

CHEMED CORPORATION CORPORATE GOVERNANCE PRINCIPLES

The following principles have been approved by the Board of Directors and, along with the charters of board committees, provide the framework for the governance of the Corporation. The board will review these principles annually.

1. Role of Board and Management.

The Corporation's business is conducted by its employees, under the direction of the chief executive officer (CEO) and the oversight of the board, to enhance the long-term value of the company for its shareholders. The board of directors is elected by the shareholders to oversee management and to assure that the long-term interests of the shareholders are being served.

2. Director Qualification Standards.

Directors should possess the highest personal and professional ethics, integrity and values, and be committed to representing the long-term interests of the shareholders.

Directors must be willing to devote sufficient time to carrying out their duties and responsibilities effectively.

Directors who also serve as CEOs or in equivalent positions should not serve on more than two boards of public companies in addition to our board, and other directors should not serve on more than four other boards of public companies in addition to our board.

The board does not believe that arbitrary term limits on directors' service is appropriate, although it does maintain the Director Emeritus designation for former directors.

Independence of Directors. A majority of the directors will be independent directors under the New York Stock Exchange (NYSE) rules. The board has determined that 8 of its 10 directors are independent: Joel F. Gemunder, Patrick P. Grace, Walter L. Krebs, Andrea R. Lindell, Thomas P. Rice, Donald E. Saunders, George J. Walsh, and Frank E. Wood.

3. Director Responsibilities.

The board of directors has 5 scheduled meetings a year at which it reviews and discusses reports by management on the performance of the corporation and its operating subsidiaries, its plans and prospects, as well as immediate issues facing the corporation. The board meets during each of its meetings in executive session, without employee or non-independent directors present. Such sessions are presided over by the Chairman. Directors are expected to review materials in advance, and to attend all scheduled board and committee meetings.

In addition to its general oversight of management, the board also performs a number of specific functions, including:

- a. selecting, evaluating and compensating the CEO and overseeing CEO succession planning;
- b. providing counsel and oversight on the selection, evaluation, development and compensation of senior management;
- c. reviewing, monitoring and, where appropriate, approving fundamental financial and business strategies and major corporate actions;
- d. assessing major risks facing the company – and reviewing options for their mitigation; and
- e. ensuring processes are in place for maintaining the integrity of the company – the integrity of the financial statements, the integrity of compliance with law and ethics, the integrity of relationships with customers and suppliers, and the integrity of relationships with other shareholders.

4. Access of the Board. Access to Management.

Non-employee directors have contact with those senior managers who serve on the board. Other senior executives of the corporation's principal business units also attend board meetings. Senior financial officers of the corporation and its major subsidiaries attend Audit Committee meetings.

Access to Independent Advisors.

The board and its committees have the right to retain independent outside financial, legal or other advisors.

5. Director Compensation.

Management recommends to the board compensation for non-employee directors. Such compensation is intended to fairly pay directors for their work, and align their interests with those of the shareholders.

6. Director Orientation.

The corporate secretary is responsible for providing orientation for new directors, and for periodically providing materials to all directors on subjects that assist them in discharging their duties.

7. Succession Plan.

The board shall consider policies and principles for CEO selection as well as policies regarding succession in the event of an emergency or the retirement of the CEO. The Compensation/Incentive Committee shall conduct a performance review of the CEO annually.

8. Annual Performance Evaluation.

The board and each of its committees will perform an annual self-evaluation.