

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):
October 25, 2004

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)

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

Item 2.02 Results of Operations and Financial Condition

On October 25, 2004 Chemed Corporation issued a press release announcing its financial results for the third quarter ended September 30, 2004. A copy of the release is furnished herewith as Exhibit 99.1.

Item 8.01 Other Events

A copy of the registrant's earnings report for the third quarter ended September 30, 2004 is filed herewith as Exhibit 99.2.

Item 9.01 Financial Statements and Exhibits

- c) Exhibits
 - (99.1) Registrant's press release dated October 25, 2004.
 - (99.2) Registrant's earnings report dated October 25, 2004.

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: October 26, 2004

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

Arthur V. Tucker, Jr.
Vice President and Controller

Chemed Corporation Reports 2004 Third-Quarter Results;
Consolidated Diluted EPS of \$.84, Adjusted Pro forma Diluted EPS of \$.63

CINCINNATI--(BUSINESS WIRE)--Oct. 25, 2004--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 third quarter ended September 30, 2004, versus the comparable prior-year period, as follows:

- - Consolidated Operating Results (GAAP)
 - Revenue increased 181% to \$211.1 million
 - Diluted EPS of \$.84
- - Adjusted Pro forma Consolidated Operating Results (Non-GAAP)
 - Diluted EPS of \$.63
 - Adjusted EBITDA of \$23.8 million
- - VITAS generated record Revenue and ADC levels
 - Quarterly Net Patient Revenue of \$135.1 million, up 19%
 - Average Daily Census (ADC) of 8,949, up 17%
 - Adjusted EBITDA of \$16.8 million, an increase of 50%
 - Adjusted EBITDA margin of 12.4%
 - Adjusted Net Income of \$8.7 million, up 49%
- - Roto-Rooter segment reported increased Revenue, Adjusted EBITDA and Net Income
 - Revenue increased 5%
 - Adjusted EBITDA of \$9.6 million, an increase of 35%
 - Net Income, excluding prior quarters' tax benefits, of \$5.2 million, an increase of 87%

"Chemed Corporation continues to generate strong fundamental performance," stated Kevin McNamara, Chemed president and chief executive officer. "Our methodical expansion of the VITAS business model now includes 32 programs in 11 states. ADC for the third quarter of 2004 was 8,949, an increase of 17.1% over the prior-year quarter and 4.3% above the second quarter of 2004. This translated into revenue growth of 19.0% over the prior year and 3.7% over the second quarter of 2004. We currently have 10 new starts in various stages of development, including our small acquisition in Atlanta. New starts generated \$1.4 million of operating losses in the quarter, which had a modest impact on our overall margins.

"In addition, Roto-Rooter continues to show strong earnings improvements over the prior year. For the third quarter of 2004, revenue growth aggregated 5.4% and net income, after excluding certain favorable tax adjustments, increased 87% over the prior year."

"The third quarter of 2004 does contain a number of items that positively impacted our GAAP operating results," said David Williams, Chemed's chief financial officer. "These items included reversing out certain severance accruals related to the VITAS merger, as well as adjusting year-to-date amortization and depreciation expense as we finalize valuations for the VITAS transaction. In addition, we have recently completed a multi-state and local tax planning analysis that had a favorable impact on our year-to-date effective tax rate. Our Reconciliation of Pro forma Adjusted Net Income excludes the benefit of these items that related to prior quarters. This should provide a more reasonable estimate of our earnings on a go-forward basis. We continue to caution everyone to carefully review the accounting issues relating to the refinancing and merger of VITAS into Chemed when analyzing quarter and year-to-date operating results."

For a detailed presentation of operating results, reconciling items and related definitions and components, please refer to the attached schedules.

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 generally accepted accounting principles, only a portion of VITAS' operating results is fully consolidated into Chemed's first quarter of 2004 results.

VITAS had net patient revenue of \$135.1 million, pro forma income from operations of \$14.2 million, net income of \$8.7 million and Adjusted EBITDA of \$16.8 million in the third quarter of 2004.

VITAS generated revenue growth of 19.0% over the prior-year period and 3.7% sequentially. Gross margins remained relatively flat at 21.8%

in the third quarter of 2004 as compared to the prior-year quarter. The third-quarter 2004 gross margin includes \$1.4 million in startup losses, which is an incremental \$0.9 million over the prior-year period. This negatively impacted margins by 104 basis points. Central support costs for VITAS, which are included as selling, general and administrative expenses in our Pro forma Quarterly Statement of Net Income, declined 9.8% from the prior-year quarter and increased 3.5% sequentially. On a pro forma basis, VITAS increased adjusted net income 49% as compared to the third quarter of 2003.

VITAS' average daily census (ADC) in the third quarter of 2004 was 8,949. This compares to an ADC of 7,643 in the comparable prior-year period, an increase of 17% and a 4% increase over the second quarter of 2004. Average length of stay (LOS) per patient was 60.8 days for the quarter and compares to 54.7 days in the third quarter of 2003. Average LOS for all non-startup programs ranged from a low of 35.2 days to a high of 84.5 days in the third quarter of 2004. The median LOS was 13.0 days in the quarter, an increase of 1.0 days over the prior year.

"We continue to see strong organic ADC growth across all levels of VITAS," said McNamara. "The ADC in our 22 base programs now exceeds an average of 397 patients per program. In our large programs, those with an average daily census in excess of 450, ADC growth was 14% over the prior-year quarter and increased 2.2% sequentially. Our small and medium programs generated ADC growth of 20.6% over the prior year and 6.5% sequentially."

"We did see significant mix fluctuations in our revenue components this quarter," Williams stated. "Routine home care aggregated 69.8% of revenue, an increase of 130 basis points over the prior-year quarter and a 150-basis-point increase on a sequential basis. Our inpatient revenue aggregated 13.6% of total revenue and continuous care was 16.6% of revenue in the third quarter of 2004."

Roto-Rooter Segment

Roto-Rooter's plumbing and drain cleaning business generated sales of \$66.8 million for the third quarter of 2004, 5.4% higher than the \$63.3 million reported in the comparable prior-year quarter. Adjusted net income for the quarter, excluding favorable tax benefits relating to prior quarters, totaled \$5.2 million, an increase of 87% over the prior-year quarter. Adjusted EBITDA in the third quarter of 2004 totaled \$9.6 million, an increase of 35% over the Adjusted EBITDA of \$7.1 million generated in the third quarter of 2003.

"There are several factors contributing to the improvement in the plumbing and drain cleaning segment," stated McNamara. "Job count increased 1.9% in the third quarter of 2004 over the prior-year period. We continue to see strengthening demand in commercial and residential plumbing. Our expense control at the field level resulted in a third-quarter-2004 gross profit margin of 45.4%, which is 160 basis points above the third quarter of 2003."

Consolidated Financial Position

"Our cash position is solid," Williams stated. "As of September 30, 2004, we have over \$51 million in cash and approximately \$72 million of unused lines of credit under our Credit Facility. In addition, we have tax refunds in excess of \$15 million relating to the deductibility of stock option buyouts at the VITAS level that should be received by the end of the year."

Guidance for the Remainder of the Year

"Looking ahead into the fourth quarter of 2004," Williams stated, "we anticipate sequential consolidated revenue to be materially above the third quarter due to seasonality factors within Roto-Rooter. Roto-Rooter is estimated to generate a 5% to 7% sequential revenue growth in the fourth quarter, which is consistent with historical seasonality."

"VITAS continues to show consistent ADC growth. The past six quarters have averaged a sequential quarterly increase in ADC of 345. If this trend line continues, ADC would approximate 9,300 in the fourth quarter. We are optimistic as to the long-term sustainable trend-line improvements in ADC, revenue, EBITDA margins and earnings per share. However, we should keep in perspective VITAS will experience fluctuations in growth patterns and revenue mix quarter to quarter. We anticipate fluctuations in margins quarter to quarter as capacity and central support resources are grown at a more predictable and methodical rate than our actual ADC."

"Based upon these factors and a current diluted share count of 12.7 million, our expectation is that earnings per diluted share for the fourth quarter will be in the range of \$.73 to \$.77. We anticipate providing full-year 2005 guidance when we release our final 2004

operating results."

Conference Call

Chemed will hold a conference call to discuss third quarter results Tuesday, October 26, 2004, at 11 a.m., ET. The dial-in number for the conference call is 800-945-0061 for U.S. and Canadian participants and 706-679-7146 for international participants. A live webcast of the call can be accessed on Chemed's website at www.chemed.com by clicking on "Investor Relations Home" and then on "Featured Event: Web Cast - Live! Q3 2004 Chemed Corporation Earnings Conference Call." An archived webcast will also be available at www.chemed.com and will remain available for 14 days following the live call.

A taped replay of the conference call will be available approximately two hours after the call's conclusion. It can be accessed by dialing 800-642-1687 for U.S. and Canadian callers and 706-645-9291 for international callers. The conference identification number is 1034741. The telephone replay will be available for one week following the live call.

Chemed Corporation operates in the healthcare field through its VITAS Healthcare Corporation subsidiary. VITAS provides daily hospice services to approximately 9,000 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 repair-and-maintenance-service industry under the brand names Roto-Rooter and Service America. 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. Operating in Florida and Arizona, Service America furnishes residential and commercial appliance and heating and air conditioning repair and maintenance services.

This press release contains information about Chemed's adjusted EBITDA, which is not a measure derived in accordance with generally accepted accounting principles and which excludes components that are important to understanding Chemed's financial performance. Chemed provides 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 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, plumbing, drain cleaning and HVAC 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.

CHEMED CORPORATION
CONSOLIDATED STATEMENT OF INCOME
(in thousands, except per share data)(unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2004 (a)	2003 (b)	2004 (a)	2003 (b)
Service revenues and sales	\$211,134	\$75,172	\$551,176	\$230,088
Cost of services provided and goods sold	149,409	44,215	382,839	135,978
Selling, general and administrative expenses	38,908	25,607	107,844	76,754
Depreciation	3,002	2,983	11,161	9,025
Long-term incentive compensation	-	-	9,058	-
Total costs and expenses	191,319	72,805	510,902	221,757
Income from operations	19,815	2,367	40,274	8,331
Interest expense	(6,085)	(755)	(15,196)	(2,429)
Loss on extinguishment of debt	-	-	(3,330)	-
Other income--net	398	3,049	2,208	9,766
Income before income taxes	14,128	4,661	23,956	15,668
Income taxes	(3,647)	(1,748)	(8,983)	(5,898)
Equity in income/(loss) of affiliate (VITAS)	131	-	(3,153)	-
Net Income	\$ 10,612	\$ 2,913	\$ 11,820	\$ 9,770
Earnings Per Share				
Net income	\$ 0.85	\$ 0.29	\$ 0.99	\$ 0.99
Average number of shares outstanding	12,470	9,941	11,904	9,913
Diluted Earnings Per Share				
Net income	\$ 0.84	\$ 0.29	\$ 0.97	\$ 0.98
Average number of shares outstanding	12,701	9,988	12,136	9,940

(a) Results for 2004 include the following adjustments/special items which increased/(reduced) earnings (in thousands):

	Third Quarter	Nine Months
Adjustments to revise VITAS purchase price allocation and related amortization of assets:		
Increase in amortization expense (included in selling, gen. and administrative exp.)	\$ (311)	\$ -
Reduction in depreciation expense	837	-
Payouts under the Company's long-term incentive program	-	(9,058)
Loss on extinguishment of debt	-	(3,330)
Total impact on income before income taxes	526	(12,388)
Adjustment of income taxes related to the above	(211)	4,751
Tax adjustments resulting from the finalization of prior-year tax returns in the third quarter of 2004	1,020	1,020
Tax adjustments from the cumulative reduction of estimated state and local tax rates	1,098	-
Equity in the earnings/(loss) of VITAS, impacted significantly by transaction-related expenses incurred by VITAS prior to its merger with Chemed in February 2004	131	(3,153)

Total impact on net income	\$2,564	\$ (9,770)
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These 2004 adjustments/special items increased earnings per share by \$.20 (\$.21 on a diluted basis) in the third quarter and reduced earnings per share by \$.82 (\$.81 on a diluted basis) in the nine months.

(b) Results for 2003 include the following adjustments/special items which increased/(reduced) earnings (in thousands):

	Third Quarter	Nine Months
	-----	-----
Severance charges in March 2003 (included in selling, gen. and administrative exp.)	\$ -	\$(3,627)
Pretax capital gains from the redemption of VITAS preferred stock and the sales of investments (included in other income)	1,846	5,390
Dividend income from VITAS preferred stock redeemed in 2003 (included in other income)	371	1,794
	-----	-----
Total impact on income before income taxes	2,217	3,557
Adjustment of income taxes related to the above	(689)	(979)
	-----	-----
Total impact on net income	\$1,528	\$ 2,578
	=====	=====

These 2003 adjustments/special items increased earnings per share by \$.15 in the third quarter and increased earnings per share by \$.26 in the nine months.

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

	September 30,	
	2004	2003 (a)
	-----	-----
Assets		
Current assets		
Cash and cash equivalents	\$ 51,261	\$ 72,607
Accounts receivable less allowances	71,476	13,310
Inventories	8,391	8,548
Statutory deposits	7,924	9,852
Prepaid income taxes	10,493	4,612
Current deferred income taxes	24,247	9,167
Prepaid expenses and other current assets	8,354	6,941
	-----	-----
Total current assets	182,146	125,037
Investments of deferred compensation plans held in trust	19,302	16,832
Other investments	1,445	5,546
Note receivable	12,500	12,500
Properties and equipment, at cost less accumulated depreciation	58,422	47,456
Identifiable intangible assets less accumulated amortization	75,828	2,450
Goodwill less accumulated amortization	407,407	113,437
Other assets	24,754	16,908
	-----	-----
Total Assets	\$781,804	\$ 340,166
	=====	=====

Liabilities		
Current liabilities		
Accounts payable	\$ 39,406	\$ 5,033
Current portion of long-term debt	5,401	463
Income taxes	401	21
Deferred contract revenue	15,987	16,053
Accrued insurance	23,729	16,844
Other current liabilities	56,368	20,348
	-----	-----
Total current liabilities	141,292	58,762
Long-term debt	288,311	25,635
Mandatorily redeemable convertible preferred		

securities of the Chemed Capital Trust	-	14,146
Deferred compensation liabilities	19,306	16,824
Other liabilities	18,000	20,315
	-----	-----
Total Liabilities	466,909	135,682
	-----	-----
Stockholders' Equity		
Capital stock	13,437	13,452
Paid-in capital	209,564	169,406
Retained earnings	127,357	134,143
Treasury stock, at cost	(32,984)	(110,492)
Unearned compensation	(4,289)	(3,389)
Deferred compensation payable in Company stock	2,351	2,294
Notes receivable for shares sold	(541)	(930)
	-----	-----
Total Stockholders' Equity	314,895	204,484
	-----	-----
Total Liabilities and Stockholders' Equity	\$781,804	\$ 340,166
	=====	=====
Book Value Per Share	\$ 25.25	\$ 20.70
	=====	=====

(a)Reclassified to conform to 2004 presentation

CHEMED CORPORATION
CONSOLIDATING STATEMENT OF OPERATIONS
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2004 AND 2003
(in thousands)(unaudited)

	VITAS	Roto- Rooter	Service America	Corp- orate	Chemed Consoli- dated
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2004					

Service revenues and sales	\$135,101	\$66,785	\$ 9,248	\$ -	\$211,134
	-----	-----	-----	-----	-----
Cost of services provided and goods sold	105,695	36,433	7,281	-	149,409
Selling, general and administrative expenses	14,215	20,021	1,831	2,841	38,908
Depreciation	469	2,081	392	60	3,002
Long-term incentive costs	-	-	-	-	-
	-----	-----	-----	-----	-----
Total costs and expenses	120,379	58,535	9,504	2,901	191,319
	-----	-----	-----	-----	-----
Income/(loss) from operations	14,722	8,250	(256)	(2,901)	19,815
Interest expense	(32)	(43)	(2)	(6,008)	(6,085)
Intercompany interest income/(expense)	289	327	39	(655)	-
Loss on extinguishment of debt	-	-	-	-	-
Other income--net	93	(92)	24	373	398
	-----	-----	-----	-----	-----
Income/(loss) before income taxes	15,072	8,442	(195)	(9,191)	14,128
Income taxes	(6,097)	(2,375)(a)	70	4,755(a)	(3,647)
Equity in loss of VITAS	-	-	-	131(b)	131
	-----	-----	-----	-----	-----
Net income/(loss)	\$ 8,975	\$ 6,067	\$ (125)	\$ (4,305)	\$ 10,612
	=====	=====	=====	=====	=====
2003					

Service revenues and sales	\$ -	\$63,342	\$11,830	\$ -	\$ 75,172

Cost of services provided and goods sold	-	35,583	8,632	-	44,215
Selling, general and administrative expenses	-	21,424	2,458	1,725	25,607
Depreciation	-	2,276	619	88	2,983
Total costs and expenses	-	59,283	11,709	1,813	72,805
Income/(loss) from operations	-	4,059	121	(1,813)	2,367
Interest expense	-	(33)	(8)	(714)	(755)
Intercompany interest income/(expense)	-	157	1	(158)	-
Other income--net	-	312	64	2,673(c)	3,049
Income/(loss) before income taxes	-	4,495	178	(12)	4,661
Income taxes	-	(1,707)	(114)	73	(1,748)
Net income/(loss)	\$ -	\$ 2,788	\$ 64	\$ 61	\$ 2,913

(a) Amounts include favorable adjustments related to finalization of prior-year tax returns during the third quarter of 2004. The aftertax benefit received from these adjustments was \$390,000 for Corporate and \$630,000 for Roto-Rooter. In addition, amounts included tax benefits related to prior quarters due to the Company's adjusting its effective tax rate for state and local taxes during the third quarter. The aftertax benefit recorded for these prior-quarter adjustments was \$881,000 for Corporate and \$217,000 for Roto-Rooter.

(b) Amount includes the Company's aftertax share of VITAS' charges related to the Company's acquisition of VITAS prior to the acquisition date. The accruals for transaction costs were adjusted in the third quarter of 2004 based on changed facts and circumstances. Of the total adjustment, 37% (less deferred income taxes) was credited to the Company's equity in the earnings of VITAS and 63% was credited to goodwill. These charges comprise transaction-related expenses that increased the Company's equity in the earnings/(loss) of VITAS by \$131,000 during the third quarter of 2004.

(c) Amount includes a pretax gain of \$1,846,000 (\$1,200,000 aftertax) from the redemption of VITAS preferred stock in the third quarter of 2003.

CHEMED CORPORATION
CONSOLIDATING STATEMENT OF OPERATIONS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2004 AND 2003
(in thousands)(unaudited)

	VITAS	Roto-Rooter	Service America	Corp-orate	Chemed Consolidated
2004					
Service revenues and sales	\$316,453	\$204,907	\$29,816	\$ -	\$551,176
Cost of services provided and goods sold	247,971	113,077	21,791	-	382,839
Selling, general and administrative expenses	32,935	61,023	6,550	7,336	107,844
Depreciation	3,078	6,501	1,393	189	11,161
Long-term incentive costs	-	1,558 (a)	275(a)	7,225 (a)	9,058

Total costs and expenses	283,984	182,159	30,009	14,750	510,902
Income/(loss) from operations	32,469	22,748	(193)	(14,750)	40,274
Interest expense	(90)	(102)	(9)	(14,995)	(15,196)
Intercompany interest income/(expense)	420	700	66	(1,186)	-
Loss on extinguishment of debt	-	-	-	(3,330)(b)	(3,330)
Other income--net	169	594	178	1,267	2,208
Income/(loss) before income taxes	32,968	23,940	42	(32,994)	23,956
Income taxes	(13,489)	(8,486)(f)	(48)	13,040 (f)	(8,983)
Equity in earnings of VITAS	-	-	-	(3,153)(c)	(3,153)
Net income/(loss)	\$ 19,479	\$ 15,454	\$ (6)	\$(23,107)	\$11,820

2003

Service revenues and sales	\$ -	\$192,659	\$37,429	\$ -	\$230,088
Cost of services provided and goods sold	-	108,180	27,798	-	135,978
Selling, general and administrative expenses	-	60,721	7,545	8,488 (d)	76,754
Depreciation	-	6,900	1,859	266	9,025
Total costs and expenses	-	175,801	37,202	8,754	221,757
Income/(loss) from operations	-	16,858	227	(8,754)	8,331
Interest expense	-	(148)	(28)	(2,253)	(2,429)
Intercompany interest income/(expense)	-	414	(17)	(397)	-
Other income--net	-	707	288	8,771 (e)	9,766
Income/(loss) before income taxes	-	17,831	470	(2,633)	15,668
Income taxes	-	(6,730)	(303)	1,135	(5,898)
Net income/(loss)	\$ -	\$ 11,101	\$ 167	\$ (1,498)	\$ 9,770

(a) Amounts represent payouts under the Company's 2002 Executive Long-term Incentive Plan in the first quarter of 2004. The aftertax cost of these charges was \$4,455,000 for Corporate, \$982,000 for Roto-Rooter and \$170,000 for Service America.

(b) Amount represents the prepayment penalty incurred on the early extinguishment of the Company's debt (\$2,030,000 aftertax) in the first quarter of 2004.

(c) 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. The accruals for transaction costs were adjusted in the second and third quarters of 2004 based on changed facts and circumstances. These charges

comprise transaction-related expenses that increased the Company's equity in the earnings/(loss) of VITAS by \$3,669,000 during the first nine months of 2004.

- (d) Amount includes pretax charges of \$3,627,000 (\$2,358,000 aftertax) for severance charges in the first quarter of 2003.
- (e) Amount includes a pretax gain of \$3,544,000 (\$2,151,000 aftertax) from the sales of investments in the first quarter of 2003 and a pretax gain of \$1,846,000 (\$1,200,000 aftertax) from the redemption of VITAS preferred stock in the third quarter of 2003.
- (f) Amounts include favorable adjustments related to finalization of prior-year tax returns during the third quarter of 2004. The aftertax benefit received from these adjustments was \$390,000 for Corporate and \$630,000 for Roto-Rooter.

CHEMED CORPORATION
PRO FORMA CONSOLIDATING STATEMENT OF OPERATIONS
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2004 AND 2003
(in thousands, except per share data) (unaudited)

	VITAS	Roto- Rooter	Service America	Corp- orate	Chemed Consol- idated
2004(a)					
Service revenues and sales	\$135,101	\$66,785	\$ 9,248	\$ -	\$211,134
Cost of services provided and goods sold	105,695	36,433	7,281	-	149,409
Selling, general and administrative expenses	13,904	20,021	1,831	2,841	38,597
Depreciation	1,306	2,081	392	60	3,839
Long-term incentive costs	-	-	-	-	-
Total costs and expenses	120,905	58,535	9,504	2,901	191,845
Income/(loss) from operations	14,196	8,250	(256)	(2,901)	19,289
Interest expense	(32)	(43)	(2)	(6,008)	(6,085)
Intercompany interest income/(expense)	289	327	39	(655)	-
Loss on extinguishment of debt	-	-	-	-	-
Other income -- net	93	(92)	24	373	398
Income/(loss) before income taxes	14,546	8,442	(195)	(9,191)	13,602
Income taxes	(5,886)	(2,375)(c)	70	4,755(c)	(3,436)
Net Income/(Loss)	\$ 8,660	\$ 6,067	\$ (125)	\$ (4,436)	\$ 10,166
Earnings Per Share					
Net income					\$ 0.82
Average number of shares outstanding					12,470
Diluted Earnings Per Share					
Net income					\$ 0.80
Average number of shares outstanding					12,701

2003(b)

Service revenues and sales	\$113,528	\$63,342	\$11,830	\$ -	\$188,700
Cost of services provided and goods sold	88,372	35,583	8,632	-	132,587
Selling, general and administrative expenses	15,064	21,424	2,458	1,590	40,536
Depreciation	634	2,276	619	88	3,617
Total costs and expenses	104,070	59,283	11,709	1,678	176,740
Income from operations	9,458	4,059	121	(1,678)	11,960
Interest expense	-	(33)	(8)	(6,519)	(6,560)
Intercompany interest income/(expense)	-	157	1	(158)	-
Loss on extinguishment of debt	-	-	-	-	-
Other income -- net	168	312	64	2,302(d)	2,846
Income/(loss) before income taxes	9,626	4,495	178	(6,053)	8,246
Income taxes	(3,819)	(1,707)	(114)	2,092	(3,548)
Net Income/(Loss)	\$ 5,807	\$ 2,788	\$ 64	\$ (3,961)	\$ 4,698

Earnings Per Share	
Net income	\$ 0.39
Average number of shares outstanding	11,941
Diluted Earnings Per Share	
Net income	\$ 0.39
Average number of shares outstanding	11,988

- (a) The pro forma statement of operations for 2004 assumes 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.
- (b) The pro forma statement of operations for 2003 assumes the Company's acquisition of VITAS and its financing (including the retirement of existing debt) were completed as of January 1, 2003, on the same terms and conditions as completed on February 24, 2004.
- (c) Amounts include favorable adjustments related to finalization of prior-year tax returns during the third quarter of 2004. The aftertax benefit received from these adjustments was \$390,000 for Corporate and \$630,000 for Roto-Rooter. In addition, amounts included tax benefits related to prior quarters due to the Company's adjusting its effective tax rate for state and local taxes during the third quarter. The aftertax benefit recorded for these prior-quarter adjustments was \$881,000 for Corporate and \$217,000 for Roto-Rooter.
- (d) Amount includes a pretax gain of \$1,846,000 (\$1,200,000 aftertax) from the redemption of VITAS preferred stock in the third quarter of 2003.

(in thousands, except per share data) (unaudited)

	VITAS	Roto- Rooter	Service America	Corp- orate	Chemed Consoli- dated
	-----	-----	-----	-----	-----
2004 (a)					

Service revenues and sales	\$389,323	\$204,907	\$29,816	\$ -	\$624,046
	-----	-----	-----	-----	-----
Cost of services provided and goods sold	306,819	113,077	21,791	-	441,687
Selling, general and administrative expenses	41,864	61,023	6,550	7,197	116,634
Depreciation	3,558	6,501	1,393	189	11,641
Long-term incentive costs	-	1,558 (c)	275(c)	7,225 (c)	9,058
	-----	-----	-----	-----	-----
Total costs and expenses	352,241	182,159	30,009	14,611	579,020
	-----	-----	-----	-----	-----
Income/(loss) from operations	37,082	22,748	(193)	(14,611)	45,026
Interest expense	(90)	(102)	(9)	(18,397)	(18,598)
Intercompany interest income/ (expense)	420	700	66	(1,186)	-
Loss on extinguishment of debt	-	-	-	(3,330)(d)	(3,330)
Other income-- net	210	594	178	1,267	2,249
	-----	-----	-----	-----	-----
Income/(loss) before income taxes	37,622	23,940	42	(36,257)	25,347
Income taxes	(15,234)	(8,486)(e)	(48)	14,174 (e)	(9,594)
	-----	-----	-----	-----	-----
Net Income/(Loss)	\$ 22,388	\$ 15,454	\$ (6)	\$(22,083)	\$ 15,753
	=====	=====	=====	=====	=====
Earnings Per Share					
Net income					\$ 1.26
					=====
Average number of shares outstanding					12,453
					=====
Diluted Earnings Per Share					
Net income					\$ 1.24
					=====
Average number of shares outstanding					12,685
					=====
2003 (b)					

Service revenues and sales	\$319,955	\$192,659	\$37,429	\$ -	\$550,043
	-----	-----	-----	-----	-----
Cost of services provided and goods sold	251,975	108,180	27,798	-	387,953
Selling, general and administrative expenses	42,547	60,721	7,545	8,082(f)	118,895
Depreciation	2,325	6,900	1,859	266	11,350
	-----	-----	-----	-----	-----
Total costs and expenses	296,847	175,801	37,202	8,348	518,198
	-----	-----	-----	-----	-----

Income from operations	23,108	16,858	227	(8,348)	31,845
Interest expense	-	(148)	(28)	(19,111)	(19,287)
Intercompany interest income/(expense)	-	414	(17)	(397)	-
Loss on extinguishment of debt	-	-	-	(3,330)(d)	(3,330)
Other income-- net	521	707	288	6,977 (g)	8,493
	-----	-----	-----	-----	-----
Income/(loss) before income taxes	23,629	17,831	470	(24,209)	17,721
Income taxes	(9,430)	(6,730)	(303)	8,244	(8,219)
	-----	-----	-----	-----	-----
Net Income/(Loss)	\$ 14,199	\$ 11,101	\$ 167	\$(15,965)	\$ 9,502
	=====	=====	=====	=====	=====

Earnings Per Share

Net income \$ 0.80

=====

Average number of shares outstanding 11,913

=====

Diluted Earnings Per Share

Net income \$ 0.80

=====

Average number of shares outstanding 11,940

=====

-
- (a) The pro forma statement of operations for 2004 assumes 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.
- (b) The pro forma statement of operations for 2003 assumes the Company's acquisition of VITAS and its financing (including the retirement of existing debt) were completed as of January 1, 2003, on the same terms and conditions as completed on February 24, 2004.
- (c) Amounts represent payouts under the Company's 2002 Executive Long-term Incentive Plan in the first quarter of 2004. The aftertax cost of these charges was \$4,455,000 for Corporate, \$982,000 for Roto-Rooter and \$170,000 for Service America.
- (d) Amount represents the prepayment penalty incurred on the early extinguishment of the Company's debt (\$2,030,000 aftertax in 2004; \$2,164,000 aftertax in 2003) in the first quarter of 2004.
- (e) Amounts include favorable adjustments related to finalization of prior-year tax returns during the third quarter of 2004. The aftertax benefit received from these adjustments was \$390,000 for Corporate and \$630,000 for Roto-Rooter.
- (f) Amount includes pretax charges of \$3,627,000 (\$2,358,000 aftertax) for severance charges in the first quarter of 2003.
- (g) Amount includes a pretax gain of \$3,544,000 (\$2,151,000 aftertax) from the sales of investments in the first quarter of 2003 and a pretax gain of \$1,846,000 (\$1,200,000 aftertax) from the redemption of VITAS preferred stock in the third quarter of 2003.

CHEMED CORPORATION
VITAS PRO FORMA QUARTERLY STATEMENT OF INCOME
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2004 AND 2003
(in thousands) (unaudited)

	First	Second	Third	Year-to-date
--	-------	--------	-------	--------------

	Quarter	Quarter	Quarter	September
	-----	-----	-----	-----
2004 (a)				

Service revenues and sales	\$123,982	\$130,240	\$135,101	\$389,323
	-----	-----	-----	-----
Cost of services provided and goods sold	99,334	101,790	105,695	306,819
Selling, general and administrative expenses	13,385	12,227	12,653	38,265
Depreciation	982	1,270	1,306	3,558
Amortization	1,024	1,324	1,251	3,599
Long-term incentive costs	-	-	-	-
	-----	-----	-----	-----
Total costs and expenses	114,725	116,611	120,905	352,241
	-----	-----	-----	-----
Income from operations	9,257	13,629	14,196	37,082
Interest expense	(28)	(30)	(32)	(90)
Intercompany interest income/(expense)	-	131	289	420
Loss on extinguishment of debt	-	-	-	-
Other income--net	72	45	93	210
	-----	-----	-----	-----
Income before income taxes	9,301	13,775	14,546	37,622
Income taxes	(3,701)	(5,647)	(5,886)	(15,234)
	-----	-----	-----	-----
Net income	\$ 5,600	\$ 8,128	\$ 8,660	\$ 22,388
	=====	=====	=====	=====

	First Quarter	Second Quarter	Third Quarter	Year-to-date September
	-----	-----	-----	-----
2003 (b)				

Service revenues and sales	\$100,182	\$106,245	\$113,528	\$319,955
	-----	-----	-----	-----
Cost of services provided and goods sold	80,919	82,684	88,372	251,975
Selling, general and administrative expenses	11,714	13,686	14,023	39,423
Depreciation	818	873	634	2,325
Amortization	1,041	1,042	1,041	3,124
Long-term incentive costs	-	-	-	-
	-----	-----	-----	-----
Total costs and expenses	94,492	98,285	104,070	296,847
	-----	-----	-----	-----
Income from operations	5,690	7,960	9,458	23,108
Interest expense	-	-	-	-
Intercompany interest income/(expense)	-	-	-	-
Loss on extinguishment of debt	-	-	-	-
Other income--net	150	203	168	521
	-----	-----	-----	-----
Income before income taxes	5,840	8,163	9,626	23,629
Income taxes	(2,337)	(3,274)	(3,819)	(9,430)
	-----	-----	-----	-----
Net income	\$ 3,503	\$ 4,889	\$ 5,807	\$ 14,199
	=====	=====	=====	=====

(a) The pro forma statement of income for 2004 assumes the Company's acquisition of VITAS was completed as of January 1, 2004, on the same terms and conditions as completed on February 24, 2004.

(b) The pro forma statement of income for 2003 assumes the Company's acquisition of VITAS was completed as of January 1, 2003, on the same terms and conditions as completed on February 24, 2004.

CHEMED CORPORATION
CONSOLIDATING SUMMARY OF EBITDA
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2004 AND 2003
(in thousands)(unaudited)

	VITAS	Roto- Rooter	Service America	Corp- orate	Chemed Consoli- dated
	-----	-----	-----	-----	-----
2004					
Net income/(loss)	\$ 8,975	\$ 6,067	\$(125)	\$(4,305)	\$10,612
Add/(deduct):					
Interest expense	32	43	2	6,008	6,085
Income taxes	6,097	2,375	(70)	(4,755)	3,647
Depreciation and amortization	2,031	2,112	392	164	4,699
EBITDA	17,135	10,597	199	(2,888)	25,043
Add/(deduct):					
Long-term incentive compensation	-	-	-	-	-
Advertising cost adjustment (a)	-	(577)	-	-	(577)
Interest income	(94)	(44)	(9)	(402)	(549)
Intercompany interest (income)/expense	(289)	(327)	(39)	655	-
Loss on extinguishment of debt	-	-	-	-	-
Equity in income of VITAS	-	-	-	(131)	(131)
Adjusted EBITDA	\$16,752	\$ 9,649	\$ 151	\$(2,766)	\$23,786
	=====	=====	=====	=====	=====
2003					
Net income/(loss)	\$ -	\$ 2,788	\$ 64	\$ 61	\$ 2,913
Add/(deduct):					
Interest expense	-	33	8	714	755
Income taxes	-	1,707	114	(73)	1,748
Depreciation and amortization	-	2,335	737	92	3,164
EBITDA	-	6,863	923	794	8,580
Add/(deduct):					
Severance charges	-	-	-	-	-
Advertising cost adjustment (a)	-	466	-	-	466
Interest income	-	(44)	(87)	(517)	(648)
Intercompany interest (income)/expense	-	(157)	(1)	158	-
Dividend income from VITAS	-	-	-	(108)	(108)
Gains on sales of investments	-	-	-	(1,846)	(1,846)
Adjusted EBITDA	\$ -	\$ 7,128	\$ 835	\$(1,519)	\$ 6,444
	=====	=====	=====	=====	=====

(a) 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 third quarters of 2004 and 2003, GAAP advertising expense for Roto-Rooter totaled \$4,040,000 and \$4,451,000, respectively. If the expense of the telephone directories were spread over the periods they are in circulation, advertising

expense for the third quarters of 2004 and 2003 would total \$4,617,000 and \$3,985,000, respectively.

CHEMED CORPORATION
CONSOLIDATING SUMMARY OF EBITDA
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2004 AND 2003
(in thousands)(unaudited)

	VITAS	Roto- Rooter	Service America	Corp- orate	Chemed Consoli- dated
	-----	-----	-----	-----	-----
2004					

Net income/(loss)	\$19,479	\$15,454	\$ (6)	\$(23,107)	\$11,820
Add/(deduct):					
Interest expense	90	102	9	14,995	15,196
Income taxes	13,489	8,486	48	(13,040)	8,983
Depreciation and amortization	6,073	6,657	1,393	299	14,422
	-----	-----	-----	-----	-----
EBITDA	39,131	30,699	1,444	(20,853)	50,421
Add/(deduct):					
Long-term incentive compensation	-	1,558	275	7,225	9,058
Advertising cost adjustment (a)	-	(1,043)	-	-	(1,043)
Interest income	(190)	(108)	(127)	(1,236)	(1,661)
Intercompany interest (income)/expense	(420)	(700)	(66)	1,186	-
Loss on extinguishment of debt	-	-	-	3,330	3,330
Equity in loss of VITAS	-	-	-	3,153	3,153
	-----	-----	-----	-----	-----
Adjusted EBITDA	\$38,521	\$30,406	\$1,526	\$ (7,195)	\$63,258
	=====	=====	=====	=====	=====
2003					

Net income/(loss)	\$ -	\$11,101	\$ 167	\$ (1,498)	\$ 9,770
Add/(deduct):					
Interest expense	-	148	28	2,253	2,429
Income taxes	-	6,730	303	(1,135)	5,898
Depreciation and amortization	-	7,079	2,202	282	9,563
	-----	-----	-----	-----	-----
EBITDA	-	25,058	2,700	(98)	27,660
Add/(deduct):					
Severance charges	-	-	-	3,627	3,627
Advertising cost adjustment (a)	-	(1,860)	-	-	(1,860)
Interest income	-	(176)	(272)	(1,718)	(2,166)
Intercompany interest (income)/expense	-	(414)	17	397	-
Dividend income from VITAS	-	-	-	(1,532)	(1,532)
Gains on sales of investments	-	-	-	(5,390)	(5,390)
	-----	-----	-----	-----	-----
Adjusted EBITDA	\$ -	\$22,608	\$2,445	\$ (4,714)	\$20,339
	=====	=====	=====	=====	=====

(a) 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 first nine months of 2004 and 2003, GAAP advertising expense for Roto-Rooter totaled \$12,170,000 and

\$9,502,000, respectively. If the expense of the telephone directories were spread over the periods they are in circulation, advertising expense for the first nine months of 2004 and 2003 would total \$13,213,000 and \$11,362,000, respectively.

CHEMED CORPORATION
PRO FORMA CONSOLIDATING SUMMARY OF EBITDA
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2004 AND 2003
(in thousands)(unaudited)

	VITAS(a)	Roto- Router	Service America	Corp- orate(a)	Chemed Consoli- dated
	-----	-----	-----	-----	-----
2004					

Pro forma net income/(loss)	\$ 8,660	\$ 6,067	\$(125)	\$(4,436)	\$10,166
Add/(deduct):					
Interest expense	32	43	2	6,008	6,085
Income taxes	5,886	2,375	(70)	(4,755)	3,436
Depreciation and amortization	2,557	2,112	392	164	5,225
	-----	-----	-----	-----	-----
Pro forma EBITDA	17,135	10,597	199	(3,019)	24,912
Add/(deduct):					
Long-term incentive compensation	-	-	-	-	-
Advertising cost adjustment (b)	-	(577)	-	-	(577)
Interest income	(94)	(44)	(9)	(402)	(549)
Intercompany interest (income)/expense	(289)	(327)	(39)	655	-
Loss on extinguishment of debt	-	-	-	-	-
	-----	-----	-----	-----	-----
Pro forma adjusted EBITDA	\$16,752	\$ 9,649	\$ 151	\$(2,766)	\$23,786
	=====	=====	=====	=====	=====
2003					

Pro forma net income/(loss)	\$ 5,807	\$ 2,788	\$ 64	\$(3,961)	\$ 4,698
Add/(deduct):					
Interest expense	-	33	8	6,519	6,560
Income taxes	3,819	1,707	114	(2,092)	3,548
Depreciation and amortization	1,675	2,335	737	92	4,839
	-----	-----	-----	-----	-----
Pro forma EBITDA	11,301	6,863	923	558	19,645
Add/(deduct):					
Severance charges	-	-	-	-	-
Advertising cost adjustment (b)	-	466	-	-	466
Interest income	(168)	(44)	(87)	(517)	(816)
Intercompany interest (income)/expense	-	(157)	(1)	158	-
Gains on sales of investments	-	-	-	(1,846)	(1,846)
Loss on extinguishment of debt	-	-	-	-	-
	-----	-----	-----	-----	-----
Pro forma adjusted EBITDA	\$11,133	\$ 7,128	\$ 835	\$(1,647)	\$17,449
	=====	=====	=====	=====	=====

(a) Pro forma amounts for VITAS and Corporate assume the acquisition of VITAS and the related financing were both completed on January 1 of the respective years.

(b) 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 third quarters of 2004 and 2003, GAAP advertising expense for Roto-Rooter totaled \$4,040,000 and \$4,451,000, respectively. If the expense of the telephone directories were spread over the periods they are in circulation, advertising expense for the third quarters of 2004 and 2003 would total \$4,617,000 and \$3,985,000, respectively.

CHEMED CORPORATION
 PRO FORMA CONSOLIDATING SUMMARY OF EBITDA
 FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2004 AND 2003
 (in thousands)(unaudited)

	VITAS(a)	Roto- Rooter	Service America	Corp- orate(a)	Chemed Consoli- dated
	-----	-----	-----	-----	-----
2004					

Pro forma net income/(loss)	\$22,388	\$15,454	\$ (6)	\$(22,083)	\$15,753
Add/(deduct):					
Interest expense	90	102	9	18,397	18,598
Income taxes	15,234	8,486	48	(14,174)	9,594
Depreciation and amortization	7,157	6,657	1,393	299	15,506
	-----	-----	-----	-----	-----
Pro forma EBITDA	44,869	30,699	1,444	(17,561)	59,451
Add/(deduct):					
Long-term incentive compensation	-	1,558	275	7,225	9,058
Advertising cost adjustment (b)	-	(1,043)	-	-	(1,043)
Interest income	(231)	(108)	(127)	(1,236)	(1,702)
Intercompany interest (income)/expense	(420)	(700)	(66)	1,186	-
Loss on extinguishment of debt	-	-	-	3,330	3,330
	-----	-----	-----	-----	-----
Pro forma adjusted EBITDA	\$44,218	\$30,406	\$1,526	\$ (7,056)	\$69,094
	=====	=====	=====	=====	=====
2003					

Pro forma net income/(loss)	\$14,199	\$11,101	\$ 167	\$(15,965)	\$ 9,502
Add/(deduct):					
Interest expense	-	148	28	19,111	19,287
Income taxes	9,430	6,730	303	(8,244)	8,219
Depreciation and amortization	5,449	7,079	2,202	282	15,012
	-----	-----	-----	-----	-----
Pro forma EBITDA	29,078	25,058	2,700	(4,816)	52,020
Add/(deduct):					
Severance charges	-	-	-	3,627	3,627
Advertising cost adjustment (b)	-	(1,860)	-	-	(1,860)
Interest income	(521)	(176)	(272)	(1,718)	(2,687)
Intercompany interest (income)/expense	-	(414)	17	397	-
Gains on sales of investments	-	-	-	(5,390)	(5,390)
Loss on					

extinguishment of debt	-	-	-	3,330	3,330
	-----	-----	-----	-----	-----
Pro forma adjusted EBITDA	\$28,557	\$22,608	\$2,445	\$ (4,570)	\$49,040
	=====	=====	=====	=====	=====

- (a) Pro forma amounts for VITAS and Corporate assume the acquisition of VITAS and the related financing were both completed on January 1 of the respective years.
- (b) 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 first nine months of 2004 and 2003, GAAP advertising expense for Roto-Rooter totaled \$12,170,000 and \$9,502,000, respectively. If the expense of the telephone directories were spread over the periods they are in circulation, advertising expense for the first nine months of 2004 and 2003 would total \$13,213,000 and \$11,362,000, respectively.

CHEMED CORPORATION
VITAS PRO FORMA QUARTERLY SUMMARY OF EBITDA
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2004 AND 2003
(in thousands) (unaudited)

	First Quarter	Second Quarter	Third Quarter	Year-to- date September
2004 (a)				
Pro forma net income	\$ 5,600	\$ 8,128	\$ 8,660	\$22,388
Add/(deduct):				
Interest expense	28	30	32	90
Income taxes	3,701	5,647	5,886	15,234
Depreciation	982	1,270	1,306	3,558
Amortization	1,024	1,324	1,251	3,599
	-----	-----	-----	-----
Pro forma EBITDA	11,335	16,399	17,135	44,869
Add/(deduct):				
Interest income	(72)	(65)	(94)	(231)
Intercompany interest (income)/expense	-	(131)	(289)	(420)
	-----	-----	-----	-----
Pro forma adjusted EBITDA	\$11,263	\$16,203	\$16,752	\$44,218
	=====	=====	=====	=====
2003 (b)				
Pro forma net income	\$ 3,503	\$ 4,889	\$ 5,807	\$14,199
Add/(deduct):				
Interest expense	-	-	-	-
Income taxes	2,337	3,274	3,819	9,430
Depreciation	818	873	634	2,325
Amortization	1,041	1,042	1,041	3,124
	-----	-----	-----	-----
Pro forma EBITDA	7,699	10,078	11,301	29,078
Add/(deduct):				
Interest income	(150)	(203)	(168)	(521)
Intercompany interest (income)/expense	-	-	-	-
	-----	-----	-----	-----
Pro forma adjusted EBITDA	\$ 7,549	\$ 9,875	\$11,133	\$28,557
	=====	=====	=====	=====

- (a) The pro forma statement of income for 2004 assumes the Company's acquisition of VITAS was completed as of January 1, 2004, on the

same terms and conditions as completed on February 24, 2004.

- (b) The pro forma statement of income for 2003 assumes the Company's acquisition of VITAS was completed as of January 1, 2003, on the same terms and conditions as completed on February 24, 2004.

CHEMED CORPORATION
RECONCILIATION OF PRO FORMA ADJUSTED NET INCOME
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2004 AND 2003
(in thousands, except per share data)(unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	----- 2004	2003 -----	----- 2004	2003 -----
Net income as reported	\$10,612	\$ 2,913	\$11,820	\$ 9,770
Add/(deduct):				
Pro forma VITAS net income contribution for the period (a)	-	5,887	2,991	14,439
Pro forma prior-period VITAS intangibles amortization	(315)	-	-	-
Pro forma financing costs related to acquisition of VITAS (b)	-	(3,774)	(2,211)	(10,958)
Pro forma loss on extinguishment of debt (b)	-	-	-	(2,164)
Pro forma elimination of equity in income of VITAS (c)	(131)	-	3,153	-
Pro forma elimination of preferred dividend income from VITAS (c)	-	(328)	-	(1,585)
	-----	-----	-----	-----
Pro forma net income	10,166	4,698	15,753	9,502
Add/(deduct):				
Prior-period tax adjustments	(2,118)	-	(1,020)	-
Severance charges	-	-	-	2,358
Capital gains, etc	-	(1,200)	-	(3,351)
Aftertax cost of long-term incentive payout	-	-	5,607	-
Aftertax cost of loss on extinguishment of debt	-	-	2,030	2,164
	-----	-----	-----	-----
Adjusted pro forma net income	\$ 8,048	\$ 3,498	\$22,370	\$ 10,673
	=====	=====	=====	=====
Earnings Per Share As Reported				
Net income	\$ 0.85	\$ 0.29	\$ 0.99	\$ 0.99
	=====	=====	=====	=====
Average number of shares outstanding	12,470	9,941	11,904	9,913
	=====	=====	=====	=====
Diluted Earnings Per Share As Reported				
Net income	\$ 0.84	\$ 0.29	\$ 0.97	\$ 0.98
	=====	=====	=====	=====
Average number of shares outstanding	12,701	9,988	12,136	9,940
	=====	=====	=====	=====
Adjusted Pro Forma Earnings Per Share				
Net income	\$ 0.65	\$ 0.29	\$ 1.80	\$ 0.90
	=====	=====	=====	=====
Average number of shares outstanding	12,470	11,941	12,453	11,913
	=====	=====	=====	=====
Adjusted Pro Forma Diluted Earnings Per Share				
Net income	\$ 0.63	\$ 0.29	\$ 1.76	\$ 0.89
	=====	=====	=====	=====
Average number of shares outstanding	12,701	11,988	12,685	11,940
	=====	=====	=====	=====

-
- (a) Amount represents the additional net income VITAS would contribute assuming the acquisition were completed on January 1 of the respective years (excluding Chemed management fees).
 - (b) Amounts represent the additional financing costs, including a loss on early extinguishment of debt in 2003, that would have been incurred assuming the financing were completed on January 1 of the respective years.
 - (c) Amounts represent the impact of eliminating the Company's prior investments in VITAS, assuming the acquisition of VITAS were completed on January 1 of the respective years.

CONTACT: Chemed Corporation
David P. Williams, 513-762-6901

Chemed Corporation Reports 2004 Third-Quarter Results;
Consolidated Diluted EPS of \$.84

CINCINNATI--Oct. 25, 2004--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 third quarter ended September 30, 2004, versus the comparable prior-year period, as follows:

- -- Consolidated Operating Results (GAAP)
 - Revenue increased 181% to \$211.1 million
 - Diluted EPS of \$.84
- -- VITAS generated record Revenue and ADC levels
 - Quarterly Net Patient Revenue of \$135.1 million, up 19%
 - Average Daily Census (ADC) of 8,949, up 17%
 - Net Income of \$9.0 million
- -- Roto-Rooter segment reported increased Revenue and Net Income
 - Revenue increased 5%
 - Net Income, including prior quarters' tax benefits, of \$6.1 million, an increase of 118%

"Chemed Corporation continues to generate strong fundamental performance," stated Kevin McNamara, Chemed president and chief executive officer. "Our methodical expansion of the VITAS business model now includes 32 programs in 11 states. ADC for the third quarter of 2004 was 8,949, an increase of 17.1% over the prior-year quarter and 4.3% above the second quarter of 2004. This translated into revenue growth of 19.0% over the prior year and 3.7% over the second quarter of 2004. We currently have 10 new starts in various stages of development, including our small acquisition in Atlanta. New starts generated \$1.4 million of operating losses in the quarter, which had a modest impact on our overall margins.

"In addition, Roto-Rooter continues to show strong earnings improvements over the prior year. For the third quarter of 2004, revenue growth aggregated 5.4% and net income, including \$847,000 of favorable tax adjustments, increased 118% over the prior year."

"The third quarter of 2004 does contain a number of items that positively impacted our GAAP operating results," said David Williams, Chemed's chief financial officer. "These items included reversing out certain severance accruals related to the VITAS merger, as well as adjusting year-to-date amortization and depreciation expense as we finalize valuations for the VITAS transaction. In addition, we have recently completed a multi-state and local tax planning analysis that had a favorable impact on our year-to-date effective tax rate. These items are explained in the notes to the accompanying statements of income. These should assist in projecting a more reasonable estimate of our earnings on a go-forward basis. We continue to caution everyone to carefully review the accounting issues relating to the refinancing and merger of VITAS into Chemed when analyzing quarter and year-to-date operating results."

For a detailed presentation of operating results, adjustments and special items and related definitions and components, please refer to the attached schedules.

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 generally accepted accounting principles, only a portion of VITAS' operating results is fully consolidated into Chemed's first quarter of 2004 results.

VITAS had net patient revenue of \$135.1 million, income from operations of \$14.7 million and net income of \$9.0 million in the third quarter of 2004.

VITAS generated revenue growth of 19.0% over the prior-year period and 3.7% sequentially. Gross margins remained relatively flat at 21.8% in the third quarter of 2004 as compared to the prior-year quarter. The third-quarter 2004 gross margin includes \$1.4 million in startup losses, which is an incremental \$0.9 million over the prior-year period. This negatively impacted margins by 104 basis points. Central support costs for VITAS, which are included as selling, general and administrative expenses, declined 9.8% from the prior-year quarter and increased 3.5% sequentially.

VITAS' average daily census (ADC) in the third quarter of 2004 was

8,949. This compares to an ADC of 7,643 in the comparable prior-year period, an increase of 17% and a 4% increase over the second quarter of 2004. Average length of stay (LOS) per patient was 60.8 days for the quarter and compares to 54.7 days in the third quarter of 2003. Average LOS for all non-startup programs ranged from a low of 35.2 days to a high of 84.5 days in the third quarter of 2004. The median LOS was 13.0 days in the quarter, an increase of 1.0 day over the prior year.

"We continue to see strong organic ADC growth across all levels of VITAS," said McNamara. "The ADC in our 22 base programs now exceeds an average of 397 patients per program. In our large programs, those with an average daily census in excess of 450, ADC growth was 14% over the prior-year quarter and increased 2.2% sequentially. Our small and medium programs generated ADC growth of 20.6% over the prior year and 6.5% sequentially."

"We did see significant mix fluctuations in our revenue components this quarter," Williams stated. "Routine home care aggregated 69.8% of revenue, an increase of 130 basis points over the prior-year quarter and a 150-basis-point increase on a sequential basis. Our inpatient revenue aggregated 13.6% of total revenue and continuous care was 16.6% of revenue in the third quarter of 2004."

Roto-Rooter Segment

Roto-Rooter's plumbing and drain cleaning business generated sales of \$66.8 million for the third quarter of 2004, 5.4% higher than the \$63.3 million reported in the comparable prior-year quarter. Net income for the quarter, including \$847,000 of favorable tax benefits relating to prior quarters, totaled \$6.1 million, an increase of 118% over the prior-year quarter.

"There are several factors contributing to the improvement in the plumbing and drain cleaning segment," stated McNamara. "Job count increased 1.9% in the third quarter of 2004 over the prior-year period. We continue to see strengthening demand in commercial and residential plumbing. Our expense control at the field level resulted in a third-quarter-2004 gross profit margin of 45.4%, which is 160 basis points above the third quarter of 2003."

Consolidated Financial Position

"Our cash position is solid," Williams stated. "As of September 30, 2004, we have over \$51 million in cash and approximately \$72 million of unused lines of credit under our Credit Facility. In addition, we have tax refunds in excess of \$15 million relating to the deductibility of stock option buyouts at the VITAS level that should be received by the end of the year."

Guidance for the Remainder of the Year

"Looking ahead into the fourth quarter of 2004," Williams stated, "we anticipate sequential consolidated revenue to be materially above the third quarter due to seasonality factors within Roto-Rooter. Roto-Rooter is estimated to generate a 5% to 7% sequential revenue growth in the fourth quarter, which is consistent with historical seasonality."

"VITAS continues to show consistent ADC growth. The past six quarters have averaged a sequential quarterly increase in ADC of 345. If this trend line continues, ADC would approximate 9,300 in the fourth quarter. We are optimistic as to the long-term sustainable trend-line improvements in ADC, revenue and earnings per share. However, we should keep in perspective VITAS will experience fluctuations in growth patterns and revenue mix quarter to quarter. We anticipate fluctuations in margins quarter to quarter as capacity and central support resources are grown at a more predictable and methodical rate than our actual ADC."

"Based upon these factors and a current diluted share count of 12.7 million, our expectation is that earnings per diluted share for the fourth quarter will be in the range of \$.73 to \$.77. We anticipate providing full-year 2005 guidance when we release our final 2004 operating results."

Conference Call

Chemed will hold a conference call to discuss third quarter results Tuesday, October 26, 2004, at 11 a.m., ET. The dial-in number for the conference call is 800-945-0061 for U.S. and Canadian participants and 706-679-7146 for international participants. A live webcast of the call can be accessed on Chemed's website at www.chemed.com by clicking on "Investor Relations Home" and then on "Featured Event: Web Cast - Live! Q3 2004 Chemed Corporation Earnings Conference Call." An archived webcast will also be available at

www.chemed.com and will remain available for 14 days following the live call.

A taped replay of the conference call will be available approximately two hours after the call's conclusion. It can be accessed by dialing 800-642-1687 for U.S. and Canadian callers and 706-645-9291 for international callers. The conference identification number is 1034741. The telephone replay will be available for one week following the live call.

Chemed Corporation operates in the healthcare field through its VITAS Healthcare Corporation subsidiary. VITAS provides daily hospice services to approximately 9,000 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 repair-and-maintenance-service industry under the brand names Roto-Rooter and Service America. 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. Operating in Florida and Arizona, Service America furnishes residential and commercial appliance and heating and air conditioning repair and maintenance services.

Forward-Looking Statements

Certain statements contained in this earnings report 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, plumbing, drain cleaning and HVAC 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.

CHEMED CORPORATION CONSOLIDATED STATEMENT OF INCOME (in thousands, except per share data)(unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2004 (a)	2003 (b)	2004 (a)	2003 (b)
Service revenues and sales	\$211,134	\$75,172	\$551,176	\$230,088
Cost of services provided and goods sold	149,409	44,215	382,839	135,978
Selling, general and administrative expenses	38,908	25,607	107,844	76,754
Depreciation	3,002	2,983	11,161	9,025
Long-term incentive compensation	-	-	9,058	-
Total costs and expenses	191,319	72,805	510,902	221,757
Income from operations	19,815	2,367	40,274	8,331
Interest expense	(6,085)	(755)	(15,196)	(2,429)
Loss on extinguishment of				

debt	-	-	(3,330)	-
Other income--net	398	3,049	2,208	9,766
	-----	-----	-----	-----
Income before income taxes	14,128	4,661	23,956	15,668
Income taxes	(3,647)	(1,748)	(8,983)	(5,898)
Equity in income/(loss) of affiliate (VITAS)	131	-	(3,153)	-
	-----	-----	-----	-----
Net Income	\$ 10,612	\$ 2,913	\$ 11,820	\$ 9,770
	=====	=====	=====	=====
Earnings Per Share				
Net income	\$ 0.85	\$ 0.29	\$ 0.99	\$ 0.99
	=====	=====	=====	=====
Average number of shares outstanding	12,470	9,941	11,904	9,913
	=====	=====	=====	=====
Diluted Earnings Per Share				
Net income	\$ 0.84	\$ 0.29	\$ 0.97	\$ 0.98
	=====	=====	=====	=====
Average number of shares outstanding	12,701	9,988	12,136	9,940
	=====	=====	=====	=====

(a) Results for 2004 include the following adjustments/special items which increased/(reduced) earnings (in thousands):

	Third Quarter	Nine Months
	-----	-----
Adjustments to revise VITAS purchase price allocation and related amortization of assets:		
Increase in amortization expense (included in selling, gen. and administrative exp.)	\$ (311)	\$ -
Reduction in depreciation expense	837	-
Payouts under the Company's long-term incentive program	-	(9,058)
Loss on extinguishment of debt	-	(3,330)
	-----	-----
Total impact on income before income taxes	526	(12,388)
Adjustment of income taxes related to the above	(211)	4,751
Tax adjustments resulting from the finalization of prior-year tax returns in the third quarter of 2004	1,020	1,020
Tax adjustments from the cumulative reduction of estimated state and local tax rates	1,098	-
Equity in the earnings/(loss) of VITAS, impacted significantly by transaction-related expenses incurred by VITAS prior to its merger with Chemed in February 2004	131	(3,153)
	-----	-----
Total impact on net income	\$2,564	\$ (9,770)
	=====	=====

These 2004 adjustments/special items increased earnings per share by \$.20 (\$.21 on a diluted basis) in the third quarter and reduced earnings per share by \$.82 (\$.81 on a diluted basis) in the nine months.

(b) Results for 2003 include the following adjustments/special items which increased/(reduced) earnings (in thousands):

	Third Quarter	Nine Months
	-----	-----
Severance charges in March 2003 (included in selling, gen. and administrative exp.)	\$ -	\$ (3,627)
Pretax capital gains from the redemption of VITAS preferred stock and the sales of investments (included in other income)	1,846	5,390
Dividend income from VITAS preferred stock redeemed in 2003 (included in other income)	371	1,794
	-----	-----
Total impact on income before income taxes	2,217	3,557
Adjustment of income taxes related to the above	(689)	(979)

Total impact on net income	\$1,528	\$ 2,578
----------------------------	---------	----------

	=====	=====
--	-------	-------

These 2003 adjustments/special items increased earnings per share by \$.15 in the third quarter and increased earnings per share by \$.26 in the nine months.

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

	September 30,	
	2004	2003(a)
Assets		
Current assets		
Cash and cash equivalents	\$ 51,261	\$ 72,607
Accounts receivable less allowances	71,476	13,310
Inventories	8,391	8,548
Statutory deposits	7,924	9,852
Prepaid income taxes	10,493	4,612
Current deferred income taxes	24,247	9,167
Prepaid expenses and other current assets	8,354	6,941
	-----	-----
Total current assets	182,146	125,037
Investments of deferred compensation plans held in trust	19,302	16,832
Other investments	1,445	5,546
Note receivable	12,500	12,500
Properties and equipment, at cost less accumulated depreciation	58,422	47,456
Identifiable intangible assets less accumulated amortization	75,828	2,450
Goodwill less accumulated amortization	407,407	113,437
Other assets	24,754	16,908
	-----	-----
Total Assets	\$781,804	\$ 340,166
	=====	=====
Liabilities		
Current liabilities		
Accounts payable	\$ 39,406	\$ 5,033
Current portion of long-term debt	5,401	463
Income taxes	401	21
Deferred contract revenue	15,987	16,053
Accrued insurance	23,729	16,844
Other current liabilities	56,368	20,348
	-----	-----
Total current liabilities	141,292	58,762
Long-term debt	288,311	25,635
Mandatorily redeemable convertible preferred securities of the Chemed Capital Trust	-	14,146
Deferred compensation liabilities	19,306	16,824
Other liabilities	18,000	20,315
	-----	-----
Total Liabilities	466,909	135,682
	-----	-----
Stockholders' Equity		
Capital stock	13,437	13,452
Paid-in capital	209,564	169,406
Retained earnings	127,357	134,143
Treasury stock, at cost	(32,984)	(110,492)
Unearned compensation	(4,289)	(3,389)
Deferred compensation payable in Company stock	2,351	2,294
Notes receivable for shares sold	(541)	(930)
	-----	-----
Total Stockholders' Equity	314,895	204,484
	-----	-----
Total Liabilities and Stockholders' Equity	\$781,804	\$ 340,166
	=====	=====
Book Value Per Share	\$ 25.25	\$ 20.70
	=====	=====

(a) Reclassified to conform to 2004 presentation

CHEMED CORPORATION
CONSOLIDATING STATEMENT OF OPERATIONS
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2004 AND 2003
(in thousands)(unaudited)

	VITAS	Roto- Rooter	Service America	Corp- orate	Chemed Consoli- dated
	-----	-----	-----	-----	-----
2004					

Service revenues and sales	\$135,101	\$66,785	\$ 9,248	\$ -	\$211,134
	-----	-----	-----	-----	-----
Cost of services provided and goods sold	105,695	36,433	7,281	-	149,409
Selling, general and administrative expenses	14,215	20,021	1,831	2,841	38,908
Depreciation	469	2,081	392	60	3,002
Long-term incentive costs	-	-	-	-	-
	-----	-----	-----	-----	-----
Total costs and expenses	120,379	58,535	9,504	2,901	191,319
	-----	-----	-----	-----	-----
Income/(loss) from operations	14,722	8,250	(256)	(2,901)	19,815
Interest expense	(32)	(43)	(2)	(6,008)	(6,085)
Intercompany interest income/(expense)	289	327	39	(655)	-
Loss on extinguishment of debt	-	-	-	-	-
Other income--net	93	(92)	24	373	398
	-----	-----	-----	-----	-----
Income/(loss) before income taxes	15,072	8,442	(195)	(9,191)	14,128
Income taxes	(6,097)	(2,375)(a)	70	4,755(a)	(3,647)
Equity in loss of VITAS	-	-	-	131(b)	131
	-----	-----	-----	-----	-----
Net income/(loss)	\$ 8,975	\$ 6,067	\$ (125)	\$ (4,305)	\$ 10,612
	=====	=====	=====	=====	=====
2003					

Service revenues and sales	\$ -	\$63,342	\$11,830	\$ -	\$ 75,172
	-----	-----	-----	-----	-----
Cost of services provided and goods sold	-	35,583	8,632	-	44,215
Selling, general and administrative expenses	-	21,424	2,458	1,725	25,607
Depreciation	-	2,276	619	88	2,983
	-----	-----	-----	-----	-----
Total costs and expenses	-	59,283	11,709	1,813	72,805
	-----	-----	-----	-----	-----
Income/(loss) from operations	-	4,059	121	(1,813)	2,367
Interest expense	-	(33)	(8)	(714)	(755)
Intercompany interest income/(expense)	-	157	1	(158)	-
Other income--net	-	312	64	2,673(c)	3,049
	-----	-----	-----	-----	-----
Income/(loss) before income taxes	-	4,495	178	(12)	4,661
Income taxes	-	(1,707)	(114)	73	(1,748)

Net						
income/(loss)	\$	-	\$ 2,788	\$ 64	\$ 61	\$ 2,913
	=====		=====	=====	=====	=====

- (a) Amounts include favorable adjustments related to finalization of prior-year tax returns during the third quarter of 2004. The aftertax benefit received from these adjustments was \$390,000 for Corporate and \$630,000 for Roto-Rooter. In addition, amounts included tax benefits related to prior quarters due to the Company's adjusting its effective tax rate for state and local taxes during the third quarter. The aftertax benefit recorded for these prior-quarter adjustments was \$881,000 for Corporate and \$217,000 for Roto-Rooter.
- (b) Amount includes the Company's aftertax share of VITAS' charges related to the Company's acquisition of VITAS prior to the acquisition date. The accruals for transaction costs were adjusted in the third quarter of 2004 based on changed facts and circumstances. Of the total adjustment, 37% (less deferred income taxes) was credited to the Company's equity in the earnings of VITAS and 63% was credited to goodwill. These charges comprise transaction-related expenses that increased the Company's equity in the earnings/(loss) of VITAS by \$131,000 during the third quarter of 2004.
- (c) Amount includes a pretax gain of \$1,846,000 (\$1,200,000 aftertax) from the redemption of VITAS preferred stock in the third quarter of 2003.

CHEMED CORPORATION
CONSOLIDATING STATEMENT OF OPERATIONS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2004 AND 2003
(in thousands)(unaudited)

	VITAS	Roto-Rooter	Service America	Corp-orate	Chemed Consoli-dated
	-----	-----	-----	-----	-----
2004					
Service revenues and sales	\$316,453	\$204,907	\$29,816	\$ -	\$551,176
Cost of services provided and goods sold	247,971	113,077	21,791	-	382,839
Selling, general and administrative expenses	32,935	61,023	6,550	7,336	107,844
Depreciation	3,078	6,501	1,393	189	11,161
Long-term incentive costs	-	1,558 (a)	275(a)	7,225 (a)	9,058
Total costs and expenses	283,984	182,159	30,009	14,750	510,902
Income/(loss) from operations	32,469	22,748	(193)	(14,750)	40,274
Interest expense	(90)	(102)	(9)	(14,995)	(15,196)
Intercompany interest income/(expense)	420	700	66	(1,186)	-
Loss on extinguishment of debt	-	-	-	(3,330)(b)	(3,330)
Other income -- net	169	594	178	1,267	2,208
Income/(loss) before income taxes	32,968	23,940	42	(32,994)	23,956
Income taxes	(13,489)	(8,486)(f)	(48)	13,040 (f)	(8,983)
Equity in earnings of VITAS	-	-	-	(3,153)(c)	(3,153)

Net income/ (loss)	\$ 19,479	\$ 15,454	\$ (6)	\$(23,107)	\$ 11,820
	=====	=====	=====	=====	=====
2003					

Service revenues and sales	\$ -	\$192,659	\$37,429	\$ -	\$230,088
	-----	-----	-----	-----	-----
Cost of services provided and goods sold	-	108,180	27,798	-	135,978
Selling, general and administrative expenses	-	60,721	7,545	8,488 (d)	76,754
Depreciation	-	6,900	1,859	266	9,025
	-----	-----	-----	-----	-----
Total costs and expenses	-	175,801	37,202	8,754	221,757
	-----	-----	-----	-----	-----
Income/ (loss) from operations	-	16,858	227	(8,754)	8,331
Interest expense	-	(148)	(28)	(2,253)	(2,429)
Intercompany interest income/ (expense)	-	414	(17)	(397)	-
Other income--net	-	707	288	8,771 (e)	9,766
	-----	-----	-----	-----	-----
Income/ (loss) before income taxes	-	17,831	470	(2,633)	15,668
Income taxes	-	(6,730)	(303)	1,135	(5,898)
	-----	-----	-----	-----	-----
Net income/ (loss)	\$ -	\$ 11,101	\$ 167	\$ (1,498)	\$ 9,770
	=====	=====	=====	=====	=====

-
- (a) Amounts represent payouts under the Company's 2002 Executive Long-term Incentive Plan in the first quarter of 2004. The aftertax cost of these charges was \$4,455,000 for Corporate, \$982,000 for Roto-Rooter and \$170,000 for Service America.
- (b) Amount represents the prepayment penalty incurred on the early extinguishment of the Company's debt (\$2,030,000 aftertax) in the first quarter of 2004.
- (c) 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. The accruals for transaction costs were adjusted in the second and third quarters of 2004 based on changed facts and circumstances. These charges comprise transaction-related expenses that increased the Company's equity in the earnings/(loss) of VITAS by \$3,669,000 during the first nine months of 2004.
- (d) Amount includes pretax charges of \$3,627,000 (\$2,358,000 aftertax) for severance charges in the first quarter of 2003.
- (e) Amount includes a pretax gain of \$3,544,000 (\$2,151,000 aftertax) from the sales of investments in the first quarter of 2003 and a pretax gain of \$1,846,000 (\$1,200,000 aftertax) from the redemption of VITAS preferred stock in the third quarter of 2003.
- (f) Amounts include favorable adjustments related to finalization of prior-year tax returns during the third quarter of 2004. The aftertax benefit received from these adjustments was \$390,000 for Corporate and \$630,000 for Roto-Rooter.