

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):
May 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 (Address of principal executive offices)	45202 (Zip Code)
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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)

Item 2.02 Results of Operations and Financial Condition

On May 3, 2005 Chemed Corporation issued a press release announcing its financial results for the quarter ended March 31, 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 May 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: May 4, 2005

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

Arthur V. Tucker, Jr.
Vice President and Controller

Chemed Corporation Reports 2005 First-Quarter Results From Continuing Operations;

Consolidated Diluted EPS of \$.61;
Adjusted Pro Forma Diluted EPS of \$.79

CINCINNATI--(BUSINESS WIRE)--May 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 first quarter ended March 31, 2005, versus the comparable prior-year period, as follows:

- Operating Results in Accordance with Generally Accepted Accounting Principles (GAAP)
 - Consolidated Revenue increased 82% to \$219 million
 - Diluted EPS from Continuing Operations of \$.61
- Pro Forma Adjusted Consolidated Operating Results (Non GAAP)
 - Adjusted Diluted EPS from Continuing Operations of \$.79
 - Adjusted EBITDA from Continuing Operations of \$27.0 million
- VITAS generated record revenue and ADC levels
 - Quarterly Net Patient Revenue of \$146 million, up 18%
 - Average Daily Census (ADC) of 9,523, up 18%
 - Net income of \$9.4 million, up 67% over prior period Pro Forma Net Income
 - Pro Forma Adjusted EBITDA (Non GAAP) of \$17.6 million, an increase of 56%
- Roto-Rooter segment reported increased Revenue, Net Income and Adjusted EBITDA
 - Revenue of \$73 million, an increase of 5%
 - Net Income of \$7.1 million
 - Adjusted EBITDA (Non GAAP) of \$11.8 million, an increase of 12%

"The first quarter of 2005 operating results are consistent with the momentum we developed in the prior year," stated Kevin McNamara, Chemed president and chief executive officer. "VITAS generated excellent census and admissions growth, with first quarter ADC totaling 9,523, up 18%, and admissions in the quarter of 12,948, an increase of 6% over the prior year quarter and 12% sequentially. Our average length-of-stay for discharges (ALOS) was 66.2 days. During the quarter, we completed the Pittsburgh acquisition and currently have nine programs classified as new starts in various stages of development.

"Roto-Rooter also had good financial operating results. For the first quarter of 2005, Roto-Rooter had revenue of \$73 million and net income of \$7.1 million. Adjusted EBITDA was \$11.8 million at a margin of 16.2%."

"The first quarter of 2005 includes several items that should be taken into consideration when evaluating our operating results," said David Williams, Chemed's chief financial officer. "These items include expenses from the early extinguishment of Chemed's \$110 million floating rate notes, restructuring the Company's credit agreements, a favorable adjustment to casualty insurance accruals related to prior years' experience, long-term incentive payment (LTIP) compensation and a noncash charge related to accelerating the vesting of stock options."

For a detailed presentation of Chemed's 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 GAAP, only a portion of VITAS' operating results is fully consolidated into Chemed's first quarter 2004 results.

In the first quarter of 2005, VITAS had net patient revenue of \$146 million and net income of \$9.4 million. Adjusted EBITDA was \$17.6 million at a margin of 12.1%.

VITAS generated revenue growth of 17.8% over the prior year period and 2.6% sequentially. Gross margins were 21.1% in the first quarter of 2005, an improvement of 120 basis points when compared to the prior year quarter. The first quarter 2005 gross margin includes \$1.2 million in start-up losses, which is essentially flat with the 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 \$13.1 million, which is a decline of 1.4% from the prior year quarter and up 91 basis points sequentially.

VITAS' ADC in the first quarter of 2005 was 9,523. This compares to an ADC of 8,097 in the comparable prior year period, an increase of 17.6% and 4.3% sequential growth. The month of March 2005 had an ADC of 9,667. ALOS for patients discharged in the quarter was 66.2 days and compares to 64.1 days in the fourth quarter of 2004 and 55.7 days in the first quarter of 2004. ALOS is calculated from the patients discharged in the period. Only one of our programs has an ALOS that exceeds 100 days and this program maintains a current cap cushion of approximately 12%.

"We continue to see strong ADC and admissions growth," said Williams. "The ADC in our 24 base programs, which excludes acquisitions and new starts, averaged 377 patients per program. ADC growth in these established programs was 11.9% over the prior year quarter and 1.2% sequentially. Admissions for the established programs totaled 12,252, which was an increase of 0.5% over the prior year quarter and 10.4% sequentially.

"Our mix of revenue at VITAS was relatively stable this quarter," Williams added. "Routine home care aggregated 69.1% of revenue, an increase of 220 basis points over the prior year quarter and a 30 basis point decline on a sequential basis. Our inpatient revenue aggregated 14.3% of total revenue and continuous care was 16.6% of revenue in the first quarter of 2005."

Roto-Rooter Segment

Roto-Rooter's plumbing and drain cleaning business generated sales of \$73 million for the first quarter of 2005, 4.9% higher than the \$69 million reported in the comparable prior-year quarter. Net income for the quarter was \$7.1 million, including \$1.0 million of aftertax benefit from favorable experience and adjustments in estimated insurance accruals for claims incurred in prior periods. Adjusted EBITDA in the first quarter of 2005 totaled \$11.8 million, an increase of 12.4% over the first quarter of 2004. Adjusted EBITDA margin in the first quarter of 2005 was 16.2% and compares to Adjusted EBITDA margin of 15.2% in the prior year period.

"Job count in aggregate declined a modest 1.0% from the prior-year period," stated Williams. "However, commercial plumbing and drain cleaning job count increased 7.4% and 2.3%, respectively, over the prior year quarter. Residential plumbing jobs increased 3.1% but were offset by a 5.2% decline in residential drain cleaning jobs in the quarter. A commercial job will typically average approximately 34% more revenue than a residential job. Accordingly, this type of demand mix shift will have a positive impact on revenue."

Consolidated Financial Position

"Our balance sheet is in excellent condition," Williams stated. "As of March 31, 2005, we had \$8.6 million in cash and cash equivalents. This cash balance is net of the approximately \$55 million used to redeem the floating rate notes. In addition, the first quarter of 2005 ended on a Thursday, one day prior to receiving our scheduled Medicare billing payment. This payment, received on April 1, 2005, totaled \$19.6 million. Net cash provided from continuing operations was \$5.0 million and capital expenditures totaled \$6.2 million in the first quarter of 2005."

Guidance for 2005

"Looking ahead into 2005," Williams stated, "we anticipate VITAS to increase revenue in the range of 16% to 18% in 2005 with margins increasing 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 7% increase in revenue with margins that approximate those generated in 2004. Our consolidated effective tax rate was unusually high in the first quarter of 2005 due to the earnings mix and state and local tax impact of the unusual items noted earlier. The 2005 consolidated full year 2005 income tax rate is estimated to be 39.5% to 40.0%.

"Based upon these factors, and a current diluted share count of 13.0 million, our expectation is that earnings per diluted share for 2005, excluding the early extinguishment of debt and other items noted earlier, will be in the range of \$3.40 to \$3.50."

Conference Call

Chemed will hold a conference call to discuss first quarter

results Wednesday, May 4, 2005, at 11 a.m. EDT. 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 41187439. 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 Q1 2005 Chemed Corporation 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 888-286-8010 for U.S. and Canadian callers and 617-801-6888 for international callers. The replay passcode is 87752802. 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 9,500 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 excludes 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.

CHEMED CORPORATION AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENT OF OPERATIONS
(in thousands, except per share data)(unaudited)

Three Months Ended March 31,

2005 2004 (bb)

Continuing Operations		
Service revenues and sales	\$ 218,637	\$ 120,340
Cost of services provided and goods sold (aa)	152,952	78,849
Selling, general and administrative expenses	36,595	28,212
Depreciation	3,920	3,061
Amortization	1,192	461
Other expenses (aa)	1,324	8,783
Total costs and expenses	195,983	119,366
Income from operations	22,654	974
Interest expense	(5,835)	(2,900)
Loss on extinguishment of debt (aa)	(3,971)	(3,330)
Other income--net	727	1,479
Income/(loss) before income taxes	13,575	(3,777)
Income taxes	(5,670)	626
Equity in loss of affiliate (aa)	-	(4,105)
Income/(loss) from continuing operations	7,905	(7,256)
Discontinued Operations (bb)	211	146
Net Income/(Loss)	\$ 8,116	\$ (7,110)
Earnings/(Loss) Per Share (aa)		
Income/(loss) from continuing operations	\$ 0.63	\$ (0.66)
Net income/(loss)	\$ 0.65	\$ (0.65)
Average number of shares outstanding	12,576	10,912
Diluted Earnings/(Loss) Per Share (aa)		
Income/(loss) from continuing operations	\$ 0.61	\$ (0.66)
Net income/(loss)	\$ 0.63	\$ (0.65)
Average number of shares outstanding	12,955	10,912

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

	Three Months Ended March 31,	
	2005	2004
Cost of services provided and goods sold		
Favorable adjustment to casualty insurance accruals related to prior years' experience	\$ 1,663	\$ -
Other expenses		
Long-term incentive compensation	(1,109)	(8,783)
Cost of accelerating vesting of stock options	(215)	-
Loss on extinguishment of debt	(3,971)	(3,330)
Pretax impact on earnings	(3,632)	(12,113)
Income tax benefit on the above	1,291	4,226
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	\$ (2,341)	\$ (11,992)
Impact on earnings per share	\$ (0.19)	\$ (1.10)
Impact on diluted earnings per share	\$ (0.18)	\$ (1.10)

(bb) Results of operations for 2004 have been restated for operations discontinued in December 2004. Discontinued operations for both periods comprise solely the results of operations of the Service America segment.

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

	March 31,	
	2005	2004 (cc)
Assets		
Current assets		
Cash and cash equivalents	\$ 8,557	\$ 43,036
Accounts receivable less allowances	81,880	65,446
Inventories	7,012	6,031
Current deferred income taxes	33,559	26,103
Prepaid income taxes	-	12,756
Current assets of discontinued operations	15,162	15,608
Prepaid expenses and other current assets	8,461	16,008
Total current assets	154,631	184,988
Investments of deferred compensation plans held in trust	19,415	18,904
Other investments	1,445	1,445
Note receivable	12,500	12,500
Properties and equipment, at cost less accumulated depreciation	58,172	52,275
Identifiable intangible assets less accumulated amortization	75,904	25,235
Goodwill	436,820	452,705
Noncurrent assets of discontinued operations	5,717	10,688
Other assets	22,519	31,217
Total Assets	\$ 787,123	\$ 789,957
Liabilities		
Current liabilities		
Accounts payable	\$ 40,470	\$ 38,317
Current portion of long-term debt	1,277	5,634
Income taxes	16,529	3,660
Accrued insurance	26,087	18,154
Accrued salaries and wages	22,656	18,344
Current liabilities of discontinued operations	21,929	20,637
Other current liabilities	32,253	38,688
Total current liabilities	161,201	143,434
Deferred income taxes	17,395	1,258
Convertible junior subordinated debentures	-	14,001
Other long-term debt	234,738	315,800
Deferred compensation liabilities	19,357	19,121
Noncurrent liabilities of discontinued operations	802	615
Other liabilities	8,062	9,069
Total Liabilities	441,555	503,298
Stockholders' Equity		
Capital stock	13,662	13,056
Paid-in capital	222,062	195,609
Retained earnings	148,141	111,428
Treasury stock, at cost	(36,241)	(32,741)
Unearned compensation	(3,836)	(2,480)
Deferred compensation payable in Company stock	2,318	2,324

Notes receivable for shares sold	(538)	(537)
Total Stockholders' Equity	345,568	286,659
Total Liabilities and Stockholders' Equity	\$ 787,123	\$ 789,957
Book Value Per Share	\$ 27.32	\$ 23.58

(cc) Reclassified for operations discontinued in 2004.

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

	Three Months Ended March 31,	
	2005	2004 (cc)
Cash Flows from Operating Activities		
Net income/(loss)	\$ 8,116	\$ (7,110)
Adjustments to reconcile net income/(loss) to net cash provided/(used) by operating activities:		
Depreciation and amortization	5,112	3,522
Write-off of unamortized debt issuance costs	2,871	-
Provision for deferred income taxes	(1,892)	(1,341)
Provision for uncollectible accounts receivable	1,530	883
Noncash long-term incentive compensation	948	5,808
Amortization of debt issuance costs	522	-
Discontinued operations	(211)	(146)
Equity in loss of affiliate	-	4,105
Changes in operating assets and liabilities, excluding amounts acquired in business combinations:		
Increase in accounts receivable	(18,747)	(4,170)
Decrease/(increase) in inventories	7	(20)
Decrease in prepaid expenses and other current assets	1,381	7,250
Decrease in accounts payable and other current liabilities	(1,785)	(20,550)
Increase in income taxes	7,484	848
Decrease/(increase) in other assets	(882)	358
Increase in other liabilities	635	1,317
Noncash expense of internally financed ESOPs	286	474
Other uses	(419)	(991)
Net cash provided/(used) by continuing operations	4,956	(9,763)
Net cash provided/(used) by discontinued operations	(1,081)	1,330
Net cash provided/(used) by operating activities	3,875	(8,433)
Cash Flows from Investing Activities		
Capital expenditures	(6,201)	(1,653)
Business combinations, net of cash acquired	(4,401)	(324,075)
Net uses from discontinued operations	(817)	(448)
Proceeds from sales of property and equipment	36	166
Return of merger deposit	-	10,000
Other uses	(136)	(105)
Net cash used by investing activities	(11,519)	(316,115)
Cash Flows from Financing Activities		
Repayment of long-term debt	(140,680)	(92,178)
Proceeds from issuance of long-term debt	85,000	295,000
Issuance of capital stock, net of costs	4,208	97,234
Debt issuance costs	(1,555)	(13,095)
Dividends paid	(1,517)	(1,209)
Purchases of treasury stock	(833)	(2,202)

Net increase in revolving line of credit	-	25,000
Repayment of stock subscription note receivable	-	8,053
Other sources	130	293
	-----	-----
Net cash provided/(used) by financing activities	(55,247)	316,896
	-----	-----
Decrease in Cash and Cash Equivalents	(62,891)	(7,652)
Cash and cash equivalents at beginning of year	71,448	50,688
	-----	-----
Cash and cash equivalents at end of period	\$ 8,557	\$ 43,036
	=====	=====

(cc) Reclassified for operations discontinued in December 2004.

CHEMED CORPORATION AND SUBSIDIARY COMPANIES
CONSOLIDATING STATEMENT OF OPERATIONS
FOR THE THREE MONTHS ENDED MARCH 31, 2005 AND 2004
(in thousands)(unaudited)

	VITAS	Roto- Rooter	Corporate	Chemed Consol- idated
	-----	-----	-----	-----
2005				

Service revenues and sales	\$145,990	\$ 72,647	\$ -	\$218,637
	-----	-----	-----	-----
Cost of services provided and goods sold	115,220	37,732 (a)	-	152,952
Selling, general and administrative expenses	13,124	21,150	2,321	36,595
Depreciation	1,785	2,062	73	3,920
Amortization	995	26	171	1,192
Other expenses	293 (b)	248 (b)	783 (b)	1,324
	-----	-----	-----	-----
Total costs and expenses	131,417	61,218	3,348	195,983
	-----	-----	-----	-----
Income/(loss) from operations	14,573	11,429	(3,348)	22,654
Interest expense	(38)	(182)	(5,615)	(5,835)
Intercompany interest income/(expense)	509	424	(933)	-
Loss on extinguishment of debt	-	-	(3,971)(c)	(3,971)
Other income--net	108	296	323	727
	-----	-----	-----	-----
Income/(loss) before income taxes	15,152	11,967	(13,544)	13,575
Income taxes	(5,783)	(4,822)	4,935	(5,670)
	-----	-----	-----	-----
Income/(loss) from continuing operations	9,369	7,145	(8,609)	7,905
Discontinued operations	-	-	211	211
	-----	-----	-----	-----
Net income/(loss)	\$ 9,369	\$ 7,145	\$ (8,398)	\$ 8,116
	=====	=====	=====	=====

2004

Service revenues and sales	\$ 51,112	\$ 69,228	\$ -	\$120,340
	-----	-----	-----	-----
Cost of services provided and goods sold	40,486	38,363	-	78,849
Selling, general and administrative expenses	4,989	20,947	2,276	28,212
Depreciation	748	2,246	67	3,061
Amortization	402	59	-	461
Other expenses	-	1,558 (b)	7,225 (b)	8,783

Total costs and expenses	46,625	63,173	9,568	119,366
Income/(loss) from operations	4,487	6,055	(9,568)	974
Interest expense	(28)	(26)	(2,846)	(2,900)
Intercompany interest income/(expense)	-	184	(184)	-
Loss on extinguishment of debt	-	-	(3,330)(c)	(3,330)
Other income--net	31	818	630	1,479
Income/(loss) before income taxes	4,490	7,031	(15,298)	(3,777)
Income taxes	(1,893)	(2,794)	5,313	626
Equity in loss of VITAS	-	-	(4,105)(d)	(4,105)
Income/(loss) from continuing operations	2,597	4,237	(14,090)	(7,256)
Discontinued operations	-	-	146	146
Net income/(loss)	\$ 2,597	\$ 4,237	\$(13,944)	\$ (7,110)

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 MARCH 31, 2005 AND 2004
(in thousands, except per share data) (unaudited)

	VITAS	Roto-Rooter	Corporate	Chemed Consolidated
2005				
Service revenues and sales	\$145,990	\$ 72,647	\$ -	\$218,637
Cost of services provided and goods sold	115,220	37,732 (a)	-	152,952
Selling, general and administrative expenses	13,124	21,150	2,321	36,595
Depreciation	1,785	2,062	73	3,920
Amortization	995	26	171	1,192
Other expenses	293 (b)	248 (b)	783 (b)	1,324
Total costs and expenses	131,417	61,218	3,348	195,983
Income/(loss) from operations	14,573	11,429	(3,348)	22,654
Interest expense	(38)	(182)	(5,615)	(5,835)
Intercompany interest income/(expense)	509	424	(933)	-
Loss on extinguishment of debt	-	-	(3,971)(c)	(3,971)
Other income--net	108	296	323	727
Income/(loss) before income taxes	15,152	11,967	(13,544)	13,575
Income taxes	(5,783)	(4,822)	4,935	(5,670)
Income/(loss) from continuing operations	9,369	7,145	(8,609)	7,905
Discontinued operations	-	-	211	211
Net income/(loss)	\$ 9,369	\$ 7,145	\$ (8,398)	\$ 8,116
Earnings Per Share				
Continuing operations				\$ 0.63
Net income				\$ 0.65

Average number of shares outstanding	12,576
Diluted Earnings Per Share	
Continuing operations	\$ 0.61
Net income	\$ 0.63
Average number of shares outstanding	12,955

2004 (e)

Service revenues and sales	\$123,982	\$ 69,228	\$ -	\$193,210
Cost of services provided and goods sold	99,334	38,363	-	137,697
Selling, general and administrative expenses	13,314	20,947	2,137	36,398
Depreciation	982	2,246	67	3,295
Amortization	1,095	59	-	1,154
Other expenses	-	1,558 (b)	7,225 (b)	8,783
Total costs and expenses	114,725	63,173	9,429	187,327
Income/(loss) from operations	9,257	6,055	(9,429)	5,883
Interest expense	(28)	(26)	(6,248)	(6,302)
Intercompany interest income/(expense)	-	184	(184)	-
Loss on extinguishment of debt	-	-	(3,330)(c)	(3,330)
Other income--net	72	818	630	1,520
Income/(loss) before income taxes	9,301	7,031	(18,561)	(2,229)
Income taxes	(3,701)	(2,794)	6,447	(48)
Income/(loss) from continuing operations	5,600	4,237	(12,114)	(2,277)
Discontinued operations	-	-	146	146
Net income/(loss)	\$ 5,600	\$ 4,237	\$(11,968)	\$ (2,131)

Earnings/(Loss) Per Share	
Continuing operations	\$ (0.19)
Net income	\$ (0.18)
Average number of shares outstanding	12,099
Diluted Earnings/(Loss) Per Share	
Continuing operations	\$ (0.19)
Net income	\$ (0.18)
Average number of shares outstanding	12,099

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

	VITAS	Roto- Rooter	Corporate	Chemed Consol- idated
2005				
Net income/(loss)	\$ 9,369	\$ 7,145	\$ (8,398)	\$ 8,116
Add/(deduct):				
Discontinued operations	-	-	(211)	(211)
Interest expense	38	182	5,615	5,835
Income taxes	5,783	4,822	(4,935)	5,670
Depreciation	1,785	2,062	73	3,920
Amortization	995	26	171	1,192
EBITDA	17,970	14,237	(7,685)	24,522
Add/(deduct):				
Long-term incentive compensation (k)	293	248	783	1,324
Prior-period insurance adjustment	-	(1,663)	-	(1,663)
Advertising cost adjustment (g)	-	(553)	-	(553)
Interest income	(126)	(41)	(483)	(650)
Intercompany interest income/(expense)	(509)	(424)	933	-
Loss on extinguishment of debt	-	-	3,971	3,971
Adjusted EBITDA	\$ 17,628	\$ 11,804	\$ (2,481)	\$ 26,951
2004				
Net income/(loss)	\$ 2,597	\$ 4,237	\$ (13,944)	\$ (7,110)
Add/(deduct):				
Discontinued operations	-	-	(146)	(146)
Interest expense	28	26	2,846	2,900
Income taxes	1,893	2,794	(5,313)	(626)
Depreciation	748	2,246	67	3,061
Amortization	402	59	-	461
EBITDA	5,668	9,362	(16,490)	(1,460)
Add/(deduct):				
Long-term incentive compensation	-	1,558	7,225	8,783
Advertising cost adjustment (g)	-	(193)	-	(193)
Interest income	(31)	(38)	(439)	(508)
Intercompany interest income/(expense)	-	(184)	184	-
Equity in loss of VITAS	-	-	4,105	4,105
Loss on extinguishment of debt	-	-	3,330	3,330
Adjusted EBITDA	\$ 5,637	\$ 10,505	\$ (2,085)	\$ 14,057

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 THREE MONTHS ENDED MARCH 31, 2005 AND 2004
(in thousands)(unaudited)

Roto- Corporate Chemed
Consol-

	VITAS (f)	Router	(f)	dated
2005				
Net income/(loss)	\$ 9,369	\$ 7,145	\$ (8,398)	\$ 8,116
Add/(deduct):				
Discontinued operations	-	-	(211)	(211)
Interest expense	38	182	5,615	5,835
Income taxes	5,783	4,822	(4,935)	5,670
Depreciation	1,785	2,062	73	3,920
Amortization	995	26	171	1,192
EBITDA	17,970	14,237	(7,685)	24,522
Add/(deduct):				
Long-term incentive compensation (k)	293	248	783	1,324
Prior-period insurance adjustment	-	(1,663)	-	(1,663)
Advertising cost adjustment (g)	-	(553)	-	(553)
Interest income	(126)	(41)	(483)	(650)
Intercompany interest income/(expense)	(509)	(424)	933	-
Loss on extinguishment of debt	-	-	3,971	3,971
Adjusted EBITDA	\$ 17,628	\$ 11,804	\$ (2,481)	\$ 26,951
2004				
Pro forma net income/(loss)	\$ 5,600	\$ 4,237	\$ (11,968)	\$ (2,131)
Add/(deduct):				
Discontinued operations	-	-	(146)	(146)
Interest expense	28	26	6,248	6,302
Income taxes	3,701	2,794	(6,447)	48
Depreciation	982	2,246	67	3,295
Amortization	1,095	59	-	1,154
Pro forma EBITDA	11,406	9,362	(12,246)	8,522
Add/(deduct):				
Long-term incentive compensation	-	1,558	7,225	8,783
Advertising cost adjustment (g)	-	(193)	-	(193)
Interest income	(72)	(38)	(439)	(549)
Intercompany interest income/(expense)	-	(184)	184	-
Loss on extinguishment of debt	-	-	3,330	3,330
Pro forma adjusted EBITDA	\$ 11,334	\$ 10,505	\$ (1,946)	\$ 19,893

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

CHEMED CORPORATION AND SUBSIDIARY COMPANIES
RECONCILIATION OF PRO FORMA ADJUSTED NET INCOME
FOR THE THREE MONTHS ENDED MARCH 31, 2005 AND 2004
(in thousands, except per share data)(unaudited)

Three Months Ended
March 31,

2005 2004

Net income/(loss) as reported	\$ 8,116	\$ (7,110)
Add/(deduct):		
Pro forma VITAS net income contribution for the period (h)	-	3,085
Pro forma financing costs related to acquisition of VITAS (i)	-	(2,211)
Pro forma elimination of equity in loss of VITAS (j)	-	4,105
Pro forma net income/(loss)	8,116	(2,131)
Add/(deduct):		
Discontinued operations	(211)	(146)
Aftertax prior-period insurance adjustment	(1,014)	-
Aftertax cost of long-term incentive compensation (k)	832	5,723
Aftertax cost of loss on extinguishment of debt	2,523	2,164
Adjusted pro forma income from continuing operations	\$ 10,246	\$ 5,610
Earnings/(Loss) Per Share As Reported		
Net income/(loss)	\$ 0.65	\$ (0.65)
Average number of shares outstanding	12,576	10,912
Diluted Earnings/(Loss) Per Share As Reported		
Net income/(loss)	\$ 0.63	\$ (0.65)
Average number of shares outstanding	12,955	10,912
Adjusted Pro Forma Earnings Per Share		
Income from continuing operations	\$ 0.81	\$ 0.46
Average number of shares outstanding	12,576	12,099
Adjusted Pro Forma Diluted Earnings Per Share		
Income from continuing operations	\$ 0.79	\$ 0.46
Average number of shares outstanding	12,955	12,099

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

CHEMED CORPORATION AND SUBSIDIARY COMPANIES
FOOTNOTES TO FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2005 AND 2004
(unaudited)

- (a) Amount includes a favorable adjustment to casualty insurance accruals related to prior quarters' experience of \$1,663,000 (\$1,014,000 aftertax).
- (b) For the first quarter of 2005, amounts include payouts under the Company's Executive Long-Term Incentive Plan of \$568,000 (\$360,000 aftertax) for Corporate, \$293,000 (\$182,000 aftertax) for VITAS and \$248,000 (\$153,000 aftertax) for Roto-Rooter. In addition, the amount for Corporate includes \$215,000 (\$137,000 aftertax) related to accelerating the vesting of stock options. For the first quarter of 2004, amounts include payouts under the Company's Executive Long-Term Incentive Plan of \$7,225,000 (\$4,455,000 aftertax) for Corporate and \$1,558,000 (\$982,000 aftertax) for Roto-Rooter. For pro forma financial statements, all of the foregoing apply.
- (c) For the first quarter of 2005, amount represents 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 first quarter of 2004, amount represents the prepayment penalty incurred on the early extinguishment of the Company's debt (\$2,164,000 aftertax).

- (d) 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.
- (e) 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.
- (f) Pro forma amounts for VITAS and Corporate assume the acquisition of VITAS and the related financing were both completed on January 1, 2004.
- (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 first quarters of 2005 and 2004, GAAP advertising expense for Roto-Rooter totaled \$3,251,000 and \$3,375,000, respectively. If the expense of the telephone directories were spread over the periods they are in circulation, advertising expense for the first quarters of 2005 and 2004 would total \$3,804,000 and \$3,568,000, respectively.
- (h) 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).
- (i) 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.
- (j) 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.
- (k) For the first quarter of 2005, amount includes costs related to accelerating the vesting of stock options in addition to payouts under the Company's Executive Long-Term Incentive Plan.

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