Chemed Reports Results for Fourth-Quarter and Full-Year 2001; Declares Dividend for 2002 First Quarter

February 7, 2002

CINCINNATI, February 7, 2002--Chemed Corporation (NYSE:CHE) (OTCBB:CHEQP) today reported that, for the year ended December 31, 2001, it recorded a net loss of $1.07 per share, which included $1.95 per share in aftertax restructuring and other charges, a loss of $.21 per share from discontinued operations, an extraordinary loss of $.17 per share in debt prepayment penalties, and capital gains from sales of investments of $.07 per share. Net income of $2.09 per share in 2000 included capital gains of $.23 per share and a loss from discontinued operations of $.02 per share. On a pro forma basis excluding capital gains and restructuring and other charges, Chemed?s earnings from continuing operations for 2001 were $1.19 per share as compared with $1.88 per share in 2000.

Service revenues and sales from continuing operations for 2001 were $477.1 million, 3% below 2000's $492.4 million. For 2001, earnings before capital gains, interest, taxes, depreciation, and amortization (EBITDA) were $30.6 million versus EBITDA of $59.2 million for 2000, and for 2001, EBITDA represented 6% of revenues. Pro forma EBITDA for 2001 amounted to $48.0 million, or 10% of revenues.

The restructuring and other charges comprise primarily write-offs associated with exiting unprofitable businesses, costs of restructuring long-term stock incentives, severance costs, and other nonrecurring charges.

Today Chemed also announced that its Board of Directors declared a quarterly cash dividend of $.11 per share on its capital stock, payable on March 8, 2002, to stockholders of record on February 21, 2002.

For the fourth quarter, ended December 31, 2001, Chemed recorded a net loss of $1.70 per share versus net income of $.51 per share in the prior-year fourth quarter. The 2001 quarter included an aftertax charge of $1.71 per share for restructuring and other charges and an extraordinary loss of $.18 per share in debt prepayment penalties. The 2000 fourth quarter included a loss from discontinued operations of $.02 per share and capital gains from sales of investments of $.05 per share. Chemed's pro forma earnings of $.19 per share for the 2001 fourth quarter compared with $.48 per share in the same 2000 quarter.

Chemed's EBITDA was a loss of $4.0 million for the 2001 fourth quarter compared with EBITDA of $14.4 million in the 2000 fourth quarter. Pro forma EBITDA for the 2001 fourth quarter amounted to $10.2 million. Service revenues and sales from continuing operations for the fourth quarter were $117.6 million in 2001 and $128.4 million in 2000.

Commenting on the year's results, Chemed President and Chief Executive Officer Kevin J. McNamara said, "No doubt about it: 2001 was a tough year. Our flagship Roto-Rooter subsidiary particularly felt the pinch of the weak economy as customers deferred optional plumbing projects or took them on as do-it-yourselfers, and noncore HVAC businesses struggled. Likewise, Service America experienced a shortfall in retail sales as customers put off more economically sensitive purchases of new air conditioners and major appliances, along with duct cleaning and other demand repair services. Patient Care, however, having suffered from industrywide reimbursement issues during the past few years, emerged from 2001 with a strong operating performance.

"As 2001 progressed, we carefully analyzed our businesses and dentified opportunities to streamline Chemed and optimize operations. We discontinued the Cadre Computer Resources subsidiary and announced an important restructuring effort which, when fully implemented, should result in significant savings and enhanced profitability."

Discussing Chemed's operations, Mr. McNamara continued, "Revenues in 2001 of $269.4 million at Roto-Rooter were 4% below prior year, primarily due to revenue shortfalls in Roto-Rooter's plumbing and HVAC businesses. The resulting negative leverage caused a 2.9 percentage point decline in the gross margin, while net income declined to $3.4 million in 2001 versus $20.0 million in 2000. On a pro forma basis, Roto-Rooter's income for 2001 amounted to $13.8 million as compared with $20.0 million in 2000.

"As the economy improves, we expect Roto-Rooter's revenues will improve. We are redoubling efforts to upgrade customer service and to improve the compensation opportunity for Roto-Rooter technicians. We've initiated sales and marketing efforts, including specific programs to gain commercial business. We've been increasing service force staffing, a key driver of revenue growth. We will continue to maintain tight expense controls at all levels, and the restructuring of noncore HVAC and non-Roto-Rooter-branded plumbing operations should position Roto-Rooter for improved results in the year ahead.

"For 2001, Service America recorded a net loss of $686,000 versus net income of $1.1 million in 2000. On a pro forma basis, Service America's earnings of $1.0 million in 2001 compare with $1.1 million in 2000. Service America is beginning to see the benefits of centralization projects and ongoing efforts to eliminate less-profitable contracts. Service America expects both service improvements and cost efficiencies from its centralized call center, dispatch, distribution, and purchasing operations. These improvements and efficiencies, along with marketing targeted toward retail sales and commercial accounts, should stabilize the contract base, boost retail revenues, and lead to future growth.

"Patient Care's net income of $526,000 in 2001 compares with net income of $2.1 million for 2000. Pro forma earnings grew 24%, to $2.6 million, in 2001 on revenue growth of 2%, to $139.2 million, as compared with earnings and revenues in 2000. Patient Care achieved these results through its continued focus on high-quality relationships with large referral sources and by providing supplemental staffing to meet increasing demand--particularly from Medicare agencies and assisted-living facilities--for healthcare personnel. Patient Care also benefited from improved Medicare reimbursements."

Commenting on the restructuring, Mr. McNamara said, "We entered 2001 with high expectations, having achieved two years of substantial growth led by outstanding results at Roto-Rooter. As growth plateaued during the year, we reexamined every operation for opportunities and began implementing corporate-wide restructuring initiatives. While these initiatives created substantial aftertax charges, they provided the freedom to move forward unencumbered by noncore and underperforming businesses. Additionally, the prepayment and refinancing of our debt enabled us to take advantage of current attractive interest rates.

"Going forward, annual savings resulting from the implementation of these initiatives and the debt refinancing are estimated at $4 million to $5 million after taxes.

"The restructuring process has been carefully considered, and while not an easy one, the process has created a leaner Chemed poised for future growth. We are already enjoying the benefits from a number of these initiatives and expect an improved year because of them. We remain vigilant in seeking other opportunities to cut costs, optimize operations, and increase efficiency as we go forward in 2002."

Concluding, Mr. McNamara said, "Chemed is now positioned for substantial ongoing savings and renewed growth. We are optimistic that our subsidiaries have the right plans in place to grow their businesses and profitability, any further deterioration in economic conditions notwithstanding. In the long term, each of our subsidiaries provides services that home owners, families, and businesses require, and we believe that by providing high quality and solid value, our businesses should prosper in the years ahead."

Chemed Corporation (www.chemed.com), headquartered in Cincinnati, is a New York Stock Exchange-listed corporation with strategic positions in plumbing and drain cleaning; residential appliance and air-conditioning repair; and home healthcare services.

Statements in this press release or in other Chemed communications may relate to future events or Chemed's future performance. Such statements are forward-looking statements and are based on present information Chemed has related to its existing business circumstances. Investors are cautioned that such forward-looking statements are subject to inherent risk that actual results may differ materially from such forward-looking statements. Further, investors are cautioned that Chemed does not assume any obligation to update forward-looking statements based on unanticipated events or changed expectations.

Chemed Corporation and Subsidiary Companies
Comparative Results (Unaudited)
(in thousands, except per share data)

	Three Months Ended December 31,		Year Ended December 31,	
	2001	2000	2001	2000
Continuing Operations				
Service Revenues and Sales	$117,629	$128,398	$477,116	$492,393
Income/(Loss) before Income Taxes	$(23,102)	$ 7,955	$(10,063)	$ 33,470
Income Taxes	8,365	(2,841)	3,362	(12,743)
Income/(Loss) from Continuing Operations	(14,737)	5,114	(6,701)	20,727
Discontinued Operations (c)	-	(180)	(1,973)	(143)
Income/(Loss) before Extraordinary Loss	(14,737)	4,934	(8,674)	20,584
Extraordinary Loss on Extinguishment of Debt (d)	(1,701)	-	(1,701)	-
Net Income/(Loss)	$(16,438)	$ 4,934	$(10,375)	$ 20,584
Pro Forma Income				
Net Income/(Loss)	$(16,438)	$ 4,934	$(10,375)	$ 20,584
Add Restructuring and Other Charges (a)	16,589	-	19,009	-
Add Extraordinary Loss (d)	1,701	-	1,701	-
Deduct Capital Gains (b)	-	(462)	(703)	(2,261)
Add Loss from Discontinued Operations (c)	-	180	1,973	143

Pro Forma Income from Continuing Operations	$ 1,852	$ 4,652	$ 11,605	$ 18,466
Earnings/(Loss) Per Share				
Income/(Loss) from Continuing Operations	$ (1.52)	$ 0.53	$ (0.69)	$ 2.11
Income/(Loss) before Extraordinary Loss	$ (1.52)	$ 0.51	$ (0.89)	$ 2.09
Net Income/(Loss)	$ (1.70)	$ 0.51	$ (1.07)	$ 2.09
Pro Forma Income from Continuing Operations	$ 0.19	$ 0.48	$ 1.19	$ 1.88
Average Number of Shares Outstanding	9,690	9,728	9,714	9,833
Diluted Earnings/(Loss) Per Share				
Income/(Loss) from Continuing Operations	$ (1.52)	$ 0.52	$ (0.69)	$ 2.09
Income/(Loss) before Extraordinary Loss	$ (1.52)	$ 0.50	$ (0.89)	$ 2.07
Net Income/(Loss)	$ (1.70)	$ 0.50	$ (1.07)	$ 2.07
Pro Forma Income from Continuing Operations	$ 0.19	$ 0.47	$ 1.19	$ 1.87
Average Number of Shares Outstanding	9,690	10,276	9,714	10,305

(a) Amounts for the three- and 12-month periods ended December 31, 2001, include pretax restructuring and related charges of $26,358,000 ($16,589,000 aftertax or $1.71 per share) and $30,389,000 ($19,009,000 aftertax or $1.95 per share), respectively. These charges are related primarily to write-offs associated with exiting unprofitable businesses, restructuring long-term stock incentives, severance costs, and the third-quarter settlement of overtime pay issues.

(b) Amounts include pretax capital gains on the sales of investments for the three-month period ended December 31, 2000, and for the 12-month periods ended December 31, 2001 and 2000, of $737,000 ($462,000 aftertax or $.05 per share), $993,000 ($703,000 aftertax or $.07 per share), and $3,399,000 ($2,261,000 aftertax or $.23 per share and $.22 per diluted share), respectively.

(c) Amounts include the results of operations and the loss on the sale of Cadre Computer Resources, discontinued in June 2001.

(d) Amount represents the aftertax prepayment penalty on the Company's early retirement of $32,000,000 of its senior debt.

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