time to time be reasonably requested by the Collateral Agent in order to maintain a first priority perfected security interest in and, if applicable, Control of, the Collateral owned by such Grantor, subject only to Liens permitted under Section 4.1.5 and transfers permitted by the Roto-Rooter Credit Documents. Such financing statements may describe the Collateral in the same manner as described herein or may contain an indication or description of the Collateral that describes the property constituting Collateral in any other manner as the Collateral Agent may reasonably determine is necessary, advisable or prudent to ensure that the perfection of the security interest in the Collateral granted to the Collateral Agent herein, including, without limitation, describing such property as "all assets" or "all personal property whether now owned or hereafter acquired" or "all of the debtor's personal property and other assets, whether now owned or existing or hereafter acquired or arising, together with all products and proceeds thereof, substitutions and replacements therefor, and additions and accessions thereto." Each Grantor will take any and all actions necessary to defend title to the Collateral owned by such Grantor against all Persons and to defend the security interest of the Collateral Agent in such Collateral and the priority thereof against any Lien not expressly permitted hereunder. Notwithstanding anything to the contrary set forth herein, prior to the occurrence of a Roto-Rooter Default and the acceleration of the repayment of the Obligations as a result thereof, no Grantor shall be required to grant Control of any Deposit Account (or any "Securities Account" as defined in Article 8 of the New York UCC) to the Collateral Agent other than Deposit Accounts maintained with Bank One, NA or an affiliate thereof; provided, that no Grantor shall be required to comply with the terms of the Federal Assignment of Claims Act in connection with its pledge of any Collateral to the Collateral Agent.

4.1.4 DISPOSITION OF COLLATERAL. No Grantor will sell, lease or otherwise dispose of any Collateral owned by it except (i) sales or leases of Inventory in the ordinary course of business, (ii) proceeds of Inventory and Accounts collected in

the ordinary course of business and (iii) dispositions not prohibited by the Existing Credit Agreement and the Note Indenture unless and until the Collateral Agent shall notify the Grantors that a Roto-Rooter Default shall have occurred and be continuing and that during the continuance thereof the Grantors shall not sell or otherwise dispose of such Collateral.

4.1.5 LIENS. No Grantor will create, incur, or suffer to exist any Lien on any Collateral owned by it except (i) the security interest created by this Security Agreement, (ii) existing Liens described in Exhibit "D", (iii) other Liens permitted pursuant to the applicable provisions of the Senior Loan Documents (including Section 6.15 of the Existing Credit Agreement) and the applicable provisions of the Note Indenture, (iv) filings under any federal statute for patents, trademarks, and copyrights and (v) Collateral in which security interests or liens can only be perfected through compliance with the terms of the Federal Assignment of Claims Act.

4.1.6 CHANGE IN CORPORATE EXISTENCE, TYPE OR JURISDICTION OF ORGANIZATION, LOCATION, NAME. Each Grantor will:

(i) not change its jurisdiction of organization;

(ii) not maintain its place of business (if it has only one) or its chief executive office (if it has more than one place of business) at a location other than a location specified on Exhibit "A"; and

(iii) not change its name or taxpayer identification number,

unless, in each such case, such Grantor shall have given the Collateral Agent prior written notice of such event or occurrence and either (x) the Collateral Agent shall have reasonably determined that such event or occurrence will not adversely affect the validity, perfection or priority of the Collateral Agent's security interest in the Collateral, or (y) there shall have been taken such steps (with the cooperation of such Grantor to the extent necessary or advisable) as are reasonably necessary to properly maintain the validity, perfection and priority of the Collateral Agent's security interest in the Collateral owned by such Grantor.

4.1.7 OTHER FINANCING STATEMENTS. No Grantor will sign or authorize the signing on its behalf or authorize the filing of any financing statement naming it as debtor covering all or any portion of the Collateral owned by such Grantor, except any financing statement authorized under Section 4.1.3. or any financing statement filed in connection with a Lien permitted under Section 4.1.5.

4.2. CERTAIN AGREEMENTS ON RECEIVABLES. Without the Collateral Agent's consent, no Grantor will make or agree to make any discount, credit, rebate or other reduction in the original amount owing on a Receivable or accept in satisfaction of a Receivable less than the original amount thereof, except in the ordinary course of business.

4.3. INSTRUMENTS, SECURITIES, DOCUMENTS AND PLEDGED DEPOSITS. Each Grantor will (i) hold in trust for the Collateral Agent upon receipt and promptly thereafter deliver to the Collateral Agent any Security or Instrument constituting Collateral with a value in excess of $1,000,000, (ii) upon the designation of any Pledged Deposits, deliver to the Collateral Agent such Pledged Deposits which are evidenced by certificates included in the Collateral endorsed in blank, marked with such legends and assigned as the Collateral Agent shall specify, and (iii) upon the Collateral Agent's request, upon the occurrence and during the continuance of a Roto-Rooter Default, deliver to the Collateral Agent (and thereafter hold in trust for the Collateral Agent upon receipt and promptly deliver to the Collateral Agent) any Document evidencing or constituting Collateral.

Notwithstanding anything to the contrary in this Security Agreement, so long as no Roto-Rooter Default has occurred and is continuing, any promissory notes (such notes described in clauses (i) and (ii) below being referred to herein as "Employee Notes") (i) in an aggregate amount not to exceed at any time $500,000, made to any Grantor by any of its officers, directors or employees in connection with compensation arrangements approved by a majority of the disinterested directors on its board of directors (or a committee thereof) or (ii) permitted in accordance with the terms of the Roto-Rooter Credit Documents (A) shall not be required to be delivered to Collateral Agent and (B) may be modified, replaced, terminated or forgiven, in whole or in part, from time to time (but not sold or otherwise transferred to any other Person) upon the approval of a majority of the disinterested directors of the board of directors of such Grantor without further approval of the Collateral Agent or the Roto- Rooter Creditors.

4.4. UNCERTIFICATED SECURITIES AND CERTAIN OTHER INVESTMENT PROPERTY. Each Grantor will permit the Collateral Agent from time to time to cause the appropriate issuers (and, if held with a securities intermediary, such securities intermediary) of uncertificated securities or other types of Investment Property not represented by certificates which are Collateral owned by such Grantor to mark their books and records with the numbers and face amounts of all such uncertificated securities or other types of Investment Property not represented by certificates and all rollovers and replacements therefor to reflect the Lien of the Collateral Agent granted pursuant to this Security Agreement. At the request and option of the Collateral Agent, each Grantor will take any actions necessary to cause (i) the issuers of uncertificated securities which are Collateral and which are Securities and (ii) any financial intermediary which is the holder of any Investment Property, to cause the Collateral Agent to have and retain Control over such Securities or other Investment Property. Without limiting the foregoing, each Grantor will, if reasonably requested by the Collateral Agent, with respect to Investment Property that is Collateral held with a financial intermediary, use commercially reasonable efforts to cause such financial intermediary to enter into a control agreement with the Collateral Agent in form and substance reasonably satisfactory to the Collateral Agent. The Collateral Agent agrees with each of the Grantors that the Collateral Agent shall not give any entitlement orders or instructions or directions to any such issuer or intermediary, and shall not withhold its consent to the exercise of any withdrawal or dealing rights by any Grantor, unless a Roto-Rooter Default has occurred and is continuing, or, after giving effect to any such investment and withdrawal rights, would occur. If the Collateral Agent does give any entitlement orders or instructions or directions pursuant to this Section 4.4,

the Collateral Agent agrees with each of the Grantors that the Collateral Agent shall withdraw any entitlement orders or instructions or directions within three (3) Business Days after all Roto-Rooter Defaults have been cured or waived. The provisions of this paragraph shall not apply to any financial assets credited to a "Securities Account" (as defined in Article 8 of the New York UCC) for which the Collateral Agent is the "Securities Intermediary" (as defined in Article 8 of the New York UCC).

4.5. STOCK AND OTHER OWNERSHIP INTERESTS.

4.5.1 REGISTRATION OF PLEDGED SECURITIES AND OTHER INVESTMENT PROPERTY. Each Grantor will permit any registerable Collateral owned by such Grantor to be registered in the name of the Collateral Agent or its nominee at any time at the election of the Collateral Agent upon the occurrence and during the continuance of a Roto-Rooter Default.

4.5.2 EXERCISE OF RIGHTS IN PLEDGED SECURITIES AND OTHER INVESTMENT PROPERTY. Upon the occurrence and during the continuance of a Roto-Rooter Default, each Grantor will permit the Collateral Agent or its nominee at any time, without notice, to exercise all voting and corporate rights relating to the Collateral, including, without limitation, exchange, subscription or any other rights, privileges, or options pertaining to any corporate securities or other ownership interests or Investment Property in or of a corporation, partnership, joint venture or limited liability company constituting Collateral and the Stock Rights as if it were the absolute owner thereof.

4.5.3 ADDITIONAL EQUITY INTERESTS. Each Grantor agrees that if, on or after the date on which such Grantor becomes subject hereto, such Grantor forms a Subsidiary or acquires equity interests in a Person and is required pursuant to the Roto-Rooter Credit Documents to pledge any Instruments, Securities or other Investment Property resulting therefrom to the Collateral Agent as Collateral hereunder, such Grantor shall upon request by the Collateral Agent, within the time periods provided therein, execute and deliver to the Collateral Agent a supplement to this Security Agreement amending Exhibit "E" to include any such pledged Instruments, Securities or other Investment Property.

4.6. INTELLECTUAL PROPERTY. Each Grantor agrees that if, on or after the date on which such Grantor becomes subject hereto, such Grantor obtains rights to, or applies for or seeks registration of, any new patentable invention, trademark or copyright in addition to the patents, trademarks and copyrights described in Exhibit "B", which are all of such Grantor's patents, trademarks and copyrights as of the date of this Security Agreement (or, if applicable, as of the date of its delivery of a Security Agreement Supplement), then such Grantor shall give the Collateral Agent prompt notice thereof, but in any event not less frequently than quarterly, and the security interest granted to the Collateral Agent hereunder shall automatically apply thereto. Each Grantor agrees promptly upon request by the Collateral Agent to execute and deliver to the Collateral Agent any supplement to this Security Agreement or any other document reasonably requested by the Collateral Agent to evidence such security interest in a form appropriate for recording in the

applicable federal office. Each Grantor also hereby authorizes the Collateral Agent to modify this Security Agreement unilaterally (i) by amending Exhibit "B" to include any future patents, trademarks and/or copyrights of which the Collateral Agent receives notification from such Grantor pursuant hereto and (ii) by recording, in addition to and not in substitution for this Security Agreement, a duplicate original of this Security Agreement containing in Exhibit "B" a description of such future patents, trademarks and/or copyrights; provided that any Grantor shall have the right, exercisable within ten (10) days after it has been notified by the Collateral Agent of the specific identification of such patents, trademarks and/or copyrights, to advise the Collateral Agent in writing of any inaccuracy of the representations and warranties made by such Grantor hereunder with respect to such patents, trademarks and/or copyrights, as applicable. Each Grantor agrees that it will use its commercially reasonable efforts to take such action as shall be necessary in order that all representations and warranties hereunder shall be true and correct with respect to such patents, trademarks and/or copyrights within thirty (30) days after the date it has been notified by the Collateral Agent of the specific identification of such patents, trademarks and/or copyrights.

4.7. COMMERCIAL TORT CLAIMS. Each Grantor agrees that if, on or after the date on which such Grantor becomes subject hereto, such Grantor identifies the existence of a commercial tort claim belonging to such Grantor that has arisen in the course of such Grantor's business in addition to the commercial tort claims described in Exhibit "C" pursuant to which the applicable Grantor reasonably expects to recover in excess of $5,000,000, then such Grantor shall give the Collateral Agent prompt notice thereof, but in any event not less frequently than quarterly. Each Grantor agrees promptly upon request by the Collateral Agent to execute and deliver to the Collateral Agent any supplement to this Security Agreement or any other document reasonably requested by the Collateral Agent to evidence the grant of a security interest therein in favor of the Collateral Agent.

4.8. OWNERSHIP INTERESTS IN LIMITED LIABILITY COMPANIES AND PARTNERSHIPS. Each Grantor agrees that if, on or after the date on which such Grantor becomes subject hereto, (i) any limited partnership interests or ownership interests in a limited liability company which are included within the Collateral owned by such Grantor shall at any time constitute a Security or (ii) the issuer of any such interests shall take any action to have such interests treated as a Security, then such Grantor shall (x) promptly deliver all certificates or other documents constituting such Security to the Collateral Agent and shall cause such Security to be properly defined as such under Article 8 of the Uniform Commercial Code of the applicable jurisdiction, whether as a result of actions by the issuer thereof or otherwise, or (y) use commercially reasonable efforts to cause the Collateral Agent's entry into a control agreement with the issuer of such Security or with a securities intermediary relating to such Security and shall cause such Security to be defined as such under Article 8 of the Uniform Commercial Code of the applicable jurisdiction, whether as a result of actions by the issuer thereof or otherwise.

4.9. INSURANCE. Each Grantor shall comply with the terms of the Roto-Rooter Credit Documents with respect to maintaining insurance.

ARTICLE V

REMEDIES UPON ROTO-ROOTER DEFAULT

5.1. ACCELERATION AND REMEDIES. Upon the acceleration of any Obligation pursuant to the terms of the applicable Roto-Rooter Credit Document, the Collateral Agent may, in accordance with the terms of the Intercreditor Agreement, to the extent permitted by law, exercise any or all of the following rights and remedies:

5.1.1 Those rights and remedies provided in this Security Agreement or any Roto-Rooter Credit Document, provided that this Section 5.1.1 shall not be understood to limit any rights or remedies available to the Collateral Agent and the Roto-Rooter Creditors prior to a Roto- Rooter Default.

5.1.2 Those rights and remedies available to a secured party under the New York UCC (whether or not the New York UCC applies to the affected Collateral) or under any other applicable law (including, without limitation, any law governing the exercise of a bank's right of setoff or bankers' lien) when a debtor is in default under a security agreement.

5.1.3 Without notice except as specifically provided in Section 8.1 or elsewhere herein, sell, lease, assign, grant an option or options to purchase or otherwise dispose of the Collateral or any part thereof in one or more parcels at public or private sale, for cash, on credit or for future delivery, and upon such other terms as the Collateral Agent may deem commercially reasonable.

The Collateral Agent, on behalf of the secured parties, may comply with any applicable state or federal law requirements in connection with a disposition of the Collateral and such compliance will not be considered to adversely affect the commercial reasonableness of any sale of the Collateral.

5.2. GRANTORS' OBLIGATIONS UPON ROTO-ROOTER DEFAULT. Upon the request of the Collateral Agent upon the occurrence and during the continuance of a Roto-Rooter Default, each Grantor will:

5.2.1 ASSEMBLY OF COLLATERAL. Assemble and make available to the Collateral Agent the Collateral and all records relating thereto at any place or places reasonably specified by the Collateral Agent.

5.2.2 SECURED PARTY ACCESS. Permit the Collateral Agent, by the Collateral Agent's representatives and agents, to enter any premises where all or any part of the Collateral, or the books and records relating thereto, or both, are located, to take possession of all or any part of the Collateral and to remove all or any part of the Collateral.

5.3. LICENSE. The Collateral Agent is hereby granted a license or other right to use, upon the occurrence and during the continuance of a Roto- Rooter Default, without

charge, each Grantor's labels, patents, copyrights, rights of use of any name, trade secrets, trade names, trademarks, service marks, customer lists and advertising matter, or any property of a similar nature, as it pertains to the Collateral, in completing production of, advertising for sale, and selling any Collateral, and, upon the occurrence and during the continuance of a Roto-Rooter Default, such Grantor's rights under all licenses and all franchise agreements shall inure to the Collateral Agent's benefit. In addition, each Grantor hereby irrevocably agrees that the Collateral Agent may, upon the occurrence and during the continuance of a Roto- Rooter Default, sell any of such Grantor's Inventory directly to any Person, including without limitation Persons who have previously purchased such Grantor's Inventory from such Grantor and in connection with any such sale or other enforcement of the Collateral Agent's rights under this Security Agreement, may sell Inventory which bears any trademark owned by or licensed to such Grantor and any Inventory that is covered by any copyright owned by or licensed to such Grantor and the Collateral Agent may finish any work in process and affix any trademark owned by or licensed to such Grantor and sell such Inventory as provided herein.

ARTICLE VI

WAIVERS, AMENDMENTS AND REMEDIES

No delay or omission of the Collateral Agent or any Roto-Rooter Creditor to exercise any right or remedy granted under this Security Agreement shall impair such right or remedy or be construed to be a waiver of any Roto-Rooter Default or an acquiescence therein, and any single or partial exercise of any such right or remedy shall not preclude any other or further exercise thereof or the exercise of any other right or remedy. No waiver, amendment or other variation of the terms, conditions or provisions of this Security Agreement whatsoever shall be valid unless in writing signed by the Collateral Agent and each Grantor, and then only to the extent in such writing specifically set forth, provided that the addition of any Subsidiary as a Grantor hereunder by execution of a Security Agreement Supplement (with such modifications as shall be acceptable to the Collateral Agent) shall not require receipt of any consent from or execution of any documentation by any other Grantor party hereto. All rights and remedies contained in this Security Agreement or by law afforded shall be cumulative and all shall be available to the Collateral Agent and the Roto-Rooter Creditors until the Obligations have been paid in full.

ARTICLE VII

PROCEEDS; COLLECTION OF RECEIVABLES

7.1. COLLECTION OF RECEIVABLES. The Collateral Agent may at any time upon the occurrence and during the continuance of a Roto-Rooter Default, by giving each Grantor written notice, elect to require that the Receivables be paid directly to the Collateral Agent for the benefit of the Roto-Rooter Creditors. In such event, each Grantor shall, and shall permit the Collateral Agent to, promptly notify the account debtors or obligors under the Receivables owing to such Grantor of the Collateral Agent's interest therein and direct such account debtors or obligors to make payment of all amounts then or

thereafter due under such Receivables directly to the Collateral Agent. Upon receipt of any such notice from the Collateral Agent, each Grantor shall thereafter hold in trust for the Collateral Agent, on behalf of the Roto-Rooter Creditors, all amounts and proceeds received by it with respect to the Receivables and Other Collateral and immediately and at all times thereafter deliver to the Collateral Agent all such amounts and proceeds in the same form as so received, whether by cash, check, draft or otherwise, with any necessary endorsements. The Collateral Agent shall hold and apply funds so received as provided by the terms of Sections 7.2 and 7.3.

7.2. SPECIAL COLLATERAL ACCOUNT. Upon the occurrence and during the continuance of a Roto-Rooter Default, the Collateral Agent may require all cash proceeds of the Collateral to be deposited in the Collateral Account (as defined in the Intercreditor Agreement) with the Collateral Agent and held there as security for the Obligations. No Grantor shall have control over the Collateral Account. If no Roto-Rooter Default has occurred or is continuing, the Collateral Agent may, in its sole reasonable discretion and in accordance with the Roto-Rooter Credit Documents, transfer amounts on deposit in the Collateral Account to the Borrower's general operating account with the Collateral Agent. The Borrower shall remit amounts on deposit in such general operating account to the other Grantors as it shall determine in its reasonable discretion or as agreed to by the Borrower and the other Grantors. Neither the Collateral Agent nor any Roto-Rooter Creditor shall have any duty or obligation to determine or direct the distribution or application of amounts on deposit in such general operating account. Each Grantor agrees and confirms that it shall not bring any claim or charge against the Collateral Agent or any Roto-Rooter Creditor in connection with the Borrower's distribution or application of amounts on deposit in the aforementioned general operating account. If any Roto-Rooter Default has occurred and is continuing, the Collateral Agent may, from time to time, apply, in accordance with the terms of the Intercreditor Agreement, the collected balances in the Collateral Account to the payment of the Obligations when due. When all such Roto-Rooter Defaults have been cured or waived, all such collected balances shall be promptly released to the Borrower.

7.3. APPLICATION OF PROCEEDS. The proceeds of the Collateral shall be applied by the Collateral Agent to payment of the Obligations in accordance with the Intercreditor Agreement.

ARTICLE VIII

GENERAL PROVISIONS

8.1. NOTICE OF DISPOSITION OF COLLATERAL; CONDITION OF COLLATERAL. To the extent permitted by law, each Grantor hereby waives notice of the time and place of any public sale or the time after which any private sale or other disposition of all or any part of the Collateral may be made. To the extent such notice may not be waived under applicable law, any notice made shall be deemed reasonable if sent to the applicable Grantor, addressed as set forth in Article IX, at least ten (10) days prior to (i) the date of any such public sale or (ii) the time after which any such private sale or other disposition may be made. The Collateral Agent shall have no obligation to clean-up or otherwise prepare the

Collateral for sale. The Collateral Agent also shall have no obligat ion to make any representation or warranty with respect to the Collateral.

8.2. COMPROMISES AND COLLECTION OF COLLATERAL. Each Grantor and the Collateral Agent recognize that setoffs, counterclaims, defenses and other claims may be asserted by obligors with respect to certain of the Receivables, that certain of the Receivables may be or become uncollectible in whole or in part and that the expense and probability of success in litigating a disputed Receivable may exceed the amount that reasonably may be expected to be recovered with respect to a Receivable. In view of the foregoing, each Grantor agrees that the Collateral Agent may at any time and from time to time, if a Roto-Rooter Default has occurred and is continuing, compromise with the obligor on any Receivable, accept in full payment of any Receivable such amount as the Collateral Agent in its sole discretion shall determine or abandon any Receivable, and any such action by the Collateral Agent shall be commercially reasonable so long as the Collateral Agent acts in good faith based on information known to it at the time it takes any such action.

8.3. SECURED PARTY PERFORMANCE OF GRANTOR OBLIGATIONS. Without having any obligation to do so, upon the occurrence and during the continuance of a Roto-Rooter Default, the Collateral Agent may perform or pay any obligation which any Grantor has agreed to perform or pay in this Security Agreement and such Grantor shall reimburse the Collateral Agent for any amounts paid by the Collateral Agent pursuant to this Section 8.3. Each Grantor's obligation to reimburse the Collateral Agent pursuant to the preceding sentence shall be an Obligation payable on demand.

8.4. AUTHORIZATION FOR COLLATERAL AGENT TO TAKE CERTAIN ACTION. Each Grantor irrevocably authorizes the Collateral Agent at any time and from time to time in the sole discretion of the Collateral Agent and appoints the Collateral Agent as its attorney in fact, subject to the terms of the Intercreditor Agreement, (i) to file, on behalf of such Grantor as debtor, financing statements necessary or desirable in the Collateral Agent's sole discretion to perfect and to maintain the perfection and priority of the Collateral Agent's security interest in the Collateral, (ii) upon the occurrence and during the continuance of a Roto-Rooter Default, to indorse and collect any cash proceeds of the Collateral, (iii) to file a carbon, photographic or other reproduction of this Security Agreement or any financing statement with respect to the Collateral as a financing statement and to file any other financing statement or amendment of a financing statement (which does not add new collateral or add a debtor) in such offices as the Collateral Agent in its sole discretion deems necessary or desirable to perfect and to maintain the perfection and priority of the Collateral Agent's security interest in the Collateral, (iv) subject to Section 4.4, to contact and enter into one or more agreements with the issuers of uncertificated securities which are Collateral and which are Securities or with financial intermediaries holding other Investment Property as may be necessary or advisable to give the Collateral Agent Control over such Securities or other Investment Property, (v) subject to the terms of Section 7.1, upon the occurrence and during the continuance of a Roto-Rooter Default, to enforce payment of the Receivables in the name of the Collateral Agent or such Grantor, (vi) upon the occurrence and during the continuance of a Roto-Rooter Default, to apply the proceeds of any Collateral received by the Collateral Agent to the

Obligations as provided in Article VII and (vii) to discharge past due taxes, assessments, charges, fees or Liens on the Collateral (except for such Liens as are specifically permitted hereunder), and each Grantor agrees to reimburse the Collateral Agent on demand for any payment made or any expense incurred by the Collateral Agent in connection therewith, provided that this authorization shall not relieve any Grantor of any of its obligations under this Security Agreement or under any Roto-Rooter Credit Document.

8.5. SPECIFIC PERFORMANCE OF CERTAIN COVENANTS. Each Grantor acknowledges and agrees that a breach of any of the covenants contained in Sections 4.1.4, 4.1.5, 4.3, 5.3, or 8.7 or in Article VII will cause irreparable injury to the Collateral Agent and the Roto-Rooter Creditors, that the Collateral Agent and the Roto-Rooter Creditors have no adequate remedy at law in respect of such breaches and therefore agrees, without limiting the right of the Collateral Agent or the Roto-Rooter Creditors to seek and obtain specific performance of other obligations of the Grantors contained in this Security Agreement, that the covenants of the Grantors contained in the Sections referred to in this Section 8.5 shall, to the extent permitted by law, be specifically enforceable against the Grantors.

8.6. USE AND POSSESSION OF CERTAIN PREMISES. Upon the occurrence and during the continuance of a Roto-Rooter Default, the Collateral Agent shall be entitled to occupy and use any premises owned or leased by the Grantors where any of the Collateral or any records relating to the Collateral are located until the Obligations are paid in full or the Collateral is removed therefrom, whichever first occurs, without any obligation to pay any Grantor for such use and occupancy.

8.7. BENEFIT OF AGREEMENT. The terms and provisions of this Security Agreement shall be binding upon and inure to the benefit of the Grantors, the Collateral Agent and the Roto-Rooter Creditors and their respective permitted successors and permitted assigns (including all Persons who become bound as a debtor to this Security Agreement), except that the Grantors shall not have the right to assign their rights or delegate their obligations under this Security Agreement or any interest herein, without the prior written consent of the Collateral Agent.

8.8. SURVIVAL OF REPRESENTATIONS. All representations and warranties of the Grantors contained in this Security Agreement shall survive the execution and delivery of this Security Agreement.

8.9. EXPENSES. The Grantors shall reimburse the Collateral Agent for any and all reasonable out-of-pocket expenses (including reasonable out-of- pocket attorneys', auditors' and accountants' fees) paid or incurred by the Collateral Agent in connection with the preparation, execution, delivery, administration, collection and, upon the occurrence and during the continuance of a Roto-Rooter Default, enforcement of this Agreement and in the audit, analysis, administration, collection, preservation or sale of the Collateral (including the reasonable out-of-pocket expenses and charges associated with any periodic or special audit of the Collateral). Any and all costs and expenses incurred by the Grantors in the performance of actions required pursuant to the terms hereof shall be borne solely by the Grantors.

8.10. HEADINGS. The title of and section headings in this Security Agreement are for convenience of reference only, and shall not govern the interpretation of any of the terms and provisions of this Security Agreement.

8.11. TERMINATION.

8.11.1 This Security Agreement and all security interests granted hereby shall terminate when all the Obligations have been paid in full (other than obligations to pay fees and expenses with respect to which the Borrower has not received an invoice, Rate Management Obligations, contingent indemnity obligations and other contingent obligations) and the Lenders have no further commitment to lend under the Existing Credit Agreement, the LC Obligations have been reduced to zero and the LC Issuer has no further obligations to issue Facility LCs under the Existing Credit Agreement.

8.11.2 A Grantor shall automatically be released from its obligations hereunder and the security interest in the Collateral of such Grantor granted hereby shall be automatically released upon the consummation of any transaction permitted by the Roto-Rooter Credit Documents as a result of which such Grantor ceases to be a Subsidiary of the Borrower.

8.11.3 Upon any sale or other transfer by any Grantor of any Collateral that is not prohibited by the Roto-Rooter Credit Documents, or upon the effectiveness of any written consent to the release of the security interest granted hereby in any Collateral pursuant to the Intercreditor Agreement, the security interest in such Collateral shall be automatically released.

8.11.4 In connection with any termination or release pursuant to Section 8.11.1, 8.11.2 or 8.11.3, the Collateral Agent shall execute and deliver to any Grantor, at such Grantor's expense, all documents that such Grantor shall reasonably request to evidence such termination or release.

8.12. ENTIRE AGREEMENT. This Security Agreement embodies the entire agreement and understanding between the Grantors and the Collateral Agent relating to the Collateral and supersedes all prior agreements and understandings between the Grantors and the Collateral Agent relating to the Collateral.

8.13. GOVERNING LAW; CONSENT TO JURISDICTION; VENUE; JURY TRIAL.

8.13.1 GOVERNING LAW. THIS SECURITY AGREEMENT SHALL BE CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS (INCLUDING SECTION 5-1401 OF THE GENERAL OBLIGATIONS LAW BUT OTHERWISE WITHOUT REGARD TO CONFLICTS OF LAW PROVISIONS OR PRINCIPLES THEREOF) OF THE STATE OF NEW YORK, BUT GIVING EFFECT TO FEDERAL LAWS APPLICABLE TO NATIONAL BANKS.

8.13.2 CONSENT TO JURISDICTION. EACH GRANTOR HEREBY IRREVOCABLY SUBMITS TO THE NON-EXCLUSIVE JURISDICTION OF ANY UNITED STATES FEDERAL OR NEW YORK STATE COURT SITTING IN THE BOROUGH OF MANHATTAN IN NEW YORK, NEW YORK IN ANY ACTION OR PROCEEDING ARISING OUT OF, RELATED TO OR CONNECTED WITH THIS SECURITY AGREEMENT OR ANY OTHER INSTRUMENT, DOCUMENT OR AGREEMENT EXECUTED OR DELIVERED IN CONNECTION HEREWITH, AND EACH GRANTOR HEREBY AGREES THAT ALL CLAIMS IN RESPECT OF SUCH ACTION OR PROCEEDING MAY BE HEARD OR DETERMINED IN ANY SUCH COURT. ANY JUDICIAL PROCEEDING BY ANY GRANTOR AGAINST THE COLLATERAL AGENT, THE ADMINISTRATIVE AGENT, THE TRUSTEE, ANY LENDER OR ANY HOLDER OF SECURED OBLIGATIONS OR ANY AFFILIATE OF THE COLLATERAL AGENT, THE ADMINISTRATIVE AGENT, THE TRUSTEE, ANY LENDER OR ANY HOLDER OF SECURED OBLIGATIONS INVOLVING, DIRECTLY OR INDIRECTLY, ANY MATTER IN ANY WAY ARISING OUT OF, RELATED TO, OR CONNECTED WITH THIS SECURITY AGREEMENT OR ANY OTHER INSTRUMENT, DOCUMENT OR AGREEMENT EXECUTED OR DELIVERED IN CONNECTION HEREWITH MAY BE BROUGHT IN A COURT IN THE BOROUGH OF MANHATTAN IN NEW YORK, NEW YORK. NOTHING HEREIN SHALL LIMIT THE RIGHT OF THE COLLATERAL AGENT, THE ADMINISTRATIVE AGENT, THE TRUSTEE, ANY LENDER OR ANY HOLDER OF SECURED OBLIGATIONS TO BRING PROCEEDINGS AGAINST SUCH GRANTOR OR LIMIT THE RIGHTS OF ANY GRANTOR TO BRING PROCEEDINGS AGAINST SUCH OTHER PARTY IN THE COURTS OF ANY OTHER JURISDICTION.

8.13.3 VENUE. EACH GRANTOR IRREVOCABLY WAIVES ANY OBJECTION (INCLUDING, WITHOUT LIMITATION, ANY OBJECTION OF THE LAYING OF VENUE OR BASED ON THE GROUNDS OF FORUM NON CONVENIENS) WHICH IT MAY NOW OR HEREAFTER HAVE TO THE BRINGING OF ANY SUCH ACTION OR PROCEEDING WITH RESPECT TO THIS SECURITY AGREEMENT OR ANY OTHER INSTRUMENT, DOCUMENT OR AGREEMENT EXECUTED OR DELIVERED IN CONNECTION HEREWITH IN ANY JURISDICTION SET FORTH ABOVE.

8.13.4 WAIVER OF JURY TRIAL. EACH OF THE PARTIES HERETO HEREBY WAIVES ANY RIGHT TO HAVE A JURY PARTICIPATE IN RESOLVING ANY JUDICIAL PROCEEDING INVOLVING, DIRECTLY OR INDIRECTLY, ANY MATTER (WHETHER SOUNDING IN CONTRACT, TORT, OR OTHERWISE) IN ANY WAY ARISING OUT OF, RELATED TO OR CONNECTED WITH THE RELATIONSHIP ESTABLISHED AMONG THEM IN

CONNECTION WITH THIS SECURITY AGREEMENT OR ANY OTHER INSTRUMENT, DOCUMENT OR AGREEMENT EXECUTED OR DELIVERED IN CONNECTION HEREWITH. EACH OF THE PARTIES HERETO AGREES AND CONSENTS THAT ANY SUCH CLAIM, DEMAND, ACTION OR CAUSE OF ACTION SHALL BE DECIDED BY COURT TRIAL WITHOUT A JURY AND THAT ANY PARTY HERETO MAY FILE AN ORIGINAL COUNTERPART OR A COPY OF THIS SECURITY AGREEMENT WITH ANY COURT AS WRITTEN EVIDENCE OF THE CONSENT OF THE PARTIES HERETO TO THE WAIVER OF THEIR RIGHT TO TRIAL BY JURY.

8.13.5 ADVICE OF COUNSEL. EACH OF THE PARTIES REPRESENTS TO EACH OTHER PARTY HERETO THAT IT HAS DISCUSSED THIS SECURITY AGREEMENT AND, SPECIFICALLY, THE PROVISIONS OF THIS SECTION 8.14, WITH ITS COUNSEL.

8.14. INDEMNITY. Each Grantor hereby agrees, jointly with the other Grantors and severally, to indemnify each of the Collateral Agent and each of the Roto-Rooter Creditors, and their respective permitted successors, assigns, agents and employees (collectively, the "Indemnified Parties"), from and against any and all liabilities, damages, penalties, suits and related reasonable out-of-pocket costs and expenses of any kind and nature (including, without limitation, all such reasonable out-of pocket expenses of litigation or preparation therefor whether or not the Collateral Agent or any Roto-Rooter Creditor is a party thereto) imposed on, incurred by or asserted against the Collateral Agent or the Roto-Rooter Creditors, or their respective permitted successors, assigns, agents and employees (collectively, the "Indemnified Amounts"), in any way relating to or arising out of this Security Agreement, or the manufacture, purchase, acceptance, rejection, ownership, delivery, lease, possession, use, operation, condition, sale, return or other disposition of any Collateral (including, without limitation, latent and other defects, whether or not discoverable by the Collateral Agent or the Roto-Rooter Creditors or any Grantor, and any claim for patent, trademark or copyright infringement); provided that such indemnity shall not, as to any single Indemnified Party, be available to the extent that such losses, claims, damages, liabilities or related expenses are determined by a court of competent jurisdiction by final and nonappealable judgment to have resulted from the gross negligence or willful misconduct of such Indemnified Party.

ARTICLE IX

NOTICES

9.1. SENDING NOTICES. Any notice required or permitted to be given under this Security Agreement shall be sent (and deemed received) in the manner and to the addresses set forth in Article XIII of the Existing Credit Agreement and Article XII of the Note Indenture and any such notice delivered to the Borrower shall be deemed to have been delivered to all of the Grantors.

9.2. CHANGE IN ADDRESS FOR NOTICES. Each of the Grantors, the Collateral Agent and the Roto-Rooter Creditors may change the address for service of notice upon it by a notice in writing to the other parties.

ARTICLE X

THE COLLATERAL AGENT

Bank One, NA has been appointed Collateral Agent for the Roto-Rooter Creditors hereunder pursuant to the Intercreditor Agreement. It is expressly understood and agreed by the parties to this Security Agreement that any authority conferred upon the Collateral Agent hereunder is subject to the terms of the delegation of authority made by the Roto-Rooter Creditors pursuant to the Intercreditor Agreement, and that the Collateral Agent has agreed to act (and any successor Collateral Agent shall act) as such hereunder only on the express conditions contained in such Intercreditor Agreement. Any successor Collateral Agent appointed pursuant to the Intercreditor Agreement shall be entitled to all the rights, interests and benefits of the Collateral Agent hereunder. The Administrative Agent, on behalf of the Lenders, and the Trustee, on behalf of the holders of the Notes, shall promptly notify the Grantors of any successor Collateral Agent; provided, however, that failure to provide such notice shall not limit or impair the rights and remedies of such successor Collateral Agent or the Roto-Rooter Creditors hereunder.

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IN WITNESS WHEREOF, each of the Grantors and the Collateral Agent have executed this Security Agreement as of the date first above written.

ROTO-ROOTER, INC.
CCR OF OHIO, INC.
COMFORT CARE HOLDINGS CO.
COMPLETE PLUMBING SERVICES, INC.
CONSOLIDATED HVAC, INC.
JET RESOURCE, INC.
NUROTOCO OF MASSACHUSETTS, INC.
NUROTOCO OF NEW JERSEY, INC.
R.R. UK, INC.
ROTO-ROOTER CORPORATION
ROTO-ROOTER DEVELOPMENT COMPANY
ROTO-ROOTER MANAGEMENT COMPANY
ROTO-ROOTER SERVICES COMPANY
R.R. PLUMBING SERVICES CORPORATION
SERVICE AMERICA NETWORK, INC.

By: /s/ Naomi C. Dallob

Name: Naomi C. Dallob
Title: Secretary

HOSPICE CARE INCORPORATED
HOSPICE, INC.
VITAS HEALTHCARE CORPORATION
VITAS HEALTHCARE CORPORATION OF CALIFORNIA
VITAS HEALTHCARE CORPORATION OF CENTRAL FLORIDA
VITAS HEALTHCARE CORPORATION OF FLORIDA
VITAS HEALTHCARE CORPORATION OF ILLINOIS
VITAS HEALTHCARE CORPORATION OF OHIO
VITAS HEALTHCARE CORPORATION OF PENNSYLVANIA
VITAS HEALTHCARE CORPORATION OF WISCONSIN
VITAS HME SOLUTIONS, INC.
VITAS HOLDINGS CORPORATION
VITAS HOSPICE SERVICES, L.L.C.

By: /s/ Timothy S. O'Toole

Name: Timothy S. O'Toole
Title: President

VITAS HEALTHCARE OF TEXAS, L.P.

By: Vitas Hospice Services, L.L.C.,
its General Partner

By: /s/ Timothy S. O'Toole

Name: Timothy S. O'Toole
Title: President

BANK ONE, NA (MAIN OFFICE CHICAGO), as
Collateral Agent

By: /s/ Thomas J. Reinhold

Name: Thomas J. Reinhold
Title: Vice President

ANNEX I

to

SECURITY AND PLEDGE AGREEMENT

Reference is hereby made to the Pledge and Security Agreement (as the same may be amended, restated, supplemented or otherwise modified from time to time, the "Security Agreement"), dated as of February 24, 2004, made by Roto-Rooter, Inc., a Delaware corporation (the "Borrower"), and certain of its Subsidiaries party thereto on such date (each an "Initial Grantor", and together with any additional Subsidiaries, including the undersigned, which become parties thereto by executing a Security Agreement Supplement in substantially the form hereof, the "Grantors"), in favor of the Collateral Agent. Capitalized terms used herein and not defined herein shall have the meanings given to them in the Security Agreement. By its execution below, the undersigned, [NAME OF NEW GRANTOR], a [_____] [corporation/limited liability company] agrees to become, and does hereby become, a Grantor under the Agreement and agrees to be bound by such Agreement as if originally a party thereto. By its execution below, the undersigned represents and warrants as to itself that all of the representations and warranties contained in the Agreement are true and correct in all material respects as of the date hereof. [NAME OF NEW GRANTOR] represents and warrants that the supplements to the Exhibits to the Agreement attached hereto are true and correct in all material respects and such supplements set forth all information required to be scheduled under the Agreement.

IN WITNESS WHEREOF, [NAME OF NEW GRANTOR], a [_____] [corporation/limited liability company] has executed and delivered this Annex I counterpart to the Agreement as of this _____ day of _____, 20___.

[NAME OF NEW GRANTOR]

By:_____
Name:
Title:

EXHIBIT 10.46

EXECUTION COPY

GUARANTY AGREEMENT

THIS GUARANTY AGREEMENT (as the same may be amended, restated, supplemented or otherwise modified from time to time, this "Guaranty") is made as of February 24, 2004 by each of the Subsidiaries of Roto-Rooter, Inc., a Delaware corporation (the "Borrower"), listed on the signature pages hereto (each an "Initial Guarantor") and those additional Subsidiaries which become parties to this Guaranty by executing a Supplement hereto (a "Guaranty Supplement") in the form attached hereto as Annex I (such additional Subsidiaries, together with the Initial Guarantors, the "Guarantors"), in favor of BANK ONE, NA (Main Office Chicago), as Administrative Agent (the "Administrative Agent") for the benefit of the Holders of Secured Obligations under the Credit Agreement described below.

WITNESSETH:

WHEREAS, the Borrower, certain financial institutions (the "Lenders"), and the Administrative Agent are party to that certain Credit Agreement, dated as of the date hereof (as the same may be amended, restated, supplemented or otherwise modified from time to time, the "Credit Agreement") which provides, subject to the terms and conditions thereof, for extensions of credit and other financial accommodations by the Lenders to the Borrower;

WHEREAS, it is a condition precedent to the initial extensions of credit by the Lenders under the Credit Agreement that each of the Guarantors execute and deliver this Guaranty, whereby each of the Guarantors, without limitation and with full recourse, shall guarantee the payment when due of all Secured Obligations, including, without limitation, all principal, interest, letter of credit reimbursement obligations and other amounts that shall be at any time payable by the Borrower under the Credit Agreement, certain Rate Management Transactions or the other Loan Documents; and

WHEREAS, in consideration of the direct and indirect financial and other support that the Borrower has provided, and such direct and indirect financial and other support as the Borrower may in the future provide, to the Guarantors, and in order to induce the Lenders and the Administrative Agent to enter into the Credit Agreement, each of the Guarantors is willing to guarantee the Secured Obligations under the Credit Agreement, certain Rate Management Transactions and the other Loan Documents;

NOW, THEREFORE, in consideration of the foregoing premises and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

SECTION 1. Definitions. Terms defined in the Credit Agreement and not otherwise defined herein have, as used herein, the respective meanings provided for therein.

SECTION 2. Representations, Warranties and Covenants. Each of the Guarantors represents and warrants (which representations and warranties shall be deemed to have been renewed at the time of the making, conversion or continuation of any Loan or issuance

or Modification of any Facility LC) that:

(a) It (i) is a corporation, limited liability company, or partnership duly incorporated or organized, as the case may be, validly existing and (to the extent such concept applies to such entity) in good standing under the laws of its jurisdiction of incorporation or organization, (ii) is duly qualified to do business as a foreign entity and (to the extent such concept applies to such entity) is in good standing under the laws of each jurisdiction in which failure to be so qualified or in good standing could result in a Material Adverse Effect, and (iii) has all requisite corporate, limited liability company or partnership power and authority, as the case may be, to own, operate and encumber its Property and to conduct its business in each jurisdiction in which its business is conducted.

(b) It has the requisite corporate, limited liability company or partnership, as applicable, power and authority and legal right to execute and deliver this Guaranty and to perform its obligations hereunder. The execution and delivery by it of this Guaranty and the performance by it of its obligations hereunder have been duly authorized by proper proceedings, and this Guaranty constitutes a legal, valid and binding obligation of such Guarantor, enforceable against such Guarantor, in accordance with its terms, except as enforceability may be limited by (i) bankruptcy, insolvency, fraudulent conveyance, reorganization or similar laws relating to or affecting the enforcement of creditors' rights generally, (ii) general equitable principles whether considered in a proceeding in equity or at law, and (iii) requirements of reasonableness, good faith, and fair dealing.

(c) Neither the execution and delivery by it of this Guaranty, nor the consummation by it of the transactions herein contemplated, nor compliance by it with the terms and provisions hereof, will (i) violate the certificate or articles of incorporation or by-laws, limited liability company or partnership agreement (as applicable) of such Guarantor, (ii) conflict with, result in a breach of or constitute (with or without notice or lapse of time or both) a default or violation under (A) any law, rule, regulation, order, writ, judgment, injunction, decree or award (including, without limitation, any environmental property transfer laws or regulations) applicable to such Guarantor except for violations which individually or in the aggregate would not reasonably be expected to result in a Material Adverse Effect or (B) any provisions of any indenture, material instrument or material agreement to which such Guarantor is party or is subject or which it or its Property is bound except for violations which individually or in the aggregate would not reasonably be expected to result in a Material Adverse Effect, (iii) result in or require the creation or imposition of any Lien whatsoever upon any of the property or assets of such Guarantor, other than Liens permitted or created by the Loan Documents, or (iv) require any approval of such Guarantor's board of directors or shareholders or unitholders except such as have been obtained. The execution, delivery and performance by the Guarantors of this Guaranty do not and will not require any registration with, consent or approval of, or notice to, or other action to, with or by any governmental authority, including under any environmental property transfer laws or regulations, except filings, consents or notices which have been made or to the extent that the failure to make such filings, consents or notices would not reasonably be expected to result in a

Material Adverse Effect.

In addition to the foregoing, each of the Guarantors covenants that, until the Revolving Loan Commitments have expired or been terminated, the LC Obligations have expired, been reimbursed or been cash collateralized (in each case in accordance with the terms of the Credit Agreement), and the other Obligations have been paid in full (other than obligations to pay fees and expenses with respect to which the Borrower has not received an invoice, Rate Management Obligations, contingent indemnity obligations and other contingent obligations) it will, and, if necessary, will enable the Borrower to, fully comply with those covenants and agreements of the Borrower applicable to such Guarantor set forth in the Credit Agreement.

SECTION 3. The Guaranty. Each of the Guarantors hereby unconditionally guarantees, jointly and severally with the other Guarantors, the full and punctual payment and performance when due (whether at stated maturity, upon acceleration or otherwise) of the Secured Obligations, including, without limitation, (i) the principal of and interest on each Advance made to the Borrower pursuant to the Credit Agreement, (ii) any Reimbursement Obligations of the Borrower or the performance by it of such Reimbursement Obligations, (iii) all Rate Management Obligations of the Borrower owing to any Lender or any affiliate of any Lender under any Rate Management Transactions (any such Rate Management Transaction with any Lender or any affiliate of any Lender being herein referred to as a "Guaranteed Rate Management Transaction") unless the Borrower and any such Lender mutually agree that any such Rate Management Transaction does not constitute a Guaranteed Rate Management Transaction hereunder, (iv) all other amounts payable by the Borrower under the Credit Agreement, any Guaranteed Rate Management Transaction and the other Loan Documents, and (v) the punctual and faithful performance, keeping, observance, and fulfillment by the Borrower of all of the agreements, conditions, covenants, and obligations of the Borrower contained in the Loan Documents (all of the foregoing being referred to collectively as the "Guaranteed Obligations"). Upon failure by the Borrower or any of its Affiliates to pay punctually any such amount, each of the Guarantors agrees that it shall forthwith on demand pay such amount to the Collateral Agent at the place and in the manner specified in the Intercreditor Agreement. Each of the Guarantors hereby agrees that this Guaranty is an absolute, irrevocable and unconditional guaranty of payment and performance and is not a guaranty of collection.

SECTION 4. Guaranty Unconditional. The obligations of each of the Guarantors hereunder shall be unconditional and absolute and, without limiting the generality of the foregoing, shall not be released, discharged or otherwise affected by:

(a) any extension, renewal, settlement, indulgence, compromise, waiver or release of or with respect to the Guaranteed Obligations or any part thereof or any agreement relating thereto, or with respect to any obligation of any other guarantor of any of the Guaranteed Obligations, whether (in any such case) by operation of law or otherwise, or any failure or omission to enforce any right, power or remedy with respect to the Guaranteed Obligations or any part thereof or any agreement relating thereto, or with respect to any obligation of any other guarantor of any of the Guaranteed Obligations;

(b) any modification or amendment of or supplement to the Credit Agreement, any Guaranteed Rate Management Transaction or any other Loan Document, including, without limitation, any such amendment which may increase the amount of, or the interest rates applicable to, any of the Guaranteed Obligations guaranteed hereby;

(c) any release, surrender, compromise, settlement, waiver, subordination or modification, with or without consideration, of any collateral securing the Guaranteed Obligations or any part thereof, any other guaranties with respect to the Guaranteed Obligations or any part thereof, or any other obligation of any person or entity with respect to the Guaranteed Obligations or any part thereof, or any nonperfection or invalidity of any direct or indirect security for the Guaranteed Obligations;

(d) any change in the corporate, limited liability company, partnership or other existence, structure or ownership of the Borrower or any other guarantor of any of the Guaranteed Obligations, or any insolvency, bankruptcy, reorganization or other similar proceeding affecting the Borrower or any other guarantor of the Guaranteed Obligations, or any of their respective assets or any resulting release or discharge of any obligation of the Borrower or any other guarantor of any of the Guaranteed Obligations;

(e) the existence of any claim, setoff or other rights which the Guarantors may have at any time against the Borrower, any other guarantor of any of the Guaranteed Obligations, the Administrative Agent, any Holder of Secured Obligations or any other Person, whether in connection herewith or in connection with any unrelated transactions, provided that nothing herein shall prevent the assertion of any such claim by separate suit or compulsory counterclaim;

(f) the enforceability or validity of the Guaranteed Obligations or any part thereof or the genuineness, enforceability or validity of any agreement relating thereto or with respect to any collateral securing the Guaranteed Obligations or any part thereof, or any other invalidity or unenforceability relating to or against the Borrower or any other guarantor of any of the Guaranteed Obligations, for any reason related to the Credit Agreement, any Guaranteed Rate Management Transaction or any other Loan Document, or any provision of applicable law or regulation purporting to prohibit the payment by the Borrower or any other guarantor of the Guaranteed Obligations, of any of the Guaranteed Obligations;

(g) the failure of the Collateral Agent, the Administrative Agent or any Holder of Secured Obligations to take any steps to perfect and maintain any security interest in, or to preserve any rights to, any security or collateral for the Guaranteed Obligations, if any;

(h) the election by, or on behalf of, any one or more of the Holders of Secured Obligations, in any proceeding instituted under Chapter 11 of Title 11 of the United States Code (11 U.S.C. 101 et seq.) (the "Bankruptcy Code"), of the application of Section 1111(b)(2) of the Bankruptcy Code;

(i) any borrowing or grant of a security interest by the Borrower, as debtor-in-possession, under Section 364 of the Bankruptcy Code;

(j) the disallowance, under Section 502 of the Bankruptcy Code, of all or any portion of the claims of any of the Holders of Secured Obligations or the Administrative Agent for repayment of all or any part of the Guaranteed Obligations;

(k) the failure of any other Guarantor to sign or become party to this Guaranty or any amendment, change, or reaffirmation hereof; or

(l) any other act or omission to act or delay of any kind by the Borrower, any other guarantor of the Guaranteed Obligations, the Collateral Agent, the Administrative Agent, any Holder of Secured Obligations or any other Person or any other circumstance whatsoever which might, but for the provisions of this Section 4, constitute a legal or equitable discharge of any Guarantor's obligations hereunder.

SECTION 5. Discharge Only Upon Payment In Full; Reinstatement In Certain Circumstances. Subject to Section 24, each of the Guarantors' obligations hereunder shall remain in full force and effect until all Guaranteed Obligations shall have been paid in full in cash and the Revolving Loan Commitments and Term Loan Commitments and all Facility LCs issued under the Credit Agreement shall have terminated or expired. If at any time any payment of the principal of or interest on any Advance, any Reimbursement Obligation or any other amount payable by the Borrower or any other party under the Credit Agreement, any Guaranteed Rate Management Transaction or any other Loan Document is rescinded or must be otherwise restored or returned upon the insolvency, bankruptcy or reorganization of the Borrower or otherwise, each of the Guarantors' obligations hereunder with respect to such payment shall be reinstated as though such payment had been due but not made at such time.

SECTION 6. General Waivers; Additional Waivers.

(a) General Waivers. To the fullest extent permitted by law, each of the Guarantors irrevocably waives acceptance hereof, presentment, demand or action on delinquency, protest, the benefit of any statutes of limitations and any notice not provided for herein, as well as any requirement that at any time any action be taken by any Person against the Borrower, any other guarantor of the Guaranteed Obligations, or any other Person.

(b) Additional Waivers. Notwithstanding anything herein to the contrary, each of the Guarantors hereby absolutely, unconditionally, knowingly, and expressly waives to the fullest extent permitted by law:

(i) any right it may have to revoke this Guaranty as to future indebtedness or notice of acceptance hereof;

(ii) (1) notice of acceptance hereof; (2) notice of any loans or other

financial accommodations made or extended under the Loan Documents or the creation or existence of any Guaranteed Obligations; (3) notice of the amount of the Guaranteed Obligations, subject, however, to each Guarantor's right to make inquiry of the Administrative Agent and the Holders of Secured Obligations to ascertain the amount of the Guaranteed Obligations at any reasonable time; (4) notice of any adverse change in the financial condition of the Borrower or of any other fact that might increase such Guarantor's risk hereunder; (5) notice of presentment for payment, demand, protest, and notice thereof as to any instruments among the Loan Documents; (6) notice of any Unmatured Event of Default or Event of Default; and (7) all other notices (except if such notice is specifically required to be given to such Guarantor hereunder or under the Loan Documents) and demands to which each Guarantor might otherwise be entitled;

(iii) its right, if any, to require the Administrative Agent and the other Holders of Secured Obligations to (A) institute suit against, or to exhaust any rights and remedies which the Administrative Agent and the other Holders of Secured Obligations has or may have against, (1) the Borrower, the other Guarantors or any third party or (2) against any Collateral provided by the Borrower, the other Guarantors, or any third party, or (B) pursue any other remedy of the Administrative Agent or the other Holders of Secured Obligations; and any defense arising by reason of any disability or other defense (other than the defense that the Guaranteed Obligations shall have been fully and finally performed and indefeasibly paid) of the Borrower, the other Guarantors or any other party by reason of the cessation from any cause whatsoever of the liability of the Borrower or the other Guarantors in respect thereof;

(iv) (1) any rights to assert against the Collateral Agent, the Administrative Agent and the other Holders of Secured Obligations any defense (legal or equitable), set-off, counterclaim, or claim which such Guarantor may now or at any time hereafter have against the other Guarantors or any other party liable to the Collateral Agent, the Administrative Agent and the other Holders of Secured Obligations; (2) any defense, set-off, counterclaim, or claim, of any kind or nature, arising directly or indirectly from the present or future lack of perfection, sufficiency, validity, or enforceability of the Guaranteed Obligations or any security therefor; (3) any defense such Guarantor has to performance hereunder, and any right such Guarantor has to be exonerated, arising by reason of: the impairment or suspension of the Collateral Agent's, the Administrative Agent's and the other Holders of Secured Obligations' rights or remedies against the other Guarantors; the alteration by the Administrative Agent and the other Holders of Secured Obligations of the Guaranteed Obligations; any discharge of the other Guarantors' obligations to the Administrative Agent and the other Holders of Secured Obligations by operation of law as a result of the Administrative Agent's and the other Holders of Secured Obligations' intervention or omission; or the acceptance by the Administrative Agent and the other Holders of Secured Obligations of anything in partial satisfaction of the Guaranteed Obligations; and (4) the benefit of any statute of limitations affecting

such Guarantor's liability hereunder or the enforcement thereof, and any act which shall defer or delay the operation of any statute of limitations applicable to the Guaranteed Obligations shall similarly operate to defer or delay the operation of such statute of limitations applicable to such Guarantor's liability hereunder; and

(v) any defense arising by reason of or deriving from (a) any claim or defense based upon an election of remedies by the Administrative Agent and the other Holders of Secured Obligations; or (b) any election by the Administrative Agent and the other Holders of Secured Obligations under Section 1111(b) of Title 11 of the United States Code entitled "Bankruptcy", as now and hereafter in effect (or any successor statute), to limit the amount of, or any collateral securing, its claim against the Guarantors.

SECTION 7. Subordination of Subrogation; Subordination of Intercompany Indebtedness.

(a) Subordination of Subrogation. Until the Guaranteed Obligations have been fully and finally performed and indefeasibly paid in full in cash, the Guarantors (i) shall not exercise any right of subrogation with respect to such Guaranteed Obligations and (ii) shall not exercise any right to enforce any remedy which the Holders of Secured Obligations, the LC Issuer, the Collateral Agent or the Administrative Agent now have or may hereafter have against the Borrower, any endorser or any guarantor of all or any part of the Secured Obligations or any other Person in respect of the Guaranteed Obligations, and the Guarantors shall not exercise any right to participate in, any security or collateral given to the Holders of Secured Obligations, the LC Issuer, the Administrative Agent and the Collateral Agent to secure the payment or performance of all or any part of the Guaranteed Obligations. Should any Guarantor have the right, notwithstanding the foregoing, to exercise its subrogation rights in respect of the Guaranteed Obligations, each Guarantor hereby expressly and irrevocably (A) subordinates any and all rights at law or in equity to subrogation, reimbursement, exoneration, contribution, indemnification or set off that the Guarantor may have in respect of the Guaranteed Obligations to the indefeasible payment in full of the Guaranteed Obligations and (B) to the extent permitted by applicable law, waives any and all defenses (other than the defenses of payment and performance) available to a surety, guarantor or accommodation co-obligor in respect of the Guaranteed Obligations until the Guaranteed Obligations are indefeasibly paid in full in cash. Each Guarantor acknowledges and agrees that this subordination is intended to benefit the Administrative Agent and the Holders of Secured Obligations and shall not limit or otherwise affect such Guarantor's liability hereunder or the enforceability of this Guaranty, and that the Administrative Agent, the Holders of Secured Obligations and their respective permitted successors and assigns are intended third party beneficiaries of the waivers and agreements set forth in this Section 7.

(b) Subordination of Intercompany Indebtedness. Each Guarantor agrees that any and all claims of such Guarantor against the Borrower or any other Guarantor hereunder (each an "Obligor") with respect to any "Intercompany Indebtedness" (as hereinafter defined), shall be subordinate and subject in right of payment to the prior

payment, in full and in cash, of all Guaranteed Obligations; provided that, and not in contravention of the foregoing, unless an Event of Default has occurred and is continuing and such Guarantor receives from the Administrative Agent a payment blockage notice hereunder that has not been withdrawn such Guarantor may make loans to and receive payments with respect to such Intercompany Indebtedness from each such Obligor to the extent not prohibited by the terms of this Guaranty and the other Loan Documents. Notwithstanding any right of any Guarantor to ask, demand, sue for, take or receive any payment from any Obligor, all rights, liens and security interests of such Guarantor, whether now or hereafter arising and howsoever existing, in any assets of any other Obligor (whether constituting a part of any Collateral given to any Holder of Secured Obligations, the Collateral Agent or the Administrative Agent to secure payment of all or any part of the Guaranteed Obligations or otherwise) shall be and are subordinated to the rights of the Holders of Secured Obligations, the Collateral Agent and the Administrative Agent in those assets. No Guarantor shall have any right to foreclose upon any such asset, whether by judicial action or otherwise, unless and until all of the Guaranteed Obligations (other than obligations to pay fees and expenses with respect to which the Borrower has not received an invoice, Rate Management Obligations, contingent indemnity obligations and other contingent obligations) shall have been fully paid and satisfied (in cash). If all or any part of the assets of any Obligor, or the proceeds thereof, are subject to any distribution, division or application to the creditors of such Obligor, whether partial or complete, voluntary or involuntary, and whether by reason of liquidation, bankruptcy, arrangement, receivership, assignment for the benefit of creditors or any other similar action or proceeding, then, and in any such event (such events being herein referred to as an "Insolvency Event"), any payment or distribution of any kind or character, either in cash, securities or other property, which shall be payable or deliverable upon or with respect to any indebtedness of any Obligor to any Guarantor ("Intercompany Indebtedness") shall be paid or delivered directly to the Collateral Agent for application in accordance with the Intercreditor Agreement on any of the Guaranteed Obligations, due or to become due, until such Guaranteed Obligations (other than obligations to pay fees and expenses with respect to which the Borrower has not received an invoice, Rate Management Obligations, contingent indemnity obligations and other contingent obligations) shall have been fully paid and satisfied (in cash). Should any payment, distribution, security or instrument or proceeds thereof be received by the applicable Guarantor upon or with respect to the Intercompany Indebtedness after any Insolvency Event and prior to the satisfaction of all of the Guaranteed Obligations (other than obligations to pay fees and expenses with respect to which the Borrower has not received an invoice, Rate Management Obligations, contingent indemnity obligations and other contingent obligations), such Guarantor shall receive and hold the same in trust, as trustee, for the benefit of the Holders of Secured Obligations and shall forthwith deliver the same to the Collateral Agent in precisely the form received (except for the endorsement or assignment of the Guarantor where necessary), for application in accordance with the Intercreditor Agreement to any of the Guaranteed Obligations, due or not due, and, until so delivered, the same shall be held in trust by the Guarantor as the property of the Collateral Agent. If any such Guarantor fails to make any such endorsement or assignment to the Collateral Agent, the Collateral Agent or any of its officers or employees is irrevocably authorized to make the same. Each Guarantor agrees

that until the Guaranteed Obligations (other than obligations to pay fees and expenses with respect to which the Borrower has not received an invoice, Rate Management Obligations, contingent indemnity obligations and other contingent obligations) have been paid in full (in cash) and satisfied, no Guarantor will assign or transfer to any Person (other than the Administrative Agent) any claim any such Guarantor has or may have against any Obligor, except as otherwise permitted by the Loan Documents.

SECTION 8. Contribution with Respect to Guaranteed Obligations.

(a) To the extent that any Guarantor shall make a payment under this Guaranty (a "Guarantor Payment") which, taking into account all other Guarantor Payments then previously or concurrently made by any other Guarantor, exceeds the amount which otherwise would have been paid by or attributable to such Guarantor if each Guarantor had paid the aggregate Guaranteed Obligations satisfied by such Guarantor Payment in the same proportion as such Guarantor's "Allocable Amount" (as defined below) (as determined immediately prior to such Guarantor Payment) bore to the aggregate Allocable Amounts of each of the Guarantors as determined immediately prior to the making of such Guarantor Payment, then, following indefeasible payment in full in cash of the Guarantor Payment and the Guaranteed Obligations, and termination of the Credit Agreement, such Guarantor shall be entitled to receive contribution and indemnification payments from, and be reimbursed by, each other Guarantor for the amount of such excess, pro rata based upon their respective Allocable Amounts in effect immediately prior to such Guarantor Payment.

(b) As of any date of determination, the "Allocable Amount" of any Guarantor shall be equal to the maximum amount of the claim which could then be recovered from such Guarantor under this Guaranty without rendering such claim voidable or avoidable under Section 548 of Chapter 11 of the Bankruptcy Code or under any applicable state Uniform Fraudulent Transfer Act, Uniform Fraudulent Conveyance Act or similar statute or common law.

(c) This Section 8 is intended only to define the relative rights of the Guarantors, and nothing set forth in this Section 8 is intended to or shall impair the obligations of the Guarantors, jointly and severally, to pay any amounts as and when the same shall become due and payable in accordance with the terms of this Guaranty.

(d) The parties hereto acknowledge that the rights of contribution and indemnification hereunder shall constitute assets of the Guarantor or Guarantors to which such contribution and indemnification is owing.

(e) The rights of the indemnifying Guarantors against other Guarantors under this Section 8 shall be exercisable upon the full and indefeasible payment of the Guaranteed Obligations in cash and the termination of the Credit Agreement, including, without limitation, the termination of the Revolving Loan Commitments and the Term Loan Commitments thereunder.

SECTION 9. Stay of Acceleration. If the time for payment of any amount payable by the Borrower under the Credit Agreement, any Guaranteed Rate Management Transaction or any other Loan Document is accelerated pursuant to the terms thereof, but such acceleration is stayed upon the insolvency, bankruptcy or reorganization of the Borrower or any of its Affiliates, all such amounts otherwise subject to acceleration under the terms of the Credit Agreement, any Guaranteed Rate Management Transaction or any other Loan Document shall, to the extent permitted by law, nonetheless be payable by each of the Guarantors hereunder forthwith on demand by the Administrative Agent.

SECTION 10. Notices. All notices, requests and other communications to any party hereunder shall be given in the manner prescribed in Article XIII of the Credit Agreement with respect to the Administrative Agent at its notice address therein and, with respect to any Guarantor, in the care of the Borrower at the address of the Borrower set forth in the Credit Agreement, or such other address or telecopy number as such party may hereafter specify for such purpose by notice to the Administrative Agent in accordance with the provisions of such Article XIII.

SECTION 11. No Waivers. No failure or delay by the Administrative Agent, the Collateral Agent or any Holder of Secured Obligations in exercising any right, power or privilege hereunder shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The rights and remedies provided in this Guaranty, the Credit Agreement, any Guaranteed Rate Management Transaction and the other Loan Documents shall be cumulative and not exclusive of any rights or remedies provided by law.

SECTION 12. Successors and Assigns. This Guaranty is for the benefit of the Administrative Agent, the Collateral Agent and the Holders of Secured Obligations and their respective permitted successors and assigns, provided, that no Guarantor shall have any right to assign its rights or obligations hereunder without the consent of all of the Lenders, and any such assignment in violation of this Section 12 shall be null and void; and in the event of an assignment of any amounts payable under the Credit Agreement, any Guaranteed Rate Management Transaction or the other Loan Documents in accordance with the respective terms thereof, the rights hereunder, to the extent applicable to the indebtedness so assigned, may be transferred with such indebtedness. This Guaranty shall be binding upon each of the Guarantors and their respective successors and assigns.

SECTION 13. Changes in Writing. Other than in connection with the addition of additional Subsidiaries, which become parties hereto by executing a Guaranty Supplement, neither this Guaranty nor any provision hereof may be changed, waived, discharged or terminated orally, but only in writing signed by each of the Guarantors, the Collateral Agent and the Administrative Agent with the consent of the Required Lenders under the Credit Agreement (or all of the Lenders if required pursuant to the terms of Section 8.2 of the Credit Agreement).

SECTION 14. GOVERNING LAW. THE ADMINISTRATIVE AGENT ACCEPTS THIS GUARANTY, ON BEHALF OF ITSELF AND THE HOLDERS OF SECURED

OBLIGATIONS, AT NEW YORK, NEW YORK BY ACKNOWLEDGING AND AGREEING TO IT THERE. ANY DISPUTE BETWEEN ANY GUARANTOR AND THE ADMINISTRATIVE AGENT OR ANY LENDER, OR ANY HOLDER OF SECURED OBLIGATIONS ARISING OUT OF, CONNECTED WITH, RELATED TO, OR INCIDENTAL TO THE RELATIONSHIP ESTABLISHED BETWEEN THEM IN CONNECTION WITH THIS GUARANTY, AND WHETHER ARISING IN CONTRACT, TORT, EQUITY, OR OTHERWISE, SHALL BE RESOLVED IN ACCORDANCE WITH THE INTERNAL LAWS (INCLUDING, WITHOUT LIMITATION, SECTION 5-1401 OF THE GENERAL OBLIGATIONS LAW BUT OTHERWISE WITHOUT REGARD TO THE CONFLICTS OF LAWS PROVISIONS OR PRINCIPLES THEREOF) OF THE STATE OF NEW YORK, BUT GIVING EFFECT TO FEDERAL LAWS APPLICABLE TO NATIONAL BANKS.

SECTION 15. CONSENT TO JURISDICTION; VENUE; JURY TRIAL.

(A) CONSENT TO JURISDICTION. EACH GUARANTOR HEREBY IRREVOCABLY SUBMITS TO THE NON-EXCLUSIVE JURISDICTION OF ANY UNITED STATES FEDERAL OR NEW YORK STATE COURT SITTING IN THE BOROUGH OF MANHATTAN IN NEW YORK, NEW YORK IN ANY ACTION OR PROCEEDING ARISING OUT OF, RELATED TO OR CONNECTED WITH THIS GUARANTY OR ANY OTHER INSTRUMENT, DOCUMENT OR AGREEMENT EXECUTED OR DELIVERED IN CONNECTION HEREWITH, AND EACH GUARANTOR HEREBY AGREES THAT ALL CLAIMS IN RESPECT OF SUCH ACTION OR PROCEEDING MAY BE HEARD OR DETERMINED IN ANY SUCH COURT. ANY JUDICIAL PROCEEDING BY ANY GUARANTOR AGAINST THE ADMINISTRATIVE AGENT, ANY LENDER OR ANY HOLDER OF SECURED OBLIGATIONS OR ANY AFFILIATE OF THE ADMINISTRATIVE AGENT, ANY LENDER OR ANY HOLDER OF SECURED OBLIGATIONS INVOLVING, DIRECTLY OR INDIRECTLY, ANY MATTER IN ANY WAY ARISING OUT OF, RELATED TO, OR CONNECTED WITH THIS GUARANTY OR ANY OTHER INSTRUMENT, DOCUMENT OR AGREEMENT EXECUTED OR DELIVERED IN CONNECTION HEREWITH MAY BE BROUGHT IN A COURT IN THE BOROUGH OF MANHATTAN IN NEW YORK, NEW YORK. NOTHING HEREIN SHALL LIMIT THE RIGHT OF THE ADMINISTRATIVE AGENT, ANY LENDER OR ANY HOLDER OF SECURED OBLIGATIONS TO BRING PROCEEDINGS AGAINST SUCH GUARANTOR OR LIMIT THE RIGHTS OF ANY GUARANTOR TO BRING PROCEEDINGS AGAINST SUCH OTHER PARTY IN THE COURTS OF ANY OTHER JURISDICTION.

(B) VENUE. EACH GUARANTOR IRREVOCABLY WAIVES ANY OBJECTION (INCLUDING, WITHOUT LIMITATION, ANY OBJECTION OF THE LAYING OF VENUE OR BASED ON THE GROUNDS OF FORUM NON CONVENIENS) WHICH IT MAY NOW OR HEREAFTER HAVE TO THE BRINGING OF ANY SUCH ACTION OR PROCEEDING WITH RESPECT TO THIS AGREEMENT OR ANY OTHER INSTRUMENT, DOCUMENT OR AGREEMENT EXECUTED OR DELIVERED IN CONNECTION HEREWITH IN ANY JURISDICTION SET FORTH

ABOVE.

(C) WAIVER OF JURY TRIAL. EACH OF THE PARTIES HERETO HEREBY WAIVES ANY RIGHT TO HAVE A JURY PARTICIPATE IN RESOLVING ANY JUDICIAL PROCEEDING INVOLVING, DIRECTLY OR INDIRECTLY, ANY MATTER (WHETHER SOUNDING IN CONTRACT, TORT, OR OTHERWISE) IN ANY WAY ARISING OUT OF, RELATED TO OR CONNECTED WITH THE RELATIONSHIP ESTABLISHED AMONG THEM IN CONNECTION WITH THIS GUARANTY OR ANY OTHER INSTRUMENT, DOCUMENT OR AGREEMENT EXECUTED OR DELIVERED IN CONNECTION HEREWITH. EACH OF THE PARTIES HERETO AGREES AND CONSENTS THAT ANY SUCH CLAIM, DEMAND, ACTION OR CAUSE OF ACTION SHALL BE DECIDED BY COURT TRIAL WITHOUT A JURY AND THAT ANY PARTY HERETO MAY FILE AN ORIGINAL COUNTERPART OR A COPY OF THIS GUARANTY WITH ANY COURT AS WRITTEN EVIDENCE OF THE CONSENT OF THE PARTIES HERETO TO THE WAIVER OF THEIR RIGHT TO TRIAL BY JURY.

(D) ADVICE OF COUNSEL. EACH OF THE PARTIES REPRESENTS TO EACH OTHER PARTY HERETO THAT IT HAS DISCUSSED THIS GUARANTY AND, SPECIFICALLY, THE PROVISIONS OF THIS SECTION 15, WITH ITS COUNSEL.

SECTION 16. No Strict Construction. The parties hereto have participated jointly in the negotiation and drafting of this Guaranty. In the event an ambiguity or question of intent or interpretation arises, this Guaranty shall be construed as if drafted jointly by the parties hereto and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of the authorship of any provisions of this Guaranty.

SECTION 17. Taxes, Expenses of Enforcement, Etc.

(a) Taxes. Each Guarantor agrees to be bound by the terms and provisions of Section 3.5 of the Credit Agreement (including, without limitation, the promises made and the obligations accepted by the Borrower therein), as if each reference in such Section (i) to a "Borrower" were a reference to such Guarantor, (ii) to the Credit Agreement (including any reference to "this Agreement", "hereunder", "hereof", "herein" or words of like import referring thereto) were a reference to this Guaranty, and (iii) to any "Lender" or the "Lenders" were a reference to any "Holder of Secured Obligations" or the "Holders of Secured Obligations".

(b) Expenses of Enforcement, Etc. During the continuation of an Event of Default under the Credit Agreement, the Required Lenders shall have the right at any time to direct the Administrative Agent or, in accordance with the Intercreditor Agreement, the Collateral Agent to commence enforcement proceedings with respect to the Guaranteed Obligations. The Guarantors agree to reimburse the Administrative Agent, the Collateral Agent and the Holders of Secured Obligations for any reasonable out-of-pocket costs and expenses (including reasonable out-of-pocket attorneys' fees)

paid or incurred by the Administrative Agent, the Collateral Agent or any Holders of Secured Obligations in connection with the collection and enforcement of amounts due under the Loan Documents, including without limitation this Guaranty. Each of the Collateral Agent and the Administrative Agent agrees to distribute payments received from any of the Guarantors hereunder in accordance with the terms of the Credit Agreement and the Intercreditor Agreement.

SECTION 18. Setoff. Subject to the terms of the Intercreditor Agreement, at any time after all or any part of the Guaranteed Obligations have become due and payable (by acceleration or otherwise), each Holder of Secured Obligations and the Administrative Agent may, without notice to any Guarantor and regardless of the acceptance of any security or collateral for the payment hereof, appropriate and apply toward the payment of all or any part of the Guaranteed Obligations (i) any indebtedness due or to become due from such Holder of Secured Obligations or the Administrative Agent to any Guarantor, and (ii) any monies, credits or other property belonging to any Guarantor, at any time held by or coming into the possession of such Holder of Secured Obligations or the Administrative Agent or any of their respective affiliates.

SECTION 19. Financial Information. Each Guarantor hereby assumes responsibility for keeping itself informed of the financial condition of the Borrower and any and all endorsers and/or other Guarantors of all or any part of the Guaranteed Obligations, and of all other circumstances bearing upon the risk of nonpayment of the Guaranteed Obligations, or any part thereof, that diligent inquiry would reveal, and each Guarantor hereby agrees that none of the Holders of Secured Obligations or the Administrative Agent shall have any duty to advise such Guarantor of information known to any of them regarding such condition or any such circumstances. In the event any Holder of Secured Obligations or the Administrative Agent, in its sole discretion, undertakes at any time or from time to time to provide any such information to a Guarantor, such Holder of Secured Obligations or the Administrative Agent shall be under no obligation (i) to undertake any investigation not a part of its regular business routine, (ii) to disclose any information which such Holder of Secured Obligations or the Administrative Agent, pursuant to accepted or reasonable commercial finance or banking practices, wishes to maintain confidential or (iii) to make any other or future disclosures of such information or any other information to such Guarantor.

SECTION 20. Severability. Wherever possible, each provision of this Guaranty shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Guaranty shall be prohibited by or invalid under such law, such provision shall be ineffective to the extent of such prohibition or invalidity without invalidating the remainder of such provision or the remaining provisions of this Guaranty.

SECTION 21. Merger. This Guaranty represents the final agreement of each of the Guarantors with respect to the matters contained herein and may not be contradicted by evidence of prior or contemporaneous agreements, or subsequent oral agreements, between any Guarantor and any Holder of Secured Obligations, the Administrative Agent or the Collateral Agent.

SECTION 22. Headings. Section headings in this Guaranty are for convenience of reference only and shall not govern the interpretation of any provision of this Guaranty.

SECTION 23. Counterparts. This Guaranty may be executed in any number of counterparts and by different parties hereto on separate counterparts, each constituting an original, but all together one and the same instrument. SECTION 24. Termination or Release.

(a) This Guaranty and the guarantees made herein shall terminate when all the Guaranteed Obligations have been paid in full (other than obligations to pay fees and expenses with respect to which the Borrower has not yet received an invoice, Rate Management Obligations, contingent indemnity obligations and other contingent obligations) and the Lenders have no further commitment to lend under the Credit Agreement, the LC Obligations have been reduced to zero and the LC Issuer has no further obligations to issue Facility LCs under the Credit Agreement.

(b) A Guarantor shall automatically be released from its obligations hereunder upon the consummation of any transaction permitted by the Loan Documents as a result of which such Guarantor ceases to be a Subsidiary of the Borrower.

(c) In connection with any termination or release pursuant to paragraph (a) or (b), the Administrative Agent shall execute and deliver to any Guarantor, at such Guarantor's expense, all documents that such Guarantor shall reasonably request to evidence such termination or release.

SECTION 25. Guaranty Enforceable by the Collateral Agent. Notwithstanding anything to the contrary contained elsewhere in this Guaranty, the Administrative Agent and the Holders of Secured Obligations acknowledge and agree (by their acceptance of the benefits of this Guaranty) that this Guaranty may be enforced only by the action of the Collateral Agent, in each case acting upon the instructions of the Instructing Group (as defined in the Intercreditor Agreement) and that neither the Administrative Agent nor any Holder of Secured Obligations shall have any right individually to enforce this Guaranty or to realize upon the security to be granted by the Collateral Documents, it being understood and agreed that such rights and remedies may be exercised by the Collateral Agent for the benefit of the Administrative Agent and the Holders of Secured Obligations upon the terms of this Guaranty and the Collateral Documents; provided, however, that all proceeds of such enforcement or realization shall be applied as among the Guaranteed Obligations in the manner provided in the Intercreditor Agreement.

SECTION 26. Payments by Guarantors. Any term or provision of this Guaranty to the contrary notwithstanding, the maximum aggregate amount of the Secured Obligations guaranteed hereunder by any Guarantor shall not exceed the maximum amount that can be hereby guaranteed without rendering this Guaranty, as it relates to such Guarantor, voidable under applicable law relating to fraudulent conveyance or fraudulent transfer or similar laws affecting the rights of creditors generally.

IN WITNESS WHEREOF, the Initial Guarantors have caused this Guaranty to be duly executed by its authorized officer as of the day and year first above written.

CCR of Ohio, Inc.
Comfort Care Holdings CO.
Complete Plumbing Services, Inc.
Consolidated HVAC, Inc.
Jet Resource, Inc.
Nurotoco of Massachusetts, Inc.
Nurotoco of New Jersey, Inc.
R.R. UK, Inc.
Roto-Rooter Corporation
Roto-Rooter Development Company
Roto-Rooter Management Company
Roto-Rooter Services Company
R.R. Plumbing Services Corporation
Service America Network, Inc.

By: /s/ Naomi C. Dallob

Name: Naomi C. Dallob
Title: Secretary

Hospice Care Incorporated
Hospice, Inc.
Vitas Healthcare Corporation
Vitas Healthcare Corporation of California
Vitas Healthcare Corporation of Central Florida
Vitas Healthcare Corporation of Florida
Vitas Healthcare Corporation of Illinois
Vitas Healthcare Corporation of Ohio
Vitas Healthcare Corporation of Pennsylvania
Vitas Healthcare Corporation of Wisconsin
Vitas HME Solutions, Inc.
Vitas Holdings Corporation
Vitas Hospice Services, L.L.C.

By: /s/ Timothy S. O'Toole

Name: Timothy S. O'Toole
Title: President

Vitas Healthcare of Texas, L.P.

By: Vitas Hospice Services, L.L.C.,
its General Partner

By: /s/ Timothy S. O'Toole

Name: Timothy S. O'Toole
Title: President

Acknowledged and Agreed
as of February 24, 2004

BANK ONE, NA (MAIN OFFICE CHICAGO),
as Administrative Agent

By: /s/ Thomas J. Reinhold

    Name: Thomas J. Reinhold
    Title: Vice President

Annex I

ANNEX I TO GUARANTY AGREEMENT

Reference is hereby made to the Guaranty Agreement (as the same may be amended, restated, supplemented or otherwise modified from time to time, the "Guaranty"), dated as of February 24, 2004, made by certain Subsidiaries of Roto-Rooter, Inc. (each an "Initial Guarantor", and together with any additional Subsidiaries which become parties to the Guaranty by executing a Supplement thereto substantially similar in form and substance hereto, the "Guarantors"), in favor of the Administrative Agent, for the ratable benefit of the Holders of Secured Obligations, under the Credit Agreement. Each capitalized term used herein and not defined herein shall have the meaning given to it in the Guaranty. By its execution below, the undersigned, [NAME OF NEW GUARANTOR], a [corporation] [partnership] [limited liability company], agrees to become, and does hereby become, a Guarantor under the Guaranty and agrees to be bound by such Guaranty as if originally a party thereto. By its execution below, the undersigned represents and warrants as to itself that all of the representations and warranties contained in Section 2 of the Guaranty are true and correct in all respects as of the date hereof.

IN WITNESS WHEREOF, [NAME OF NEW GUARANTOR], a [corporation] [partnership] [limited liability company] has executed and delivered this Annex I counterpart to the Guaranty as of this _____ day of _____, ____.

[NAME OF NEW GUARANTOR]

By:_____
Name:
Title:

EXHIBIT 13

ROTO-ROOTER

INCORPORATED LOGO

ROTO-ROOTER, INC.
2003 ANNUAL REPORT

INSIDE FRONT COVER

CORPORATE OFFICERS

EDWARD L. HUTTON
Chairman

KEVIN J. MCNAMARA
President & Chief Executive Officer

TIMOTHY S. O'TOOLE
Executive Vice President

SPENCER S. LEE
Executive Vice President

ARTHUR V. TUCKER, JR.
Vice President & Controller

NAOMI C. DALLOB
Vice President & Secretary

DAVID P. WILLIAMS
Vice President & Chief Financial Officer

THOMAS C. HUTTON
Vice President

JOHN M. MOUNT
Vice President

THOMAS J. REILLY
Vice President

DIRECTORS

EDWARD L. HUTTON
Chairman, Roto-Rooter, Inc.

KEVIN J. MCNAMARA
President & Chief Executive Officer,
Roto-Rooter, Inc.

CHARLES H. ERHART, JR. (1, 2*, 3)
Former President, W.R. Grace & Co. (retired)

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

PATRICK P. GRACE (1, 3)
President, MLP Capital, Inc. (real estate and mining)

THOMAS C. HUTTON
Vice President, Roto-Rooter, Inc.

SANDRA E. LANEY
Chairman & Chief Executive Officer,
Cadre Computer Resources Co.

TIMOTHY S. O'TOOLE
Executive Vice President, Roto-Rooter, Inc.;
President & Chief Executive Officer,
VITAS Healthcare Corporation

DONALD E. SAUNDERS (1*)
Markley Visiting Professor,
Farmer School of Business Administration,
Miami University (Ohio)

GEORGE J. WALSH III (2,3*)
Partner, Thompson Hine, LLP
(law firm, New York, New York)

FRANK E. WOOD (2)
President and Chief Executive Officer,
Secret Communications, LLC (radio stations); Principal, The Darwin Group
(venture capital); and Chairman, 8e6
Technologies Corporation
(software development)

1) Audit Committee

2) Compensation/Incentive Committee

3) Nominating Committee

* Committee Chairman

INSIDE BACK COVER

TEXT:

CORPORATE INFORMATION

CORPORATE HEADQUARTERS

Roto-Rooter, Inc.
Suite 2600
255 East Fifth Street
Cincinnati, Ohio 45202-4726
513-762-6900
www.RotoRooter.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 or cost-basis data, 1099s, or assistance with other administrative matters relating to Roto-Rooter Stock and Chemed Capital Trust Convertible Preferred Securities (Chemed Preferred Securities) should direct their inquiries to the designated transfer agent listed below.

ROTO-ROOTER STOCK TRANSFER AGENT & REGISTRAR:

Wells Fargo Bank, N.A., Shareowner Services
P.O. Box 64854
St. Paul, Minnesota 55164-0854
Telephone: 800-468-9716 (TOLL-FREE)

Web site: www.wellsfargo.com/shareownerservices

All questions relating to administration of ROTO-ROOTER STOCK MUST be handled by WELLS FARGO.

CHEMED PREFERRED SECURITIES TRANSFER AGENT & REGISTRAR:

Mellon Investor Services LLC
Overpeck Centre
85 Challenger Road
Ridgefield Park, New Jersey 07660
Telephone: 800-756-3353 (TOLL-FREE)
For conversions: 800-777-3674 (TOLL-FREE)
Web site: www.melloninvestor.com

All questions relating to administration of CHEMED PREFERRED SECURITIES MUST be handled by MELLON.

CORPORATE INQUIRIES

Questions concerning company operations and financial results should be directed to David P. Williams, Vice President & Chief Financial Officer, at Roto-Rooter corporate headquarters by writing or by calling 800-224-3633 or 513-762-6901.

Annual and quarterly reports, press releases, corporate governance guidelines, Board committee charters, Policies on Business Ethics, the Annual Report on Form 10-K, and other printed materials may be obtained from Roto-Rooter Investor Relations without charge by writing or by calling 800-224-3633 or 513-762-6463. Printed materials may also be viewed and downloaded from Roto-Rooter's Web site at www.rotorooterinc.com.

INDEPENDENT ACCOUNTANTS

PricewaterhouseCoopers LLP
Cincinnati, Ohio 45202

DIVIDEND REINVESTMENT PLAN FOR HOLDERS OF 25 OR MORE SHARES

The Roto-Rooter Automatic Dividend Reinvestment Plan is available to shareholders of record owning a minimum of 25 shares of Roto-Rooter Capital Stock. A plan brochure, including fee schedule, and enrollment information are available from the Dividend Reinvestment Agent, Wells Fargo Bank, N.A., at the address listed above. CHEMED PREFERRED SECURITIES ARE NOT ELIGIBLE TO PARTICIPATE IN THIS PLAN.

ANNUAL MEETING

The Annual Meeting of Shareholders of Roto-Rooter, Inc., will be held on Monday, May 17, 2004, at 11 a.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 Roto-Rooter Capital Stock was 3,423 on December 31, 2003. (This number does not include shareholders with shares held under

beneficial ownership or within clearinghouse positions of brokerage firms and banks nor holders of Chemed Preferred Securities.)

STOCK EXCHANGE LISTINGS

Roto-Rooter Capital Stock is listed on the New York Stock Exchange under the ticker symbol RRR. Chemed Capital 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 Roto-Rooter Capital Stock, as obtained from the New York Stock Exchange NYSEnet Web site, and dividends per share paid by quarter follow:

	Closing		Dividends Paid
	High	Low	Per Share
2003			
First Quarter	$36.51	$31.55	$.12
Second Quarter	40.20	32.98	.12
Third Quarter	40.35	34.42	.12
Fourth Quarter	51.78	33.69	.12
2002			
First Quarter	$38.30	$33.52	$.11
Second Quarter	39.35	33.60	.11
Third Quarter	37.04	29.85	.11
Fourth Quarter	37.84	29.65	.12

BACK COVER:

Roto-Rooter, Inc.
Suite 2600
255 East Fifth Street
Cincinnati, Ohio 45202-4726

Visit our Web sites at www.RotoRooter.com, www.serviceamerica.com, and www.vitas.com.

EXHIBIT 14

ROTO-ROOTER, INC.

POLICIES ON BUSINESS ETHICS

It is Roto-Rooter's policy to conduct business in accordance with the highest standards of business ethics. This requires that all directors and employees of the Company and its subsidiaries conduct all business in compliance with the law, avoid actual or potential conflicts of interest and act at all times with honesty and integrity.

The purpose of this communication is to provide guidance on the Company's policies on business ethics.

1. CONFLICTS OF INTEREST

Under established principles of law and Company policy, every director, officer and employee of Roto-Rooter, Inc., its divisions and subsidiaries, has a duty of undivided loyalty to the Company. Accordingly, if confronted with a choice between the interests of the Company and personal economic interests or obligations or duties to others, you must act in the interests of the Company.

While it is not possible to describe all situations of potential or actual conflict, the following categories are listed as guidance:

1. Receipt of compensation, gifts, entertainment, discounts, services, loans or any thing of value from any competitor of the Company and its subsidiaries or from suppliers, customers or others with current or anticipated business dealings with the Company or its subsidiaries (other than the receipt of minor gifts, entertainment, discounts, services or things of value not exceeding $100 per year from any one source).

2. Retention of a stock or other financial interest in any firm described in (1) above. This would not usually apply to the investment in securities of a publicly held corporation unless the investor's judgment in transactions involving the Roto-Rooter organization might be affected by factors such as the size of the investment or the amount of business done with the Company and its subsidiaries. As a general rule, a

2% aggregate interest by a person, members of his family and associated individuals or companies would not present a problem.

3. Acting as a director, officer, consultant, agent, employee or in some other capacity for a person or firm described in (1). In addition, there are prohibitions on interlocking directorships and offices in certain situations. To ensure compliance, all directors and officers of the Company should inform the Secretary prior to accepting any other directorship or office.

4. Having an interest in any transaction involving the Company or its subsidiaries where the interest may affect the objective and impartial representation of the Company.

5. Disclosure or other misuse of confidential information.

6. Speculation or dealing in goods, commodities or products purchased, sold or otherwise dealt in or required by the Company and its subsidiaries.

7. Conversion to personal benefit of a business opportunity in which the Company or a subsidiary might reasonably be expected to be interested, without first making it available to the Company or subsidiary. For instance, you might learn of a business, an invention or other property for sale which the Company or a subsidiary might be interested in acquiring. If you fail to disclose this to the Company and acquire the property, you may be legally accountable to the Company for profits realized.

8. Trading in securities of the Company or its subsidiaries for quick profits or speculation. The Company encourages its directors, officers and employees to invest in the Company's securities as part of a long-range investment plan in order to stimulate their interest in the success of the Company. However, the Company discourages short-term trading since it might create pressures inconsistent with the impartial exercise of judgment on the Company's behalf. In addition, the law requires all directors and certain officers of the Company to pay the Company any profits on purchases/sales made in any six month period.

9. Interests, relationships or activities of the type described above taken by (a) family members, (b) any trust or estate in which either the employee or family members have a substantial interest, or (c) any partnership, corporation or other firm in which you are a partner, director or officer in which you or your family members have a substantial interest.

Where a conflict or potential conflict develops, you should disclose promptly and fully to your superior all pertinent facts. In many instances, the only consequences will be your disqualification from participating in a particular transaction, or a finding that the condition which appeared questionable is not significant. In other cases, it may prove advisable for you to dispose of the outside interest or for other measures to be taken.

2. DISCLOSURE

The Company requires full, fair, accurate, timely and understandable disclosure in all reports and documents it files with or submits to the Securities and Exchange Commission and in other public communications it makes.

All books and records of the Company and its subsidiaries shall be kept in such a way as to fully and fairly reflect all transactions. Clear, open and frequent communication among all management levels and personnel on significant accounting, financial and operating matters will assist in achieving this, as well as help reach our operating goals.

No employee shall take any action to circumvent the Company's system of internal controls.

Administrative and accounting controls in place shall assure that financial and other reports are accurately and reliably prepared, and fully and fairly disclose pertinent information.

3. LEGAL COMPLIANCE

The Company and its subsidiaries require compliance with all applicable governmental laws,

rules and regulations.

4. IMPROPER PAYMENTS AND BOOKINGS

The Company has a policy against the making of any improper, disguised or questionable payments or book entries of any kind. There are also numerous laws imposing civil and criminal penalties for such acts, not only upon the Company, but the individuals as well.

As guidance, directors and employees may not:

1. Use, directly or indirectly, any funds or other assets of the Company or any subsidiary for any unlawful purpose.

2. Even if lawful, use, directly or indirectly, any funds or other assets of the Company or any subsidiary for political contributions of any kind or in any form (whether cash, other property, services or the furnishing of facilities), or establish or administer any committee or other organization to raise or make political contributions.

3. Establish or maintain undisclosed or unrecorded bank accounts or other funds or assets of the Company or any subsidiary.

4. Make or permit any false, misleading or artificial entries on books or records of the Company or any subsidiary. All transactions shall be appropriately authorized, recorded and evidenced by proper supporting documentation.

5. Make any payment on behalf of the Company or any of its subsidiaries with the intention or understanding that it is to be used for a purpose other than that described by the supporting documents.

6. Make any payment in violation of exchange control or tax regulations.

7. Give gifts or favors to anyone with current or anticipated business dealings with the Company or its subsidiaries, if it could reasonably be interpreted for the purpose of improperly influencing a business decision.

8. Offer or make any payment or gift, directly or indirectly, to any governmental official to assist the Company in obtaining, retaining or directing business.

5. REPORTING VIOLATIONS

Any violation of these Policies on Business Ethics shall be promptly reported in writing to any employee's supervisor, to the Company's Secretary, or to the Company's Internal Auditor. You may also report them to the Company's Theft and Fraud Hotline, 1-877-888-0003, 24 hours a day, 7 days a week.

The Company will investigate any reported violations and may take appropriate disciplinary action. The Company forbids retaliation against those who in good faith report violations of these Policies on Business Ethics.

6. ACCOUNTABILITY FOR ADHERENCE TO POLICIES

Violations of these Policies on Business Ethics, even in the first instance, may result in disciplinary action up to and including termination of employment.

If you have any questions at any time concerning the Policies, discuss them with your superior, the Internal Auditor, or a person designated by the head of your division or subsidiary.

CERTIFICATE

I, , certify that I have read the foregoing Policies on Business Ethics and will comply to the best of my knowledge and ability.

I understand that violating the Policies may result in disciplinary action up to and including termination of my employment.

I acknowledge my duty to advise my supervisor, the Company's Secretary, or Internal Auditor, of any violations of these Policies. I understand I may also do this by calling the Theft and Fraud Hotline, 1-877-888-0003.

_____

Division or Unit Employed By Signature

Title or Position Date

EXHIBIT 21
SUBSIDIARIES OF ROTO-ROOTER, INC.

The following is a list of subsidiaries of the Company as of December 31, 2003:Other subsidiaries which have been omitted from the list would not, when considered in the aggregate, constitute a significant subsidiary. Each of the companies is incorporated under the laws of the state following its name. The percentage given for each company represents the percentage of voting securities of such company owned by the Company or, where indicated, subsidiaries of the Company as of December 31, 2003.

All of the majority owned companies listed below are included in the consolidated financial statements as of December 31, 2003.

CCR of Ohio, Inc. (Delaware, 100%)
Comfort Care Holdings Co. (Nevada, 100%)
Complete Plumbing Services, Inc. (New York, 49% by Roto-Rooter Services Company; included within the consolidated financial statements as a consolidated subsidiary)
Consolidated HVAC, Inc. (Ohio, 100% by Roto-Rooter Services Company)
Jet Resource, Inc. (Delaware, 100%)
Marlin Merger Corp. (Delaware, 100% by Comfort Care Holdings Co.)
Nurotoco of Massachusetts, Inc. (Massachusetts, 100% by Roto-Rooter Services Company)
Nurotoco of New Jersey, Inc. (Delaware, 80% by Roto-Rooter Services Company)
Roto-Rooter Canada, Ltd. (BritishColumbia, 100% by Roto-Rooter Services Company)
Roto-Rooter Corporation (Iowa, 100% by Roto-Rooter Management Company)
Roto-Rooter Development Company (Delaware, 100% by Roto-Rooter Corporation)
Roto-Rooter Management Company (Delaware, 100% by Roto-Rooter, Inc.)
Roto-Rooter Services Company (Iowa, 100% by Roto-Rooter Management Company)
RR Plumbing Services Corporation (New York, 49% by Roto-Rooter Management Company; included within the consolidated financial statements as a consolidated subsidiary)
R.R. UK, Inc. (Delaware, 100% by Roto-Rooter Management Company)
Service America Network, Inc. (Florida, 100%)

EXHIBIT 23

CONSENT OF INDEPENDENT ACCOUNTANTS

WE HEREBY CONSENT TO THE INCORPORATION BY REFERENCE IN THE REGISTRATION STATEMENTS ON FORM S-8 (NOS. 33-9549, 2-87202, 2-80712, 33-65244, 33-61063, 333-34525, 333-87071, 333-87073 AND 333-109104) OF ROTO-ROOTER, INC. OF OUR REPORT DATED MARCH 5, 2004 RELATING TO THE FINANCIAL STATEMENTS AND FINANCIAL STATEMENT SCHEDULE, WHICH APPEAR IN THIS FORM 10-K.

/S/ PRICEWATERHOUSECOOPERS LLP
- --------------------------------
PRICEWATERHOUSECOOPERS LLP

CINCINNATI, OHIO
MARCH 10, 2004

EXHIBIT 24

POWER OF ATTORNEY

The undersigned director of ROTO-ROOTER, INC. ("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, 2003, 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 8, 2004

/s/ Edward L. Hutton

Edward L. Hutton

POWER OF ATTORNEY

The undersigned director of ROTO-ROOTER, INC. ("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, 2003, 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 5, 2004

/s/ Charles H. Erhart, Jr.

Charles H. Erhart, Jr.

POWER OF ATTORNEY

The undersigned director of ROTO-ROOTER, INC. ("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, 2003, 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 5, 2004

/s/ Joel F. Gemunder

Joel F. Gemunder

POWER OF ATTORNEY

The undersigned director of ROTO-ROOTER, INC. ("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, 2003, 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 5, 2004

/s/ Patrick P. Grace

Patrick P. Grace

POWER OF ATTORNEY

The undersigned director of ROTO-ROOTER, INC. ("Company") hereby appoints EDWARD L. HUTTON, KEVIN J. MCNAMARA and NAOMI C. DALLOB as his true and lawful attorneys-in-fact for the purpose of signing the Company's Annual Report on Form 10-K for the year ended December 31, 2002, and all amendments thereto, to be filed with the Securities and Exchange Commission. Each of such attorneys-in-fact is appointed with full power to act without the other.

Dated: March 5, 2004

/s/ Thomas C. Hutton

Thomas C. Hutton

POWER OF ATTORNEY

The undersigned director of ROTO-ROOTER, INC. ("Company") hereby appoints EDWARD L. HUTTON, KEVIN J. MCNAMARA and NAOMI C. DALLOB as her true and lawful attorneys-in-fact for the purpose of signing the Company's Annual Report on Form 10-K for the year ended December 31, 2003, 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 4, 2004

/s/ Sandra E. Laney

Sandra E. Laney

POWER OF ATTORNEY

The undersigned director of ROTO-ROOTER, INC. ("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, 2003, 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 4, 2004

/s/ Timothy S. O'Toole

Timothy S. O'Toole

POWER OF ATTORNEY

The undersigned director of ROTO-ROOTER, INC. ("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, 2003, 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 5, 2004

/s/ Donald E. Saunders

Donald E. Saunders

POWER OF ATTORNEY

The undersigned director of ROTO-ROOTER, INC. ("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, 2003, 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 5, 2004

/s/ George J. Walsh III

George J. Walsh III

POWER OF ATTORNEY

The undersigned director of ROTO-ROOTER, INC. ("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, 2003, 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 5, 2004

/s/ Frank E. Wood

Frank E. Wood

POWER OF ATTORNEY

The undersigned director of ROTO-ROOTER, INC. ("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, 2003, 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 4, 2004

/s/ Spencer S. Lee

Spencer S. Lee

EXHIBIT 31.1

CERTIFICATION PURSUANT TO RULES 13a-14(a)/15d-14(a) OF THE EXCHANGE ACT OF 1934

I, Kevin J. McNamara, certify that:

1. I have reviewed this annual report on Form 10-K of Roto-Rooter, Inc. ("registrant");

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

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

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15 (e)) and internal control over financial reporting (as defined in Exchange Act Rule 13a-15(f) and 15d-15(f)) for the registrant and have:

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

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's fourth quarter in 2003 that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.

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

a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information;

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 10, 2004

/s/ Kevin J. McNamara

Kevin J. McNamara
(President & Chief Executive Officer)

EXHIBIT 31.2

CERTIFICATION PURSUANT TO RULES 13a-14(a)/15d-14(a) OF THE EXCHANGE ACT OF 1934

I, David P. Williams, certify that:

1. I have reviewed this annual report on Form 10-K of Roto-Rooter, Inc. ("registrant");

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

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

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15 (e)) and internal control over financial reporting (as defined in Exchange Act Rule 13a-15(f) and 15d-15(f)) for the registrant and have:

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

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's fourth quarter in 2003 that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.

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

a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information;

b) any fraud, whether or not material, that involves management or - other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 10, 2004

/s/ David P. Williams

David P. Williams
(Vice President and Chief Financial Officer)

EXHIBIT 31.3

CERTIFICATION PURSUANT TO RULES 13a-14(a)/15d-14(a) OF THE EXCHANGE ACT OF 1934

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

1. I have reviewed this annual report on Form 10-K of Roto-Rooter, Inc. ("registrant");

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

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

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15 (e)) and internal control over financial reporting (as defined in Exchange Act Rule 13a-15(f) and 15d-15(f)) for the registrant and have:

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

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's fourth quarter in 2003 that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.

5. The registrant's other certifying officers and I have dis closed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors:

a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information;

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 10, 2004

/s/ Arthur V. Tucker, Jr.

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

EXHIBIT 32.1

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

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned, as President and Chief Executive Officer of Roto-Rooter, Inc. ("Company"), does hereby certify that:

1) the Company's Annual Report on Form 10-K for the year ending December 31, 2003 ("Report"), fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: March 10, 2004

/s/ Kevin J. McNamara

Kevin J. McNamara
(President and Chief Executive Officer)

EXHIBIT 32.2

CERTIFICATION BY DAVID P. WILLIAMS
PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002.

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned, as Vice President and Chief Financial Officer of Roto-Rooter, Inc. ("Company"), does hereby certify that:

1) the Company's Annual Report on Form 10-K for the year ending December 31, 2003 ("Report"), fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: March 10, 2004

/s/ David P. Williams

David P. Williams
(Vice President and
Chief Financial Officer)

EXHIBIT 32.3

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

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned, as Vice President and Controller of Roto-Rooter, Inc. ("Company"), does hereby certify that:

1) the Company's Annual Report on Form 10-K for the year ending December 31, 2003 ("Report"), fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: March 10, 2004

/s/ Arthur V. Tucker, Jr.

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