



Chemed Reports Second-Quarter EPS of \$.46; Improved Earnings at Roto-Rooter

July 18, 2002

CINCINNATI, July 18, 2002--Chemed Corporation (NYSE:CHE) (OTCBB:CHEQP) today reported net income of \$.46 per share for the second quarter, ended June 30, 2002, as compared with \$.15 per share in 2001's second quarter. Net income in the year-ago second quarter included \$.12 per share from the amortization of goodwill and a loss of \$.19 per share from discontinued operations. On an adjusted basis, before amortization of goodwill, income from continuing operations amounted to \$.46 per share for both quarters.

Service revenues and sales from continuing operations for the 2002 second quarter were \$116.6 million versus \$120.8 million in 2001. Earnings before capital gains, interest, taxes, depreciation, and amortization (EBITDA) for the 2002 second quarter totaled \$12.5 million versus EBITDA of \$12.8 million for the 2001 quarter, and for both periods, EBITDA represented 11% of revenues.

Commenting on the company's results, Chemed President and Chief Executive Officer Kevin J. McNamara said, "Chemed's second-quarter performance shows modestly improving results versus the first quarter for our flagship Roto-Rooter subsidiary, along with the benefits of reduced expenses at Chemed headquarters."

Year to date, for the six months ended June 30, 2002, Chemed's net income reached \$.94 per share as compared with \$.61 per share in the same prior-year period. Net income included capital gains on the sales of investments of \$.08 per share for both 2001 and 2002. Net income for year-to-date 2001 also included a loss from discontinued operations of \$.21 per share and \$.24 per share from the amortization of goodwill. On an adjusted basis, before capital gains and amortization of goodwill, income from continuing operations amounted to \$.86 per share for year-to-date 2002 versus \$.98 per share for 2001.

Service revenues and sales from continuing operations for year-to-date 2002 totaled \$233.6 million versus \$242.0 million in 2001. EBITDA for the 2002 first half amounted to \$23.6 million, or 10% of revenues, versus EBITDA of \$26.5 million, or 11% of revenues, for the same 2001 period.

Commenting on Chemed's operations, Mr. McNamara said, "Profits at Roto-Rooter for the 2002 second quarter totaled \$4.4 million, essentially even with the \$4.4 million before goodwill amortization recorded in the 2001 second quarter. Roto-Rooter made progress in the second quarter, as cost-control measures afforded a .3 percentage-point increase in the gross margin versus the 2001 second quarter and a 2.3 percentage-point increase over the 2002 first quarter. We continue to see soft demand for our services, however. Roto-Rooter recorded revenues of \$63.1 million for the 2002 second quarter, 6.0% below the prior-year second quarter.

"Service America, our appliance and air-conditioning service-contract and repair subsidiary, continues to experience lower revenues and the resultant negative leverage on profits. For the quarter just ended, Service America recorded profits of \$59,000 as compared with profits of \$685,000 excluding goodwill amortization in the prior-year second quarter. Revenues of \$16.0 million were off 10% versus second-quarter 2001 revenues.

"In May, we announced an agreement to sell Patient Care, Chemed's home-healthcare services operation. Patient Care continued to post improved results with profits of \$1.1 million before goodwill amortization, up 25% versus the second quarter of last year. Revenues of \$37.5 million were 5% ahead of the same prior-year quarter. We anticipate closing the Patient Care sale by year-end."

Mr. McNamara concluded, "We are pleased with the salutary effects of our cost control efforts and will continue to carefully monitor expenses at headquarters as well as at our subsidiaries. While quarterly comparisons should improve over last year's levels, it remains for us to increase revenues at Roto-Rooter and Service America before we've turned the corner. Our sale of Patient Care will give Chemed a single-industry identity, and it will enable management to focus on what Chemed does best: providing services to home owners and businesses."

The Chemed Board of Directors in May declared a quarterly dividend of \$.11 per share, which was paid in June. This dividend represented the 124th consecutive quarterly dividend paid to Chemed shareholders.

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 June 30,		Six Months Ended June 30,	
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2002	2001	2002	2001

Continuing Operations	-----	-----	-----	-----
Service Revenues and Sales	\$116,569 =====	\$120,789 =====	\$233,604 =====	\$241,989 =====
Income from Operations	\$ 7,601	\$ 6,340(a)	\$ 13,304	\$ 13,857(a)
Interest Expense	(763)	(1,466)	(1,536)	(2,952)
Distributions on Preferred Securities	(271)	(278)	(541)	(555)
Other Income--Net	720	845	3,049(b)	2,604(b)
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Income before Income Taxes	7,287	5,441(a)	14,276(b)	12,954(a,b)
Income Taxes	(2,718)	(2,111)	(5,035)	(5,010)
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Income from Continuing Operations	4,569	3,330(a)	9,241(b)	7,944(a,b)
Discontinued Operations	-	(1,869)(c)	-	(1,973)(c)
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Net Income	\$ 4,569 =====	\$ 1,461(a) =====	\$ 9,241(b) =====	\$ 5,971(a,b) =====
Earnings Per Share				
Income from continuing operations	\$ 0.46 =====	\$ 0.34(a) =====	\$ 0.94(b) =====	\$ 0.82(a,b) =====
Net income	\$ 0.46 =====	\$ 0.15(a) =====	\$ 0.94(b) =====	\$ 0.61(a,b) =====
Diluted Earnings Per Share				
Income from continuing operations	\$ 0.46 =====	\$ 0.34(a) =====	\$ 0.93(b) =====	\$ 0.80(a,b) =====
Net income	\$ 0.46 =====	\$ 0.16(a) =====	\$ 0.93(b) =====	\$ 0.60(a,b) =====
Adjusted Earnings(d)				
Income from continuing operations before capital gains	\$ 4,569 =====	\$ 4,485 =====	\$ 8,466 =====	\$ 9,555 =====
Income from continuing operations	\$ 4,569 =====	\$ 4,485 =====	\$ 9,241(b) =====	\$ 10,258(b) =====
Net income	\$ 4,569 =====	\$ 2,616 =====	\$ 9,241(b) =====	\$ 8,285(b) =====
Adjusted Earnings Per Share(d)				
Income from continuing operations before capital gains	\$ 0.46 =====	\$ 0.46 =====	\$ 0.86 =====	\$ 0.98 =====
Income from continuing operations	\$ 0.46 =====	\$ 0.46 =====	\$ 0.94(b) =====	\$ 1.05(b) =====

Net income	\$ 0.46	\$ 0.27	\$ 0.94(b)	\$ 0.85(b)
	=====	=====	=====	=====
Adjusted Diluted Earnings Per Share(d)				
Income from continuing operations before capital gains	\$ 0.46	\$ 0.45	\$ 0.86	\$ 0.97
	=====	=====	=====	=====
Income from continuing operations	\$ 0.46	\$ 0.45	\$ 0.93(b)	\$ 1.04(b)
	=====	=====	=====	=====
Net income	\$ 0.46	\$ 0.27	\$ 0.93(b)	\$ 0.84(b)
	=====	=====	=====	=====
Average Number of Shares Outstanding				
Earnings per share	9,857	9,728	9,850	9,737
	=====	=====	=====	=====
Diluted earnings per share(e)	10,282	10,257	10,274	9,885
	=====	=====	=====	=====

- (a) Amounts for the second quarter of 2001 include pretax amortization of goodwill of \$1,250,000 (\$1,155,000 net of income tax benefit, \$.12 per share and \$.11 per diluted share). Amounts for the six months ended June 30, 2001, include pretax amortization of goodwill of \$2,505,000 (\$2,314,000 net of income tax benefit, \$.24 per share and \$.23 per diluted share).
- (b) Amounts for the six months ended June 30, 2002, include pretax capital gains of \$1,141,000 (\$775,000 aftertax, \$.08 per share and \$.07 per diluted share) from the sales of investments. Amounts for the six months ended June 30, 2001, include pretax capital gains of \$993,000 (\$703,000 aftertax, \$.08 per share and \$.06 per diluted share) from the sales of investments.
- (c) Amounts include the operating losses of and the loss on the sale of Cadre Computer (\$1,641,000 aftertax), discontinued in the second quarter of 2001.
- (d) Goodwill amortization ceased January 1, 2002. Accordingly, adjusted data exclude the amortization of goodwill for the 2001 periods in the amounts disclosed in note (a).
- (e) For the second quarters of 2002 and 2001 and for the six months ended June 30, 2002, diluted earnings per share include the impact of outstanding stock options and nonvested stock awards and assume conversion of the Preferred Securities. For the six months ended June 30, 2001, diluted earnings per share do not assume conversion of the Preferred Securities because the impact on diluted earnings per share from continuing operations is anti-dilutive.

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