

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 8-K  
CURRENT REPORT

Pursuant to Section 13 or 15(d) of the  
Securities Exchange Act of 1934

Date of Report (date of earliest event reported):  
August 03, 2005

CHEMED CORPORATION  
(Exact name of registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation)	1-8351 (Commission File Number)	31-0791746 (I.R.S. Employer Identification Number)
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2600 Chemed Center, 255 East 5th Street, Cincinnati, OH 45202  
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code:  
(513) 762-6900

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2 below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 230.425)
- Pre-commencement communications pursuant to Rule 14d-2(b) under Exchange Act (17 CFR 230.425)
- Pre-commencement communications pursuant to Rule 13e-4 (c) under Exchange Act (17 CFR 230.425)

Page 1 of 2

Item 2.02 Results of Operations and Financial Condition

On August 3, 2005 Chemed Corporation issued a press release announcing its financial results for the quarter ended June 30, 2005. A copy of the release is furnished herewith as Exhibit 99.

Item 9.01 Financial Statements and Exhibits

c) Exhibit

(99) Registrant's press release dated August 3, 2005

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

CHEMED CORPORATION

Dated: August 4, 2005

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By: /s/ Arthur V. Tucker, Jr.

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Arthur V. Tucker, Jr.

Vice President and Controller

## Chemed Reports Second-Quarter 2005

Results; EPS Guidance for 2005 Increased; VITAS and Roto-Rooter Report Double-Digit Increase in Earnings

CINCINNATI--(BUSINESS WIRE)--Aug. 3, 2005--Chemed Corporation (Chemed) (NYSE:CHE), which operates VITAS Healthcare Corporation (VITAS), the nation's largest provider of end-of-life care, and Roto-Rooter, the nation's largest commercial and residential plumbing and drain cleaning services provider, today reported financial results for its second quarter ended June 30, 2005, versus the comparable prior-year period, as follows:

## Consolidated Operating Results from Continuing Operations

- Consolidated Revenue increased 14% to \$226 million
- Diluted EPS from Continuing Operations of \$.42, including \$.03 charge for LTIP and other items
- Adjusted EBITDA of \$29 million

## VITAS generated record operating results

- Quarterly Net Patient Revenue of \$154 million, up 18%
- Average Daily Census (ADC) of 9,913, up 16%
- Admissions of 12,646, up 10%
- Net income of \$10.1 million, up 28%
- Adjusted EBITDA of \$19.5 million, an increase of 21%

## Roto-Rooter segment reported increased Revenue, Net Income and Adjusted EBITDA

- Revenue of \$73 million, an increase of 5%
- Net income of \$5.7 million, an increase of 10%
- Adjusted EBITDA of \$11.3 million, an increase of 10%

"VITAS generated excellent census and admissions growth, with second-quarter ADC totaling 9,913, up 16%, and admissions in the quarter of 12,646, an increase of 10% over the prior-year quarter. Net income in the quarter was \$10.1 million, an increase of 28% over the prior period," stated Kevin McNamara, Chemed president and chief executive officer.

"Roto-Rooter also reported solid financial operating results. For the second quarter of 2005, Roto-Rooter had revenue of \$73 million, an increase of 5%. Adjusted EBITDA was \$11.3 million at a margin of 15.5%, resulting in net income of \$5.7 million, an increase of 10% over the prior year."

## VITAS

The merger of VITAS was completed on February 24, 2004. Prior to that date, the Company accounted for its 37% ownership of VITAS under the equity method of accounting. As a result, under GAAP, only a portion of VITAS' operating results is fully consolidated into Chemed's first-quarter 2004 results. To facilitate review of Chemed's operating results, pro forma supplemental schedules are included in the back of this press release that assume Chemed owned 100% of VITAS as of January 1, 2003.

In the second quarter of 2005, VITAS had net patient revenue of \$154 million and net income of \$10.1 million. Net income includes aftertax costs of \$0.4 million for LTIP and \$0.2 million for legal expenses related to the OIG civil investigation. Adjusted EBITDA was \$19.5 million at a margin of 12.7%.

"VITAS generated revenue growth of 18.0% over the prior-year period and 5.3% sequentially," stated David Williams, Chemed chief financial officer. "Gross margins were 21.4% in the second quarter of 2005, a 40 basis point decline when compared to the prior-year quarter. This decline is primarily the result of our new start development efforts. The second-quarter 2005 gross margin includes \$1.4 million in start-up losses, which is \$0.8 million higher than the \$0.6 million in losses from programs classified as new starts in the prior-year period. Central support costs for VITAS, which are classified as selling, general and administrative expenses in the

Statement of Operations, totaled \$13.6 million, including \$0.3 million in OIG legal expenses. Excluding these OIG expenses, central support costs increased 8.3% when compared to the prior-year quarter and increased 1.6% sequentially."

VITAS' ADC in the second quarter of 2005 was 9,913. This compares to an ADC of 8,581 in the comparable prior-year period, an increase of 15.5% and 4.1% sequential growth. Admissions totaled 12,646, an increase of 10.2% over the second quarter of 2004. The Average Length of Stay (ALOS) for patients discharged in the quarter was 66.8 days and compares to 66.2 days in the first quarter of 2005 and 60.0 days in the second quarter of 2004.

"VITAS continues to generate strong internal growth," said Williams. "This growth, which excludes 2004 and 2005 acquisitions, generated revenue, ADC and admissions increases of 14.3%, 10.9% and 7.2%, respectively, over the prior-year quarter.

"Our mix of revenue at VITAS was relatively stable," Williams added. "Routine home care represented 69.4% of revenue, an increase of 110 basis points over the prior-year quarter and a 20 basis point increase on a sequential basis. Our inpatient revenue aggregated 13.7% and continuous care was 16.9% of total revenue in the second quarter of 2005.

"All of our base and new start programs are forecasted to have Medicare cap cushion for the 2005 measurement period which ends on October 31, 2005," stated Williams. "As previously discussed, we have been closely monitoring Medicare cap limitations at our Phoenix acquisition. Admissions generated by VITAS for Phoenix in 2005 have exceeded the 2004 level. However, discharges of patients admitted to the Phoenix hospice program prior to VITAS' acquisition have been at a slower rate than anticipated. Based on these factors, Phoenix is forecasted to have a Medicare cap liability ranging from \$1.0 million to \$1.5 million as of October 31, 2005. The potential of reaching cap in the initial year of acquisition was identified during our due diligence of Phoenix. Since this cap limitation relates to patients admitted into the program prior to acquisition, the estimated cap accrual has been accounted for as a contingent liability assumed at acquisition and is not reflected in the Consolidated Statement of Income. VITAS anticipates creating cap cushion in 2006 by increasing access to shorter stay patients and broadening access to in-patient and continuous care patients. This broad mix of patients is consistent with the clinical model provided by VITAS in its other programs."

#### Roto-Rooter Segment

Roto-Rooter's plumbing and drain cleaning business generated sales of \$73 million for the second quarter of 2005, 5.3% higher than the \$69 million reported in the comparable prior-year quarter. Net income for the quarter was \$5.7 million, including \$0.2 million of aftertax costs related to the LTIP. Adjusted EBITDA in the second quarter of 2005 totaled \$11.3 million, an increase of 10.0% over the second quarter of 2004. Adjusted EBITDA margin in the second quarter of 2005 was 15.5%, a 60 basis point increase over the prior-year period.

"Job count in the second quarter of 2005 was essentially flat," stated Williams. "However, commercial plumbing and drain cleaning job count increased 7.9% and 3.3%, respectively, over the prior-year quarter. Residential plumbing jobs increased 1.5% but were offset by a 4.7% decline in residential drain cleaning jobs during the quarter. A commercial job will typically average approximately 34% more revenue than a residential job. Accordingly, this continued shift of job mix has a positive impact on revenue."

#### Consolidated Financial Position

"Our balance sheet is in excellent condition," Williams stated. "As of June 30, 2005, we had \$18 million in cash and cash equivalents. Net cash provided by continuing operations was \$22 million and capital expenditures totaled \$5.3 million in the second quarter of 2005."

#### Guidance for 2005

"Looking ahead into the second half of 2005," Williams stated, "we anticipate VITAS to increase revenue in the range of 16% to 18% in 2005, with margins continuing to increase modestly from the 2004 levels. This operating margin expansion will be generated from leveraging central support costs. Roto-Rooter is estimated to generate a 5% to 6% increase in revenue with margins that approximate those generated in 2004. Our consolidated effective tax rate for the first six months of 2005 was 39%. This rate should hold for the remainder of 2005.

"Based upon these factors and a current diluted share count of 26.2 million, our expectation is that full-year 2005 earnings per diluted share from continuing operations, excluding the early

extinguishment of debt and charges or credits not indicative of ongoing operations, will be in the range of \$1.77 to \$1.82."

#### Conference Call

Chemed will hold a conference call to discuss second quarter results Thursday, August 4, 2005, at 11:00 a.m. ET. The dial-in number for the conference call is 800-510-9834 for U.S. and Canadian participants and 617-614-3669 for international participants. The participant passcode is 58290110. A live webcast of the call can be accessed on Chemed's website at [www.chemed.com](http://www.chemed.com) by clicking on "Investor Relations Home."

A taped replay of the conference call will be available approximately two hours after the call's conclusion. It can be accessed by dialing 888-286-8010 for U.S. and Canadian callers and 617-801-6888 for international callers. The replay passcode is 13221466. The telephone replay will be available for one week following the live call. An archived webcast will also be available at [www.chemed.com](http://www.chemed.com) and will remain available for 30 days following the live call.

Chemed Corporation operates in the healthcare field through its VITAS Healthcare Corporation subsidiary. VITAS provides daily hospice services to approximately 10,000 patients with severe, life-limiting illnesses. This type of care is focused on making the terminally ill patient's final days as comfortable and pain-free as possible.

Chemed operates in the residential and commercial plumbing and drain cleaning industry under the brand name Roto-Rooter. Roto-Rooter provides plumbing and drain service through company-owned branches, independent contractors and franchisees in the United States and Canada. Roto-Rooter also has licensed master franchisees in China/Hong Kong, Indonesia, Singapore, Japan, Mexico, the Philippines and the United Kingdom.

This press release contains information about Chemed's EBITDA and Adjusted EBITDA, which are not measures derived in accordance with generally accepted accounting principles and which exclude components that are important to understanding Chemed's financial performance. Chemed provides EBITDA and Adjusted EBITDA to help investors and others evaluate its operating results, compare its operating performance with that of similar companies that have different capital structures and evaluate its ability to meet its future debt service, capital expenditures and working capital requirements. Chemed's EBITDA and Adjusted EBITDA should not be considered in isolation or as a substitute for comparable measures calculated and presented in accordance with GAAP. A reconciliation of Chemed's net income to its Adjusted EBITDA is presented in the tables following the text of this press release.

#### Forward-Looking Statements

Certain statements contained in this press release and the accompanying tables are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. The words "believe," "expect," "hope," "anticipate," "plan" and similar expressions identify forward-looking statements, which speak only as of the date the statement was made. Chemed does not undertake and specifically disclaims any obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. These statements are based on current expectations and assumptions and involve various risks and uncertainties, which could cause Chemed's actual results to differ from those expressed in such forward-looking statements. These risks and uncertainties arise from, among other things, possible changes in regulations governing the hospice care or plumbing and drain cleaning industries; periodic changes in reimbursement levels and procedures under Medicare and Medicaid programs; difficulties predicting patient length of stay and estimating potential Medicare reimbursement obligations; challenges inherent in Chemed's growth strategy; the current shortage of qualified nurses, other healthcare professionals and licensed plumbing and drain cleaning technicians; Chemed's dependence on patient referral sources; and other factors detailed under the caption "Description of Business by Segment" or "Risk Factors" in Chemed's most recent report on form 10-Q or 10-K and its other filings with the Securities and Exchange Commission. You are cautioned not to place undue reliance on such forward-looking statements and there are no assurances that the matters contained in such statements will be achieved.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2005	2004 (bb)	2005	2004 (bb)
<b>Continuing Operations</b>				
Service revenues and sales	\$226,309	\$199,135	\$444,946	\$319,475
Cost of services provided and goods sold (aa)	161,120	140,070	314,072	218,919
Selling, general and administrative expenses (aa)	36,802	34,476	73,397	62,688
Depreciation	3,928	4,097	7,848	7,158
Amortization	1,231	1,097	2,423	1,558
Other expenses (aa)	1,166	(1,368)	2,490	7,415
Total costs and expenses	204,247	178,372	400,230	297,738
Income from operations	22,062	20,763	44,716	21,737
Interest expense	(5,039)	(6,204)	(10,874)	(9,104)
Loss on extinguishment of debt (aa)	-	-	(3,971)	(3,330)
Other income--net	600	149	1,327	1,628
Income before income taxes	17,623	14,708	31,198	10,931
Income taxes	(6,512)	(6,381)	(12,182)	(5,755)
Equity in loss of affiliate (aa)	-	-	-	(4,105)
Income from continuing operations	11,111	8,327	19,016	1,071
Discontinued Operations (bb)	(2,226)	(9)	(2,015)	137
Net Income	\$ 8,885	\$ 8,318	\$ 17,001	\$ 1,208
<b>Earnings Per Share (aa)</b>				
Income from continuing operations	\$ 0.44	\$ 0.34	\$ 0.75	\$ 0.05
Net income	\$ 0.35	\$ 0.34	\$ 0.67	\$ 0.05
Average number of shares outstanding	25,489	24,650	25,319	23,238
<b>Diluted Earnings Per Share (aa)</b>				
Income from continuing operations	\$ 0.42	\$ 0.33	\$ 0.73	\$ 0.05
Net income	\$ 0.34	\$ 0.33	\$ 0.65	\$ 0.05
Average number of shares outstanding	26,214	25,354	26,059	23,696

(aa) Included in the results of operations are the following significant credits/(charges) which may not be indicative of ongoing operations (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2005	2004	2005	2004
Cost of services provided and goods sold				
Favorable adjustment to casualty insurance accruals related to prior years' experience	\$ -	\$ -	\$ 1,663	\$ -
Selling, general and administrative expenses				
Legal costs associated with OIG investigation	(254)	-	(254)	-
Other expenses				
Long-term incentive				

compensation	(1,837)	-	(2,946)	(8,783)
Cost of accelerating vesting of stock options	-	-	(215)	-
Adjustments to transaction-related costs of the VITAS acquisition	671	1,368	671	1,368
Loss on extinguishment of debt	-	-	(3,971)	(3,330)
	-----	-----	-----	-----
Pretax impact on earnings	(1,420)	1,368	(5,052)	(10,745)
Income tax benefit on the above	779	(547)	2,070	3,679
Equity in loss of affiliate attributable to transaction-related expenses incurred by VITAS prior to its acquisition by Chemed	-	-	-	(4,105)
	-----	-----	-----	-----
Aftertax impact on earnings	\$ (641)	\$ 821	\$(2,982)	\$(11,171)
	=====	=====	=====	=====

(bb) Results of operations for 2004 have been restated for the results of Service America, discontinued in December 2004. Included in discontinued operations for 2005 is an aftertax loss of \$2,350,000 resulting from finalizing the disposal of Service America in May 2005.

CHEMED CORPORATION AND SUBSIDIARY COMPANIES  
CONSOLIDATED BALANCE SHEET  
(in thousands, except per share data)(unaudited)

	June 30,	
	2005	2004 (cc)
	-----	-----
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 17,870	\$ 52,019
Accounts receivable less allowances	84,973	59,200
Inventories	7,309	6,418
Current deferred income taxes	20,687	22,746
Prepaid income taxes	8,360	10,737
Current assets of discontinued operations	4,656	15,340
Prepaid expenses and other current assets	9,499	9,822
	-----	-----
<b>Total current assets</b>	<b>153,354</b>	<b>176,282</b>
Investments of deferred compensation plans held in trust	19,610	19,163
Other investments	1,445	1,445
Note receivable	12,500	12,500
Properties and equipment, at cost less accumulated depreciation	59,432	53,909
Identifiable intangible assets less accumulated amortization	74,896	24,392
Goodwill	437,738	450,988
Noncurrent assets of discontinued operations	681	10,309
Other assets	22,571	26,093
	-----	-----
<b>Total Assets</b>	<b>\$782,227</b>	<b>\$775,081</b>
	=====	=====
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable	\$ 39,899	\$ 42,315
Current portion of long-term debt	1,176	5,466
Income taxes	6,922	5,445
Accrued insurance	27,392	19,929
Accrued salaries and wages	24,000	20,107
Current liabilities of discontinued operations	7,605	22,574
Other current liabilities	36,284	35,403
	-----	-----
<b>Total current liabilities</b>	<b>143,278</b>	<b>151,239</b>
Deferred income taxes	17,630	1,791
Other long-term debt	234,541	289,607

Deferred compensation liabilities	19,555	19,161
Noncurrent liabilities of discontinued operations	779	568
Other liabilities	7,456	8,129
	-----	-----
Total Liabilities	423,239	470,495
	-----	-----
Stockholders' Equity		
Capital stock	27,897	13,406
Paid-in capital	222,160	207,917
Retained earnings	155,484	118,248
Treasury stock, at cost	(44,572)	(32,702)
Unearned compensation	(3,772)	(4,081)
Deferred compensation payable in Company stock	2,333	2,337
Notes receivable for shares sold	(542)	(539)
	-----	-----
Total Stockholders' Equity	358,988	304,586
	-----	-----
Total Liabilities and Stockholders' Equity	\$782,227	\$775,081
	=====	=====
Book Value Per Share	\$ 13.99	\$ 12.24 (dd)
	=====	=====

(cc) Reclassified for operations discontinued in 2004.

(dd) Adjusted for 2-for-1 stock split in May 2005.

CHEMED CORPORATION AND SUBSIDIARY COMPANIES  
CONSOLIDATED STATEMENT OF CASH FLOWS  
(in thousands)(unaudited)

	Six Months Ended June 30,	
	2005	2004 (cc)
	-----	-----
Cash Flows from Operating Activities		
Net income/(loss)	\$ 17,001	\$ 1,208
Adjustments to reconcile net income/(loss) to net cash provided/(used) by operating activities:		
Depreciation and amortization	10,271	8,716
Write-off of unamortized debt issuance costs	2,871	-
Provision for deferred income taxes	(2,206)	50
Provision for uncollectible accounts receivable	3,343	2,932
Noncash long-term incentive compensation	2,574	4,988
Amortization of debt issuance costs	962	782
Discontinued operations	2,015	(137)
Equity in loss of affiliate	-	4,105
Changes in operating assets and liabilities, excluding amounts acquired in business combinations:		
Decrease/(increase) in accounts receivable	(23,653)	27
Increase in inventories	(290)	(407)
Decrease in prepaid expenses and other current assets	343	13,435
Decrease in accounts payable and other current liabilities	(2,673)	(17,345)
Increase in income taxes	7,859	4,895
Decrease/(increase) in other assets	(1,328)	4,495
Increase in other liabilities	390	631
Noncash expense of internally financed ESOPs	572	947
Other sources/(uses)	676	(512)
	-----	-----
Net cash provided by continuing operations	18,727	28,810
Net cash provided/(used) by discontinued operations	(1,559)	3,651
	-----	-----
Net cash provided by operating activities	17,168	32,461
	-----	-----
Cash Flows from Investing Activities		
Capital expenditures	(11,455)	(7,512)
Business combinations, net of cash acquired	(5,495)	(327,427)
Net uses from discontinued operations	(5,478)	(1,082)
Proceeds from sales of property and equipment	96	300



Return of merger deposit	-	10,000
Other uses	(107)	(92)
Net cash used by investing activities	(22,439)	(325,813)
Cash Flows from Financing Activities		
Repayment of long-term debt	(140,978)	(93,434)
Proceeds from issuance of long-term debt	85,000	295,000
Increase in cash overdraft payable	7,347	9,541
Issuance of capital stock, net of costs	8,766	97,054
Debt issuance costs	(1,755)	(13,837)
Dividends paid	(3,060)	(2,707)
Purchases of treasury stock	(3,574)	(2,228)
Net increase in revolving line of credit	-	-
Repayment of stock subscription note receivable	-	8,053
Redemption of convertible trust preferred securities	-	(2,736)
Other uses	(53)	(23)
Net cash provided/(used) by financing activities	(48,307)	294,683
Increase/(decrease) in Cash and Cash Equivalents	(53,578)	1,331
Cash and cash equivalents at beginning of year	71,448	50,688
Cash and cash equivalents at end of period	\$ 17,870	\$ 52,019

(cc) Reclassified for operations discontinued in December 2004.

CHEMED CORPORATION AND SUBSIDIARY COMPANIES  
CONSOLIDATING STATEMENT OF OPERATIONS  
FOR THE THREE MONTHS ENDED JUNE 30, 2005 AND 2004  
(in thousands)(unaudited)

	VITAS	Roto-Rooter	Corporate	Chemed Consolidated
2005				
Service revenues and sales	\$153,748	\$ 72,561	\$ -	\$226,309
Cost of services provided and goods sold	120,854	40,266	-	161,120
Selling, general and administrative expenses (a)	13,590	21,043	2,169	36,802
Depreciation	1,770	2,086	72	3,928
Amortization	984	23	224	1,231
Other expenses (b)	588	304	274	1,166
Total costs and expenses	137,786	63,722	2,739	204,247
Income/(loss) from operations	15,962	8,839	(2,739)	22,062
Interest expense	(33)	(97)	(4,909)	(5,039)
Intercompany interest income/(expense)	681	516	(1,197)	-
Other income--net	14	146	440	600
Income/(loss) before income taxes	16,624	9,404	(8,405)	17,623
Income taxes	(6,475)	(3,728)	3,691	(6,512)
Income/(loss) from continuing operations	10,149	5,676	(4,714)	11,111
Discontinued operations	-	-	(2,226)	(2,226)
Net income/(loss)	\$ 10,149	\$ 5,676	\$ (6,940)	\$ 8,885
2004				
Service revenues and sales	\$130,240	\$ 68,895	\$ -	\$199,135
Cost of services provided				

and goods sold	101,790	38,280	-	140,070
Selling, general and administrative expenses	12,319	19,932	2,225	34,476
Depreciation	1,861	2,174	62	4,097
Amortization	1,010	66	21	1,097
Other expenses (b)	-	-	(1,368)	(1,368)
	-----	-----	-----	-----
Total costs and expenses	116,980	60,452	940	178,372
	-----	-----	-----	-----
Income/(loss) from operations	13,260	8,443	(940)	20,763
Interest expense	(30)	(33)	(6,141)	(6,204)
Intercompany interest income/(expense)	131	189	(320)	-
Other income--net	45	(132)	236	149
	-----	-----	-----	-----
Income/(loss) before income taxes	13,406	8,467	(7,165)	14,708
Income taxes	(5,499)	(3,317)	2,435	(6,381)
	-----	-----	-----	-----
Income/(loss) from continuing operations	7,907	5,150	(4,730)	8,327
Discontinued operations	-	-	(9)	(9)
	-----	-----	-----	-----
Net income/(loss)	\$ 7,907	\$ 5,150	\$ (4,739)	\$ 8,318
	=====	=====	=====	=====

The "Footnotes to Financial Statements" are integral parts of this financial information.

CHEMED CORPORATION AND SUBSIDIARY COMPANIES  
CONSOLIDATING STATEMENT OF OPERATIONS  
FOR THE SIX MONTHS ENDED JUNE 30, 2005 AND 2004  
(in thousands)(unaudited)

	VITAS	Roto-Rooter	Corporate	Chemed Consolidated
	-----	-----	-----	-----
2005				
	-----	-----	-----	-----
Service revenues and sales	\$299,738	\$145,208	\$ -	\$444,946
	-----	-----	-----	-----
Cost of services provided and goods sold (c)	236,074	77,998	-	314,072
Selling, general and administrative expenses (a)	26,714	42,193	4,490	73,397
Depreciation	3,555	4,148	145	7,848
Amortization	1,979	49	395	2,423
Other expenses (b)	881	552	1,057	2,490
	-----	-----	-----	-----
Total costs and expenses	269,203	124,940	6,087	400,230
	-----	-----	-----	-----
Income/(loss) from operations	30,535	20,268	(6,087)	44,716
Interest expense	(71)	(279)	(10,524)	(10,874)
Intercompany interest income/(expense)	1,190	940	(2,130)	-
Loss on extinguishment of debt (d)	-	-	(3,971)	(3,971)
Other income--net	122	442	763	1,327
	-----	-----	-----	-----
Income/(loss) before income taxes	31,776	21,371	(21,949)	31,198
Income taxes	(12,258)	(8,550)	8,626	(12,182)
	-----	-----	-----	-----
Income/(loss) from continuing operations	19,518	12,821	(13,323)	19,016
Discontinued operations	-	-	(2,015)	(2,015)
	-----	-----	-----	-----
Net income/(loss)	\$ 19,518	\$ 12,821	\$ (15,338)	\$ 17,001
	=====	=====	=====	=====

2004

	-----	-----	-----	-----
Service revenues and sales	\$181,352	\$138,123	\$ -	\$319,475

Cost of services provided and goods sold	142,276	76,643	-	218,919
Selling, general and administrative expenses	17,308	40,879	4,501	62,688
Depreciation	2,609	4,420	129	7,158
Amortization	1,412	125	21	1,558
Other expenses (b)	-	1,558	5,857	7,415
Total costs and expenses	163,605	123,625	10,508	297,738
Income/(loss) from operations	17,747	14,498	(10,508)	21,737
Interest expense	(58)	(59)	(8,987)	(9,104)
Intercompany interest income/(expense)	131	373	(504)	-
Loss on extinguishment of debt (d)	-	-	(3,330)	(3,330)
Other income--net	76	686	866	1,628
Income/(loss) before income taxes	17,896	15,498	(22,463)	10,931
Income taxes	(7,392)	(6,111)	7,748	(5,755)
Equity in loss of VITAS (e)	-	-	(4,105)	(4,105)
Income/(loss) from continuing operations	10,504	9,387	(18,820)	1,071
Discontinued operations	-	-	137	137
Net income/(loss)	\$ 10,504	\$ 9,387	\$(18,683)	\$ 1,208

The "Footnotes to Financial Statements" are integral parts of this financial information.

CHEMED CORPORATION AND SUBSIDIARY COMPANIES  
CONSOLIDATING SUMMARY OF EBITDA  
FOR THE THREE MONTHS ENDED JUNE 30, 2005 AND 2004  
(in thousands)(unaudited)

	VITAS	Roto-Rooter	Corporate	Chemed Consolidated
2005				
Net income/(loss)	\$10,149	\$ 5,676	\$(6,940)	\$ 8,885
Add/(deduct):				
Discontinued operations	-	-	2,226	2,226
Interest expense	33	97	4,909	5,039
Income taxes	6,475	3,728	(3,691)	6,512
Depreciation	1,770	2,086	72	3,928
Amortization	984	23	224	1,231
EBITDA	19,411	11,610	(3,200)	27,821
Add/(deduct):				
Long-term incentive compensation	588	304	945	1,837
Legal expenses of OIG investigation	254	-	-	254
VITAS transaction expense adjustment (f)	-	-	(671)	(671)
Advertising cost adjustment (g)	-	(76)	-	(76)
Interest income	(33)	(47)	(182)	(262)
Intercompany interest income/(expense)	(681)	(516)	1,197	-
Adjusted EBITDA	\$19,539	\$11,275	\$(1,911)	\$28,903

2004				
Net income/(loss)	\$ 7,907	\$ 5,150	\$(4,739)	\$ 8,318
Add/(deduct):				
Discontinued operations	-	-	9	9
Interest expense	30	33	6,141	6,204
Income taxes	5,499	3,317	(2,435)	6,381
Depreciation	1,861	2,174	62	4,097

Amortization	1,010	66	21	1,097
EBITDA	16,307	10,740	(941)	26,106
Add/(deduct):				
VITAS transaction expense adjustment (f)	-	-	(1,368)	(1,368)
Advertising cost adjustment (g)	-	(273)	-	(273)
Interest income	(65)	(26)	(395)	(486)
Intercompany interest income/(expense)	(131)	(189)	320	-
Adjusted EBITDA	\$16,111	\$10,252	\$(2,384)	\$23,979

The "Footnotes to Financial Statements" are integral parts of this financial information.

CHEMED CORPORATION AND SUBSIDIARY COMPANIES  
CONSOLIDATING SUMMARY OF EBITDA  
FOR THE SIX MONTHS ENDED JUNE 30, 2005 AND 2004  
(in thousands)(unaudited)

	VITAS	Roto-Rooter	Corporate	Chemed Consolidated
2005				
Net income/(loss)	\$19,518	\$12,821	\$(15,338)	\$17,001
Add/(deduct):				
Discontinued operations	-	-	2,015	2,015
Interest expense	71	279	10,524	10,874
Income taxes	12,258	8,550	(8,626)	12,182
Depreciation	3,555	4,148	145	7,848
Amortization	1,979	49	395	2,423
EBITDA	37,381	25,847	(10,885)	52,343
Add/(deduct):				
Long-term incentive compensation (h)	881	552	1,728	3,161
Prior-period insurance adjustment	-	(1,663)	-	(1,663)
Legal expenses of OIG investigation	254	-	-	254
VITAS transaction expense adjustment (f)	-	-	(671)	(671)
Advertising cost adjustment (g)	-	(629)	-	(629)
Interest income	(159)	(88)	(665)	(912)
Intercompany interest income/(expense)	(1,190)	(940)	2,130	-
Loss on extinguishment of debt	-	-	3,971	3,971
Adjusted EBITDA	\$37,167	\$23,079	\$(4,392)	\$55,854
2004				
Net income/(loss)	\$10,504	\$9,387	\$(18,683)	\$1,208
Add/(deduct):				
Discontinued operations	-	-	(137)	(137)
Interest expense	58	59	8,987	9,104
Income taxes	7,392	6,111	(7,748)	5,755
Depreciation	2,609	4,420	129	7,158
Amortization	1,412	125	21	1,558
EBITDA	21,975	20,102	(17,431)	24,646
Add/(deduct):				
Long-term incentive compensation	-	1,558	7,225	8,783
VITAS transaction expense adjustment (f)	-	-	(1,368)	(1,368)
Advertising cost adjustment (g)	-	(466)	-	(466)
Interest income	(96)	(64)	(834)	(994)
Intercompany interest income/(expense)	(131)	(373)	504	-
Equity in loss of VITAS	-	-	4,105	4,105
Loss on extinguishment	-	-	-	-

of debt	-	-	3,330	3,330
Adjusted EBITDA	<u>\$21,748</u>	<u>\$20,757</u>	<u>\$ (4,469)</u>	<u>\$38,036</u>

The "Footnotes to Financial Statements" are integral parts of this financial information.

CHEMED CORPORATION AND SUBSIDIARY COMPANIES  
RECONCILIATION OF NET INCOME TO ADJUSTED PRO FORMA INCOME FROM  
CONTINUING OPERATIONS  
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2005 AND 2004  
(in thousands, except per share data)(unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2005	2004	2005	2004
Net income as reported	\$ 8,885	\$ 8,318	\$17,001	\$ 1,208
Add/(deduct):				
Pro forma VITAS net income contribution for the period (i)	-	221	-	3,306
Pro forma financing costs related to acquisition of VITAS (j)	-	-	-	(2,211)
Pro forma elimination of VITAS transaction expense adjustment (f)	-	(821)	-	(821)
Pro forma elimination of equity in loss of VITAS (k)	-	-	-	4,105
Pro forma net income	<u>8,885</u>	<u>7,718</u>	<u>17,001</u>	<u>5,587</u>
Add/(deduct):				
Discontinued operations	2,226	9	2,015	(137)
Aftertax prior-period insurance adjustment	-	-	(1,014)	-
Aftertax cost of long-term incentive compensation (h)	1,152	-	1,984	5,723
Aftertax cost of legal expenses of OIG investigation	160	-	160	-
Aftertax VITAS transaction expense adjustment (f)	(671)	-	(671)	-
Aftertax cost of loss on extinguishment of debt	-	-	2,523	2,164
Adjusted pro forma income from continuing operations	<u>\$11,752</u>	<u>\$ 7,727</u>	<u>\$21,998</u>	<u>\$13,337</u>
Earnings Per Share As Reported				
Net income	<u>\$ 0.35</u>	<u>\$ 0.34</u>	<u>\$ 0.67</u>	<u>\$ 0.05</u>
Average number of shares outstanding	<u>25,489</u>	<u>24,650</u>	<u>25,319</u>	<u>23,238</u>
Diluted Earnings Per Share As Reported				
Net income	<u>\$ 0.34</u>	<u>\$ 0.33</u>	<u>\$ 0.65</u>	<u>\$ 0.05</u>
Average number of shares outstanding	<u>26,214</u>	<u>25,354</u>	<u>26,059</u>	<u>23,696</u>
Adjusted Pro Forma Earnings Per Share				
Income from continuing operations	<u>\$ 0.46</u>	<u>\$ 0.31</u>	<u>\$ 0.87</u>	<u>\$ 0.55</u>
Average number of shares outstanding	<u>25,489</u>	<u>24,650</u>	<u>25,319</u>	<u>24,424</u>
Adjusted Pro Forma Diluted Earnings Per Share				
Income from continuing operations	<u>\$ 0.45</u>	<u>\$ 0.30</u>	<u>\$ 0.84</u>	<u>\$ 0.54</u>
Average number of shares outstanding	<u>26,214</u>	<u>25,354</u>	<u>26,059</u>	<u>24,882</u>

The "Footnotes to Financial Statements" are integral parts of this financial information.

CHEMED CORPORATION AND SUBSIDIARY COMPANIES  
 PRO FORMA CONSOLIDATING STATEMENT OF OPERATIONS  
 FOR THE THREE MONTHS ENDED JUNE 30, 2005 AND 2004  
 (in thousands, except per share data) (unaudited)

	VITAS	Roto-Rooter	Corporate	Chemed Consolidated
<b>2005</b>				
Service revenues and sales	\$153,748	\$72,561	\$ -	\$226,309
Cost of services provided and goods sold	120,854	40,266	-	161,120
Selling, general and administrative expenses (a)	13,590	21,043	2,169	36,802
Depreciation	1,770	2,086	72	3,928
Amortization	984	23	224	1,231
Other expenses (b)	588	304	274	1,166
Total costs and expenses	137,786	63,722	2,739	204,247
Income/(loss) from operations	15,962	8,839	(2,739)	22,062
Interest expense	(33)	(97)	(4,909)	(5,039)
Intercompany interest income/(expense)	681	516	(1,197)	-
Other income--net	14	146	440	600
Income/(loss) before income taxes	16,624	9,404	(8,405)	17,623
Income taxes	(6,475)	(3,728)	3,691	(6,512)
Income/(loss) from continuing operations	10,149	5,676	(4,714)	11,111
Discontinued operations	-	-	(2,226)	(2,226)
Net income/(loss)	<u>\$ 10,149</u>	<u>\$ 5,676</u>	<u>\$(6,940)</u>	<u>\$ 8,885</u>
Earnings Per Share				
Continuing operations				\$ 0.44
Net income				\$ 0.35
Average number of shares outstanding				25,489
Diluted Earnings Per Share				
Continuing operations				\$ 0.42
Net income				\$ 0.34
Average number of shares outstanding				26,214
<b>2004 (1)</b>				
Service revenues and sales	\$130,240	\$68,895	\$ -	\$199,135
Cost of services provided and goods sold	101,790	38,280	-	140,070
Selling, general and administrative expenses	12,319	19,932	2,225	34,476
Depreciation	1,270	2,174	62	3,506
Amortization	1,232	66	21	1,319
Total costs and expenses	116,611	60,452	2,308	179,371

Income/(loss) from operations	13,629	8,443	(2,308)	19,764
Interest expense	(30)	(33)	(6,141)	(6,204)
Intercompany interest income/(expense)	131	189	(320)	-
Other income--net	45	(132)	236	149
	-----	-----	-----	-----
Income/(loss) before income taxes	13,775	8,467	(8,533)	13,709
Income taxes	(5,647)	(3,317)	2,982	(5,982)
	-----	-----	-----	-----
Income/(loss) from continuing operations	8,128	5,150	(5,551)	7,727
Discontinued operations	-	-	(9)	(9)
	-----	-----	-----	-----
Net income/(loss)	\$ 8,128	\$ 5,150	\$(5,560)	\$ 7,718
	=====	=====	=====	=====

Earnings Per Share	
Continuing operations	\$ 0.31
	=====
Net income	\$ 0.31
	=====
Average number of shares outstanding	24,650
	=====
Diluted Earnings Per Share	
Continuing operations	\$ 0.30
	=====
Net income	\$ 0.30
	=====
Average number of shares outstanding	25,354
	=====

The "Footnotes to Financial Statements" are integral parts of this financial information.

CHEMED CORPORATION AND SUBSIDIARY COMPANIES  
PRO FORMA CONSOLIDATING STATEMENT OF OPERATIONS  
FOR THE SIX MONTHS ENDED JUNE 30, 2005 AND 2004  
(in thousands, except per share data) (unaudited)

	VITAS	Roto-Rooter	Corporate	Chemed Consolidated
	-----	-----	-----	-----
2005				
-----				
Service revenues and sales	\$299,738	\$145,208	\$ -	\$444,946
	-----	-----	-----	-----
Cost of services provided and goods sold (c)	236,074	77,998	-	314,072
Selling, general and administrative expenses (a)	26,714	42,193	4,490	73,397
Depreciation	3,555	4,148	145	7,848
Amortization	1,979	49	395	2,423
Other expenses (b)	881	552	1,057	2,490
	-----	-----	-----	-----
Total costs and expenses	269,203	124,940	6,087	400,230
	-----	-----	-----	-----
Income/(loss) from operations	30,535	20,268	(6,087)	44,716
Interest expense	(71)	(279)	(10,524)	(10,874)
Intercompany interest income/(expense)	1,190	940	(2,130)	-
Loss on extinguishment of debt (d)	-	-	(3,971)	(3,971)
Other income--net	122	442	763	1,327
	-----	-----	-----	-----
Income/(loss) before income taxes	31,776	21,371	(21,949)	31,198
Income taxes	(12,258)	(8,550)	8,626	(12,182)
	-----	-----	-----	-----
Income/(loss) from continuing operations	19,518	12,821	(13,323)	19,016
Discontinued operations	-	-	(2,015)	(2,015)
	-----	-----	-----	-----

Net income/(loss)	\$ 19,518	\$ 12,821	\$(15,338)	\$ 17,001
	=====	=====	=====	=====
Earnings Per Share				
Continuing operations				\$ 0.75
				=====
Net income				\$ 0.67
				=====
Average number of shares outstanding				25,319
				=====
Diluted Earnings Per Share				
Continuing operations				\$ 0.73
				=====
Net income				\$ 0.65
				=====
Average number of shares outstanding				26,059
				=====

2004 (1)

Service revenues and sales	\$254,222	\$138,123	\$ -	\$392,345
	-----	-----	-----	-----
Cost of services provided and goods sold	201,124	76,643	-	277,767
Selling, general and administrative expenses	25,633	40,879	4,362	70,874
Depreciation	2,252	4,420	129	6,801
Amortization	2,327	125	21	2,473
Other expenses (b)	-	1,558	7,225	8,783
	-----	-----	-----	-----
Total costs and expenses	231,336	123,625	11,737	366,698
	-----	-----	-----	-----
Income/(loss) from operations	22,886	14,498	(11,737)	25,647
Interest expense	(58)	(59)	(12,389)	(12,506)
Intercompany interest income/(expense)	131	373	(504)	-
Loss on extinguishment of debt (d)	-	-	(3,330)	(3,330)
Other income--net	117	686	866	1,669
	-----	-----	-----	-----
Income/(loss) before income taxes	23,076	15,498	(27,094)	11,480
Income taxes	(9,348)	(6,111)	9,429	(6,030)
	-----	-----	-----	-----
Income/(loss) from continuing operations	13,728	9,387	(17,665)	5,450
Discontinued operations	-	-	137	137
	-----	-----	-----	-----
Net income/(loss)	\$ 13,728	\$ 9,387	\$(17,528)	\$ 5,587
	=====	=====	=====	=====

Earnings Per Share				
Continuing operations				\$ 0.22
				=====
Net income				\$ 0.23
				=====
Average number of shares outstanding				24,424
				=====
Diluted Earnings Per Share				
Continuing operations				\$ 0.22
				=====
Net income				\$ 0.22
				=====
Average number of shares outstanding				24,882
				=====

The "Footnotes to Financial Statements" are integral parts of this financial information.



	VITAS	Roto- Rooter	Corporate	Chemed Consolidated
	-----	-----	-----	-----
2005				
-----				
Net income/(loss)	\$10,149	\$ 5,676	\$(6,940)	\$ 8,885
Add/(deduct):				
Discontinued operations	-	-	2,226	2,226
Interest expense	33	97	4,909	5,039
Income taxes	6,475	3,728	(3,691)	6,512
Depreciation	1,770	2,086	72	3,928
Amortization	984	23	224	1,231
	-----	-----	-----	-----
EBITDA	19,411	11,610	(3,200)	27,821
Add/(deduct):				
Long-term incentive compensation	588	304	945	1,837
Legal expenses of OIG investigation	254	-	-	254
VITAS transaction expense adjustment (f)	-	-	(671)	(671)
Advertising cost adjustment (g)	-	(76)	-	(76)
Interest income	(33)	(47)	(182)	(262)
Intercompany interest income/(expense)	(681)	(516)	1,197	-
	-----	-----	-----	-----
Adjusted EBITDA	\$19,539	\$11,275	\$(1,911)	\$28,903
	=====	=====	=====	=====

2004 (1)				
-----				
Pro forma net income/(loss)	\$ 8,128	\$ 5,150	\$(5,560)	\$ 7,718
Add/(deduct):				
Discontinued operations	-	-	9	9
Interest expense	30	33	6,141	6,204
Income taxes	5,647	3,317	(2,982)	5,982
Depreciation	1,270	2,174	62	3,506
Amortization	1,232	66	21	1,319
	-----	-----	-----	-----
Pro forma EBITDA	16,307	10,740	(2,309)	24,738
Add/(deduct):				
Advertising cost adjustment (g)	-	(273)	-	(273)
Interest income	(65)	(26)	(395)	(486)
Intercompany interest income/(expense)	(131)	(189)	320	-
	-----	-----	-----	-----
Pro forma adjusted EBITDA	\$16,111	\$10,252	\$(2,384)	\$23,979
	=====	=====	=====	=====

The "Footnotes to Financial Statements" are integral parts of this financial information.

CHEMED CORPORATION AND SUBSIDIARY COMPANIES  
PRO FORMA CONSOLIDATING SUMMARY OF EBITDA  
FOR THE SIX MONTHS ENDED JUNE 30, 2005 AND 2004  
(in thousands)(unaudited)

	VITAS	Roto- Rooter	Corporate	Chemed Consolidated
	-----	-----	-----	-----
2005				
-----				
Net income/(loss)	\$19,518	\$12,821	\$(15,338)	\$17,001
Add/(deduct):				
Discontinued operations	-	-	2,015	2,015
Interest expense	71	279	10,524	10,874
Income taxes	12,258	8,550	(8,626)	12,182
Depreciation	3,555	4,148	145	7,848
Amortization	1,979	49	395	2,423
	-----	-----	-----	-----
EBITDA	37,381	25,847	(10,885)	52,343
Add/(deduct):				
Long-term incentive compensation (h)	881	552	1,728	3,161
Prior-period insurance adjustment	-	(1,663)	-	(1,663)

Legal expenses of OIG investigation	254	-	-	254
VITAS transaction expense adjustment (f)	-	-	(671)	(671)
Advertising cost adjustment (g)	-	(629)	-	(629)
Interest income	(159)	(88)	(665)	(912)
Intercompany interest income/(expense)	(1,190)	(940)	2,130	-
Loss on extinguishment of debt	-	-	3,971	3,971
	-----	-----	-----	-----
Adjusted EBITDA	\$37,167	\$23,079	\$ (4,392)	\$55,854
	=====	=====	=====	=====

2004 (1)

Pro forma net income/(loss)	\$13,728	\$ 9,387	\$(17,528)	\$ 5,587
Add/(deduct):				
Discontinued operations	-	-	(137)	(137)
Interest expense	58	59	12,389	12,506
Income taxes	9,348	6,111	(9,429)	6,030
Depreciation	2,252	4,420	129	6,801
Amortization	2,327	125	21	2,473
	-----	-----	-----	-----
Pro forma EBITDA	27,713	20,102	(14,555)	33,260
Add/(deduct):				
Long-term incentive compensation	-	1,558	7,225	8,783
Advertising cost adjustment (g)	-	(466)	-	(466)
Interest income	(137)	(64)	(834)	(1,035)
Intercompany interest income/(expense)	(131)	(373)	504	-
Loss on extinguishment of debt	-	-	3,330	3,330
	-----	-----	-----	-----
Pro forma adjusted EBITDA	\$27,445	\$20,757	\$ (4,330)	\$43,872
	=====	=====	=====	=====

The "Footnotes to Financial Statements" are integral parts of this financial information.

CHEMED CORPORATION AND SUBSIDIARY COMPANIES  
FOOTNOTES TO FINANCIAL STATEMENTS  
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2005 AND 2004  
(unaudited)

(a) For the second quarter and six months ended June 30, 2005, amounts for VITAS include \$254,000 (\$160,000 aftertax) for legal expenses incurred in connection with the Office of Inspector General ("OIG") investigation.

(b) Other expenses include the following (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2005	2004	2005	2004
Pretax cost/(benefit):				
Long-term incentive plan payout	\$1,837	\$ -	\$2,946	\$ 8,783
Adjustment of transaction-related expenses of the VITAS acquisition	(671)	(1,368)	(671)	(1,368)
Cost of accelerating vesting of stock options	-	-	215	-
	-----	-----	-----	-----
Total other expenses	\$1,166	\$(1,368)	\$2,490	\$ 7,415
	=====	=====	=====	=====
Aftertax cost/(benefit):				
Long-term incentive plan payout	\$1,152	\$ -	\$1,847	\$ 5,723
Adjustment of transaction-related expenses of the VITAS acquisition	(671)	(821)	(671)	(821)
Cost of accelerating vesting of stock options	-	-	137	-
	-----	-----	-----	-----

Total other expenses,				
net of income taxes	\$ 481	\$ (821)	\$ 1,313	\$ 4,902
	=====	=====	=====	=====

- (c) For the six months ended June 30, 2005, amount for Roto-Rooter includes a favorable adjustment to casualty insurance related to prior periods' experience of \$1,663,000 (\$1,014,000 aftertax).
- (d) For the six months ended June 30, 2005, amounts include the prepayment penalty and write-off of debt issuance costs related to the early extinguishment and refinancing of certain portions of the Company's debt (\$2,523,000 aftertax). For the six months ended June 30, 2004, amount represents the prepayment penalty incurred on the early extinguishment of the Company's debt (\$2,164,000 aftertax).
- (e) Amount includes the Company's aftertax share of VITAS' charges related to the Company's acquisition of VITAS in the first quarter of 2004 prior to the acquisition date. These charges comprise transaction-related expenses that reduced the Company's equity in the earnings/(loss) of VITAS by \$4,621,000 during the first quarter of 2004.
- (f) Amounts represent favorable adjustments to transaction expenses related to the acquisition of VITAS.
- (g) Under Generally Accepted Accounting Principles ("GAAP"), the Roto-Rooter segment expenses all advertising, including the cost of telephone directories, immediately upon the initial release of the advertising. Telephone directories are generally in circulation 12 months. If a directory is in circulation for a time period greater or less than 12 months, the publisher adjusts the directory billing for the change in billing period. The timing of when a telephone directory is published can and does fluctuate significantly on a quarterly basis. This "direct expensing" results in significant fluctuations in quarterly advertising expense. In the second quarters of 2005 and 2004, GAAP advertising expense for Roto-Rooter totaled \$3,760,000 and \$3,442,000, respectively. If the expense of the telephone directories were spread over the periods they are in circulation, advertising expense for the second quarters of 2005 and 2004 would total \$3,836,000 and \$3,715,000, respectively. For the six months ended June 30, 2005 and 2004, GAAP advertising expense for Roto-Rooter totaled \$7,011,000 and \$6,817,000, respectively. If the expense of the telephone directories were spread over the periods they are in circulation, advertising expense for the six months ended June 30, 2005 and 2004, would total \$7,640,000 and \$7,283,000, respectively.
- (h) For the six months ended June 30, 2005, amounts include costs related to accelerating the vesting of stock options in addition to payouts under the Company's LTIP.
- (i) Amounts represent the additional net income VITAS would contribute assuming the acquisition were completed on January 1 of the respective years (excluding Chemed management fees).
- (j) Amount represents the additional financing costs, including a loss on early extinguishment of debt in 2004, that would have been incurred assuming the financing were completed on January 1, 2004.
- (k) Amount represents the impact of eliminating the Company's prior investments in VITAS, assuming the acquisition of VITAS were completed on January 1, 2004.
- (l) Pro forma amounts for 2004 for VITAS and Corporate assume the Company's acquisition of VITAS and its financing (including the retirement of existing debt) were completed as of January 1, 2004, on the same terms and conditions as completed on February 24, 2004.

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