

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):  
February 21, 2006

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

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

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Item 2.02 Results of Operations and Financial Condition

On February 21, 2006 Chemed Corporation issued a press release announcing its financial results for the quarter ended December 31, 2005. A copy of the release is furnished herewith as Exhibit 99.

Item 8.01 Other Events

Like other large California employers, the Company's VITAS subsidiary faces allegations of purported class-wide wage and hour violations. It is party to a class action lawsuit filed in the Superior Court of California, Los Angeles County, in April of 2004 by Ann Marie Costa, Ana Jimenez, Mariea Ruteaya and Gracetta Wilson. This case alleges failure to pay overtime wages for hours worked "off the clock" in administrative tasks, including voicemail retrieval, time entry, travel to and from work, and pager response. This case also alleges VITAS failed to provide meal and break periods to a purported class of California nurses, home health aides and licensed clinical social workers. The case also seeks payment of penalties, interest, and Plaintiffs' attorney fees. VITAS contested these allegations.

Plaintiff moved for class certification, and VITAS opposed this motion. We have reached an agreement, which is subject to court approval, with the Plaintiff class in order to avoid the

uncertainty of litigation and the related diversion of resources and personnel. We had accrued a pretax liability of \$2.3 million on our opening balance sheet for this case. At that time, this represented our best estimate of our exposure in the matter. As a result of the tentative resolution, we recorded a pretax charge of \$17.4 million (\$10.8 million aftertax), representing the portion of this settlement not accounted for on Vitas' opening balance sheet. These amounts are inclusive of Plaintiffs' class attorneys' fees and the costs of settlement administration.

Item 9.01 Financial Statements and Exhibits

c) Exhibit

(99) Registrant's press release dated February 21, 2006

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: February 21, 2006  
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By: /s/ Arthur V. Tucker, Jr.  
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Arthur V. Tucker, Jr.  
Vice President and Controller

Chemed Reports Fourth-Quarter 2005 Results; Diluted EPS From  
Continuing Operations of \$.15; Adjusted Pro Forma Diluted EPS  
From Continuing Operations of \$.61

CINCINNATI--(BUSINESS WIRE)--Feb. 21, 2006--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 fourth quarter ended December 31, 2005, versus the comparable prior-year period, as follows:

Consolidated Operating Results from Continuing Operations

- Consolidated Revenue increased 16% to \$248 million
- Diluted EPS from Continuing Operations of \$.15
- Adjusted Pro Forma Diluted EPS from Continuing Operations of \$.61 after excluding settlement of the California wage and hour class action, LTIP and certain other items

VITAS generated record operating results

- Quarterly Net Patient Revenue of \$169 million, up 19%
- Average Daily Census (ADC) of 10,412, up 14%
- Adjusted EBITDA of \$24.7 million, an increase of 21%

Roto-Rooter segment reported record Revenue and Adjusted EBITDA

- Revenue of \$79 million, an increase of 10%
- Adjusted EBITDA of \$14.5 million, an increase of 21%

"VITAS continues to generate excellent census and admissions growth, with fourth-quarter ADC totaling 10,412, up 14%, and admissions in the quarter of 12,487, an increase of 8% over the prior-year quarter. Net income for VITAS in the quarter was \$2.5 million. After excluding the aftertax cost of the class action litigation in California, LTIP and OIG investigation, VITAS' net income of \$13.8 million increased 29% when compared to the prior-year adjusted pro forma net income. VITAS had a fourth-quarter adjusted EBITDA margin of 14.6%," stated Kevin McNamara, Chemed president and chief executive officer.

"The litigation settlement involved a wage-hour class action case pending against VITAS in California. This case was filed in April 2004, shortly after completion of the VITAS acquisition. We accrued a pretax liability of \$2.3 million and accounted for this issue as an assumed liability on our opening balance sheet. Since the establishment of this accrual, there has been a significant increase in litigation, high settlements and unfavorable verdicts against companies involving wage-hour claims in California. Recognizing this legal climate, we have reached a tentative agreement to resolve this matter. Generally Accepted Accounting Principles (GAAP) do not allow for a period of more than 12-months post acquisition to finalize the quantification of existing contingencies on the opening balance sheet of an acquisition. As a result, VITAS' fourth-quarter operating results include an aftertax charge of \$10.8 million representing the portion of this preliminary settlement not accounted for on VITAS' opening balance sheet.

"Roto-Rooter also reported solid financial operating results. For the fourth quarter of 2005, Roto-Rooter had revenue of \$79 million, an increase of 10%. Adjusted EBITDA was \$14.5 million, an increase of 21% at a margin of 18.3%."

VITAS

"VITAS generated revenue growth of 18.8% over the prior-year period and 5.4% sequentially," stated David Williams, Chemed chief financial officer. "Gross margins were 22.9% in the fourth quarter of 2005, a decrease of 60 basis points when compared to the prior-year quarter. The fourth-quarter 2005 gross margin includes \$1.6 million in start-up losses, which is \$0.1 million higher than the \$1.5 million in losses from programs classified as new starts in the prior-year period. Central support costs for VITAS, which are classified as selling, general and administrative expenses in the Consolidating Statement of Income, totaled \$14.1 million, including \$0.1 million in OIG legal expenses. Excluding the OIG expenses, central support costs increased 7.8% when compared to the prior-year quarter and increased 2.5% sequentially."

VITAS' ADC in the fourth quarter of 2005 was 10,412. This compares to an ADC of 9,134 in the comparable prior-year period, an increase of 14.0% and 1.5% sequential growth. Admissions totaled 12,487, an increase of 8.0% over the

fourth quarter of 2004. The Average Length of Stay (ALOS) for patients discharged in the quarter was 70.0 days and compares to 66.5 days in the third quarter of 2005 and 64.1 days in the fourth quarter of 2004.

"VITAS continues to generate strong internal growth," said Williams.

"Internal growth, which excludes 2004 and 2005 acquisitions, generated revenue, ADC and admissions increases of 16.0%, 10.7% and 6.2%, respectively, over the prior-year quarter.

"Our mix of revenue at VITAS was relatively stable," Williams added.

"Routine home care represented 69.3% of revenue, a 10 basis point decline over the prior-year quarter and a 50 basis point decline sequentially. Our inpatient revenue aggregated 13.5% and continuous care was 17.2% of total revenue in the fourth quarter of 2005.

"All of our base and new start programs are estimated to have Medicare cap cushion for the 2005 measurement period which ended on October 31, 2005," stated Williams. "As previously discussed, we have been closely monitoring Medicare cap limitations at our Phoenix acquisition. Phoenix has an estimated Medicare cap liability of \$2.4 million as of October 31, 2005. This includes \$700 thousand for future Medicare adjustments related to individual patient cap allocations between provider numbers. The final Medicare cap liability for this period may not be known for several years.

"The potential of reaching cap in the initial year of acquisition was identified during our due diligence of Phoenix. Since this cap limitation relates to patients admitted into the program prior to acquisition, the estimated cap accrual has been accounted for as a contingent liability assumed at acquisition and is not reflected in the Consolidated Statement of Income. VITAS anticipates creating cap cushion in the Phoenix program in 2006 by increasing admissions of patients requiring in-patient and continuous care. Based upon current admission and discharge trends, we have not accrued for any Medicare billing limitations in any of our programs, including Phoenix, in the fourth quarter of 2005 for the 2006 measurement period."

#### Roto-Rooter Segment

Roto-Rooter's plumbing and drain cleaning business generated sales of \$79 million for the fourth quarter of 2005, 10.5% higher than the \$72 million reported in the comparable prior-year quarter. Net income for the quarter was \$7.1 million, including favorable prior-year tax adjustments and aftertax LTIP expense. Net income in the fourth quarter of 2004 was \$3.3 million, including the \$1.9 million aftertax cost of settling the Madison County class action litigation. Excluding these items, adjusted net income in the fourth quarter of 2005 was \$7.2 million, an increase of 37%. Adjusted EBITDA in the fourth quarter of 2005 totaled \$14.5 million, an increase of 21.4% over the fourth quarter of 2004. Adjusted EBITDA margin in the fourth quarter of 2005 was 18.3%, a 160 basis point increase over the prior-year period.

"Job count in the fourth quarter of 2005 increased 3.9% over the prior year period," stated Williams. "Commercial plumbing and drain cleaning job count increased 10.7% and 5.5%, respectively, over the prior-year quarter. Residential plumbing jobs increased 6.2% but were partially offset by a 0.2% decline in residential drain cleaning jobs during the quarter. A commercial job will typically average approximately 34% more revenue than a residential job. Accordingly, this continued shift of job mix has a positive impact on aggregate revenue."

#### Guidance for 2006

"Going into 2006," Williams stated, "we anticipate VITAS to generate a revenue increase of 15% to 18%, increased admissions of 7% to 9% and continued expansion of EBITDA margins through the leveraging of central support costs. This should result in VITAS increasing its adjusted EBITDA margin approximately 60 to 80 basis points.

"Roto-Rooter is estimated to generate a 5% to 6% increase in revenue in 2006, with adjusted EBITDA margins averaging between 16% and 17%.

"Based upon these factors and an average diluted share count of 27.0 million, our expectation is that full-year 2006 earnings per diluted share from continuing operations, excluding any charges or credits not indicative of ongoing operations as well as excluding any expense for stock options required under SFAS 123R, will be in the range of \$2.20 to \$2.35."

#### Conference Call

Chemed will host a conference call and webcast at 11 a.m., EST, on Wednesday, February 22, 2006, to discuss the company's quarterly results and provide an update on its business. The dial-in number for the conference call is 800-320-2978 for U.S. and Canadian participants and 617-614-4923 for international participants. The participant passcode is 19933824. A live webcast of the call can be accessed on Chemed's website at [www.chemed.com](http://www.chemed.com) by clicking on Investor Relations Home.

A taped replay of the conference call will be available beginning 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 and will be available for one week following the live

call. The replay passcode is 63663450. An archived webcast will also be available at [www.chemed.com](http://www.chemed.com) and will remain available for 30 days following the live call.

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

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

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

#### Forward-Looking Statements

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

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

	For the Three Months Ended December 31,		For the Years Ended December 31,	
	2005	2004	2005	2004
Continuing Operations				
Service revenues and sales	\$248,203	\$213,981	\$926,477	\$ 735,341
Cost of services provided and goods sold (aa)	172,540	146,029	651,841	507,078
Selling, general and administrative expenses (aa)	39,850	40,226	151,670	138,285
Depreciation	4,245	4,774	16,179	14,542
Amortization	1,651	517	5,322	3,779
Other expenses--net (aa)	19,721	6,355	22,081	13,551
Total costs and expenses	238,007	197,901	847,093	677,235
Income from operations	10,196	16,080	79,384	58,106
Interest expense	(5,243)	(5,971)	(21,264)	(21,158)
Loss on extinguishment of debt (aa)	-	-	(3,971)	(3,330)

Other income--net	490	1,505	3,134	3,469
Income before income taxes	5,443	11,614	57,283	37,087
Income taxes (aa)	(1,386)	(4,236)	(19,578)	(13,796)
Equity in loss of affiliate (VITAS) (aa)	-	-	-	(4,105)
Income from continuing operations	4,057	7,378	37,705	19,186
Discontinued Operations (bb)	127	8,314	(1,888)	8,326
Net Income	\$ 4,184	\$ 15,692	\$ 35,817	\$ 27,512

Earnings Per Share				
Income from continuing operations (aa)	\$ 0.16	\$ 0.30	\$ 1.48	\$ 0.80
Net Income	\$ 0.16	\$ 0.63	\$ 1.40	\$ 1.14
Average number of shares outstanding	25,858	24,994	25,552	24,120
Diluted Earnings Per Share				
Income from continuing operations (aa)	\$ 0.15	\$ 0.29	\$ 1.43	\$ 0.78
Net Income	\$ 0.16	\$ 0.61	\$ 1.36	\$ 1.12
Average number of shares outstanding	26,590	25,672	26,299	24,636

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

	For the Three Months Ended December 31,		For the Years Ended December 31,	
	2005	2004	2005	2004
Cost of services provided and goods sold				
Favorable adjustment to casualty insurance accruals related to prior years' experience	\$ -	\$ -	\$ 1,663	\$ -
Selling, general and administrative expenses				
Costs associated with OIG investigation	(73)	-	(637)	-
Other expenses -- net				
Long-term incentive compensation	(2,531)	-	(5,477)	(8,783)
Adjustments to transaction-related costs of the VITAS acquisition	160	(2,029)	961	(442)
Costs related to class action litigation	(17,350)	(3,135)	(17,350)	(3,135)
Professional fees incurred for debt registration statement	-	(1,191)	-	(1,191)
Cost of accelerating vesting of stock options	-	-	(215)	-
Loss on extinguishment of debt	-	-	(3,971)	(3,330)
Pretax impact on earnings	(19,794)	(6,355)	(25,026)	(16,881)
Income tax benefit/(charge) on the above	7,565	2,557	9,753	6,568
Income tax benefit from finalizing prior years' returns	174	600	1,961	1,620
Equity in loss of affiliate (VITAS) is attributable to transaction-related expenses incurred by VITAS prior to its acquisition by				

Chemed	-	-	-	(4,105)
	-----			
Aftertax impact on earnings	\$(12,055)	\$(3,198)	\$(13,312)	\$(12,798)
	=====			

(bb) Discontinued operations include primarily Service America, discontinued in December 2004.

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

	December 31,	
	2005	2004
	-----	
<b>Assets</b>		
Current assets		
Cash and cash equivalents	\$ 57,133	\$ 71,448
Accounts receivable less allowances	95,063	64,663
Inventories	6,499	7,019
Prepaid income taxes	9,096	-
Current deferred income taxes	26,691	31,250
Current assets of discontinued operations	-	13,397
Prepaid expenses and other current assets	9,768	9,842
	-----	
Total current assets	204,250	197,619
Investments of deferred compensation plans held in trust	21,105	18,317
Other investments	1,445	1,445
Note receivable	12,500	12,500
Properties and equipment, at cost less accumulated depreciation	65,449	55,796
Identifiable intangible assets less accumulated amortization	75,358	76,924
Goodwill	433,756	432,732
Noncurrent assets of discontinued operations	-	5,705
Other assets	21,222	24,528
	-----	
Total Assets	\$ 835,085	\$ 825,566
	=====	
<b>Liabilities</b>		
Current liabilities		
Accounts payable	\$ 43,626	\$ 37,777
Current portion of long-term debt	1,045	12,185
Income taxes	3,916	10,944
Accrued insurance	38,894	26,350
Accrued salaries and wages	19,952	17,030
Current liabilities of discontinued operations	-	22,117
Other current liabilities	61,462	42,777
	-----	
Total current liabilities	168,895	169,180
Deferred income taxes	22,304	16,814
Long-term debt	234,058	279,510
Deferred compensation liabilities	21,275	18,311
Noncurrent liabilities of discontinued operations	-	811
Other liabilities	4,378	8,848
	-----	
Total Liabilities	450,910	493,474
	-----	
<b>Stockholders' Equity</b>		
Capital stock	28,374	13,491
Paid-in capital	237,917	212,691
Retained earnings	171,188	141,542
Treasury stock, at cost	(52,127)	(33,873)
Unearned compensation	(3,007)	(3,590)
Deferred compensation payable in Company stock	2,379	2,375
Notes receivable for shares sold	(549)	(544)
	-----	
Total Stockholders' Equity	384,175	332,092



Total Liabilities and  
Stockholders' Equity

\$ 835,085    \$ 825,566  
=====

Book Value Per Share                    \$ 14.79    \$ 13.27 (cc)  
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(cc) Adjusted for 2-for-1 stock split in May 2005.

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

	For the Years Ended December 31,	
	----- 2005	2004 -----
<b>Cash Flows from Operating Activities</b>		
Net income	\$ 35,817	\$ 27,512
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	21,501	18,321
Provision for uncollectible accounts receivable	7,224	6,155
Write off unamortized debt issuance costs	2,871	-
Noncash long-term incentive compensation	4,813	4,988
Discontinued operations	1,888	(8,326)
Provision for deferred income taxes	(3,682)	5,002
Amortization of debt issuance costs	1,834	1,861
Equity in loss of affiliate	-	4,105
Changes in operating assets and liabilities, excluding amounts acquired in business combinations:		
Increase in accounts receivable	(37,753)	(6,534)
Decrease/(increase) in inventories	520	(986)
Decrease in prepaid expenses and other current assets	76	11,659
Increase/(decrease) in accounts payable and other current liabilities	33,036	(2,497)
Increase in income taxes	14,112	21,374
Decrease/(increase) in other assets	(2,003)	5,607
Decrease in other liabilities	(1,142)	(627)
Noncash expense of internally financed ESOPs	1,060	1,894
Other sources/(uses)	1,400	(1,044)
	-----	-----
Net cash provided by continuing operations	81,572	88,464
Net cash provided/(used) by discontinued operations	(1,559)	4,426
	-----	-----
Net cash provided by operating activities	80,013	92,890
<b>Cash Flows from Investing Activities</b>		
Capital expenditures	(25,956)	(18,290)
Net uses from disposals of discontinued operations	(9,367)	(759)
Business combinations, net of cash acquired	(6,207)	(344,727)
Proceeds from sales of property and equipment	157	772
Return of merger deposit	-	10,000
Other uses	(369)	(205)
	-----	-----
Net cash used by investing activities	(41,742)	(353,209)
<b>Cash Flows from Financing Activities</b>		
Repayment of long-term debt	(141,592)	(96,940)
Proceeds from issuance of long-term debt	85,000	295,000
Increase in cash overdraft payable	6,752	1,265
Issuance of capital stock, net of issuance costs	12,327	98,823
Dividends paid	(6,172)	(5,718)
Purchases of treasury stock	(7,401)	(2,654)
Debt issuance costs	(1,755)	(14,447)
Repayment of stock subscriptions note receivable	-	8,053
Redemption of convertible trust preferred securities	-	(2,735)
Other sources	255	432

Net cash provided/(used) by financing activities	(52,586)	281,079
Increase/(Decrease) in Cash and Cash Equivalents	(14,315)	20,760
Cash and cash equivalents at beginning of year	71,448	50,688
Cash and cash equivalents at end of year	\$ 57,133	\$ 71,448

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

	VITAS	Roto-Rooter	Corporate	Chemed Consolidated
2005				
Service revenues and sales	\$ 168,994	\$ 79,209	\$ -	\$ 248,203
Cost of services provided and goods sold	130,271	42,269	-	172,540
Selling, general and administrative expenses (a)	14,097	24,097	1,656	39,850
Depreciation	2,108	2,032	105	4,245
Amortization	1,384	20	247	1,651
Other expenses (a)	18,150	449	1,122	19,721
Total costs and expenses	166,010	68,867	3,130	238,007
Income/(loss) from operations	2,984	10,342	(3,130)	10,196
Interest expense	(49)	(155)	(5,039)	(5,243)
Intercompany interest income/(expense)	785	731	(1,516)	-
Other income--net	49	38	403	490
Income/(loss) before income taxes	3,769	10,956	(9,282)	5,443
Income taxes (a)	(1,264)	(3,886)	3,764	(1,386)
Income/(loss) from continuing operations	2,505	7,070	(5,518)	4,057
Discontinued operations	-	-	127	127
Net income/(loss)	\$ 2,505	\$ 7,070	\$ (5,391)	\$ 4,184

2004				
Service revenues and sales	\$ 142,277	\$ 71,704	\$ -	\$ 213,981
Cost of services provided and goods sold	108,830	37,199	-	146,029
Selling, general and administrative expenses	13,006	24,770	2,450	40,226
Depreciation	2,634	2,082	58	4,774
Amortization	354	(37)	200	517
Other expenses (b)	1,680	3,135	1,540	6,355
Total costs and expenses	126,504	67,149	4,248	197,901
Income/(loss) from operations	15,773	4,555	(4,248)	16,080
Interest expense	(38)	(104)	(5,829)	(5,971)
Intercompany interest				

income/(expense)	339	341	(680)	-
Other income--net	127	674	704	1,505
-----				
Income/(loss) before income taxes	16,201	5,466	(10,053)	11,614
Income taxes (b)	(6,541)	(2,125)	4,430	(4,236)
-----				
Income/(loss) from continuing operations	9,660	3,341	(5,623)	7,378
Discontinued operations	-	-	8,314	8,314
-----				
Net income/(loss)	\$ 9,660	\$ 3,341	\$ 2,691	\$ 15,692
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The "Footnotes to Financial Statements" are integral parts of this financial information.

CHEMED CORPORATION AND SUBSIDIARY COMPANIES  
CONSOLIDATING STATEMENT OF INCOME  
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004  
(in thousands)(unaudited)

	VITAS	Roto-Rooter	Corporate	Chemed Consolidated
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2005				
-----				
Service revenues and sales	\$ 629,140	\$ 297,337	\$ -	\$ 926,477
-----				
Cost of services provided and goods sold (c)	491,974	159,867	-	651,841
Selling, general and administrative expenses (c)	54,806	88,046	8,818	151,670
Depreciation	7,585	8,271	323	16,179
Amortization	4,347	90	885	5,322
Other expenses (c)	19,031	1,001	2,049	22,081
-----				
Total costs and expenses	577,743	257,275	12,075	847,093
-----				
Income/(loss) from operations	51,397	40,062	(12,075)	79,384
Interest expense	(153)	(563)	(20,548)	(21,264)
Intercompany interest income/(expense)	2,554	2,236	(4,790)	-
Loss on extinguishment of debt (c)	-	-	(3,971)	(3,971)
Other income--net	183	860	2,091	3,134
-----				
Income/(loss) before income taxes	53,981	42,595	(39,293)	57,283
Income taxes (c)	(20,394)	(15,635)	16,451	(19,578)
-----				
Income/(loss) from continuing operations	33,587	26,960	(22,842)	37,705
Discontinued operations	-	-	(1,888)	(1,888)
-----				
Net income/(loss)	\$ 33,587	\$ 26,960	\$ (24,730)	\$ 35,817
=====				

2004				
-----				
Service revenues and sales	\$ 458,730	\$ 276,611	\$ -	\$ 735,341
-----				
Cost of services provided and goods sold	356,801	150,277	-	507,078

Selling, general and administrative expenses	42,946	85,636	9,703	138,285
Depreciation	5,712	8,583	247	14,542
Amortization	3,349	119	311	3,779
Other expenses (d)	1,680	4,693	7,178	13,551
Total costs and expenses	410,488	249,308	17,439	677,235
Income/(loss) from operations	48,242	27,303	(17,439)	58,106
Interest expense	(128)	(206)	(20,824)	(21,158)
Intercompany interest income/(expense)	759	1,041	(1,800)	-
Loss on extinguishment of debt (d)	-	-	(3,330)	(3,330)
Other income--net	296	1,268	1,905	3,469
Income/(loss) before income taxes	49,169	29,406	(41,488)	37,087
Income taxes (d)	(20,030)	(10,611)	16,845	(13,796)
Equity in loss of VITAS (d)	-	-	(4,105)	(4,105)
Income/(loss) from continuing operations	29,139	18,795	(28,748)	19,186
Discontinued operations	-	-	8,326	8,326
Net income/(loss)	\$ 29,139	\$ 18,795	\$ (20,422)	\$ 27,512

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

CHEMED CORPORATION AND SUBSIDIARY COMPANIES  
CONSOLIDATING SUMMARY OF EBITDA  
FOR THE THREE MONTHS ENDED DECEMBER 31, 2005 AND 2004  
(in thousands)(unaudited)

	VITAS	Roto-Rooter	Corporate	Chemed Consolidated
2005				
Net income/(loss)	\$ 2,505	\$ 7,070	\$ (5,391)	\$ 4,184
Add/(deduct):				
Discontinued operations	-	-	(127)	(127)
Interest expense	49	155	5,039	5,243
Income taxes	1,264	3,886	(3,764)	1,386
Depreciation	2,108	2,032	105	4,245
Amortization	1,384	20	247	1,651
EBITDA	7,310	13,163	(3,891)	16,582
Add/(deduct):				
Long-term incentive compensation (f)	800	449	1,282	2,531
Lawsuit settlement	17,350	-	-	17,350
Legal expenses of OIG investigation	73	-	-	73
VITAS transaction expense adjustment	-	-	(160)	(160)
Advertising cost adjustment (e)	-	1,660	-	1,660
Interest income	(57)	(38)	(671)	(766)
Intercompany interest income/(expense)	(785)	(731)	1,516	-
Adjusted EBITDA	\$ 24,691	\$ 14,503	\$ (1,924)	\$ 37,270

2004

Net income/(loss)	\$ 9,660	\$ 3,341	\$ 2,691	\$ 15,692
Add/(deduct):				
Discontinued operations	-	-	(8,314)	(8,314)
Interest expense	38	104	5,829	5,971
Income taxes	6,541	2,125	(4,430)	4,236
Depreciation	2,634	2,082	58	4,774
Amortization	354	(37)	200	517
	-----	-----	-----	-----
EBITDA	19,227	7,615	(3,966)	22,876
Add/(deduct):				
Lawsuit settlement	-	3,135	-	3,135
Debt registration expenses	-	-	1,191	1,191
VITAS transaction expense adjustment	1,680	-	349	2,029
Advertising cost adjustment (e)	-	1,571	-	1,571
Interest income	(142)	(31)	(233)	(406)
Intercompany interest income/(expense)	(339)	(341)	680	-
	-----	-----	-----	-----
Adjusted EBITDA	\$ 20,426	\$ 11,949	\$ (1,979)	\$ 30,396
	=====	=====	=====	=====

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

CHEMED CORPORATION AND SUBSIDIARY COMPANIES  
CONSOLIDATING SUMMARY OF EBITDA  
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004  
(in thousands)(unaudited)

	VITAS	Roto-Rooter	Corporate	Chemed Consolidated
	-----	-----	-----	-----
2005				
-	-----	-----	-----	-----
Net income/(loss)	\$ 33,587	\$ 26,960	\$ (24,730)	\$ 35,817
Add/(deduct):				
Discontinued operations	-	-	1,888	1,888
Interest expense	153	563	20,548	21,264
Income taxes	20,394	15,635	(16,451)	19,578
Depreciation	7,585	8,271	323	16,179
Amortization	4,347	90	885	5,322
	-----	-----	-----	-----
EBITDA	66,066	51,519	(17,537)	100,048
Add/(deduct):				
Long-term incentive compensation (f)	1,681	1,001	3,010	5,692
Lawsuit settlement	17,350	-	-	17,350
Prior-period insurance adjustment	-	(1,663)	-	(1,663)
Legal expenses of OIG investigation	637	-	-	637
VITAS transaction expense adjustment	-	-	(961)	(961)
Advertising cost adjustment (e)	-	691	-	691
Interest income	(249)	(156)	(1,805)	(2,210)
Intercompany interest income/(expense)	(2,554)	(2,236)	4,790	-
Loss on extinguishment of debt	-	-	3,971	3,971
	-----	-----	-----	-----
Adjusted EBITDA	\$ 82,931	\$ 49,156	\$ (8,532)	\$ 123,555
	=====	=====	=====	=====

2004				
-	-----	-----	-----	-----
Net income/(loss)	\$ 29,139	\$ 18,795	\$ (20,422)	\$ 27,512
Add/(deduct):				
Discontinued operations	-	-	(8,326)	(8,326)
Interest expense	128	206	20,824	21,158

Income taxes	20,030	10,611	(16,845)	13,796
Depreciation	5,712	8,583	247	14,542
Amortization	3,349	119	311	3,779
	-----	-----	-----	-----
EBITDA	58,358	38,314	(24,211)	72,461
Add/(deduct):				
Long-term incentive compensation	-	1,558	7,225	8,783
Lawsuit settlement	-	3,135	-	3,135
Debt registration expenses	-	-	1,191	1,191
VITAS transaction expense adjustment	1,680	-	(1,238)	442
Advertising cost adjustment (e)	-	528	-	528
Interest income	(332)	(139)	(1,403)	(1,874)
Intercompany interest income/(expense)	(759)	(1,041)	1,800	-
Equity in loss of VITAS	-	-	4,105	4,105
Loss on extinguishment of debt	-	-	3,330	3,330
	-----	-----	-----	-----
Adjusted EBITDA	\$ 58,947	\$ 42,355	\$ (9,201)	\$ 92,101
	=====	=====	=====	=====

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

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

	For the Three Months Ended December 31,		For the Years Ended December 31,	
	----- 2005	2004 -----	----- 2005	2004 -----
Net income as reported	\$ 4,184	\$ 15,692	\$ 35,817	\$ 27,512
Add/(deduct):				
Pro forma VITAS net income contribution for the period (g)	-	(4)	-	2,987
Pro forma financing costs related to acquisition of VITAS (h)	-	-	-	(2,211)
Pro forma elimination of VITAS transaction expense adjustment	-	1,174	-	222
Pro forma elimination of equity in loss of VITAS (i)	-	-	-	4,105
	-----	-----	-----	-----
Pro forma net income	4,184	16,862	35,817	32,615
Add/(deduct):				
Discontinued operations	(127)	(8,314)	1,888	(8,326)
Prior-period tax adjustments	(174)	(600)	(1,961)	(1,620)
Aftertax prior-period insurance adjustment	-	-	(1,014)	-
Aftertax cost of long-term incentive compensation (f)	1,587	-	3,571	5,437
Aftertax cost of legal expenses of OIG investigation	45	-	397	-
Aftertax VITAS transaction expense adjustment	(160)	-	(961)	-
Aftertax cost of lawsuit settlement	10,757	1,897	10,757	1,897
Aftertax cost of debt registration expenses	-	727	-	727
Aftertax cost of loss on extinguishment of debt	-	-	2,523	2,030
	-----	-----	-----	-----

Adjusted pro forma income from continuing operations	\$ 16,112	\$ 10,572	\$ 51,017	\$ 32,760
=====				
Earnings Per Share As Reported				
Net income	\$ 0.16	\$ 0.63	\$ 1.40	\$ 1.14
=====				
Average number of shares outstanding	25,858	24,994	25,552	24,120
=====				
Diluted Earnings Per Share As Reported				
Net income	\$ 0.16	\$ 0.61	\$ 1.36	\$ 1.12
=====				
Average number of shares outstanding	26,590	25,672	26,299	24,636
=====				
Adjusted Pro Forma Earnings Per Share				
Income from continuing operations	\$ 0.62	\$ 0.42	\$ 2.00	\$ 1.30
=====				
Average number of shares outstanding	25,858	24,994	25,552	25,218
=====				
Adjusted Pro Forma Diluted Earnings Per Share				
Income from continuing operations	\$ 0.61	\$ 0.41	\$ 1.94	\$ 1.27
=====				
Average number of shares outstanding	26,590	25,672	26,299	25,734
=====				

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

CHEMED CORPORATION AND SUBSIDIARY COMPANIES  
PRO FORMA CONSOLIDATING STATEMENT OF INCOME  
FOR THE THREE MONTHS ENDED DECEMBER 31, 2005 AND 2004  
(in thousands, except per share data) (unaudited)

	VITAS	Roto-Rooter	Corporate	Chemed Consolidated
	-----	-----	-----	-----
2005				
-----				
Service revenues and sales	\$ 168,994	\$ 79,209	\$ -	\$ 248,203
-----				
Cost of services provided and goods sold	130,271	42,269	-	172,540
Selling, general and administrative expenses (a)	14,097	24,097	1,656	39,850
Depreciation	2,108	2,032	105	4,245
Amortization	1,384	20	247	1,651
Other expenses (a)	18,150	449	1,122	19,721
-----				
Total costs and expenses	166,010	68,867	3,130	238,007
-----				
Income/(loss) from operations	2,984	10,342	(3,130)	10,196
Interest expense	(49)	(155)	(5,039)	(5,243)
Intercompany interest income/(expense)	785	731	(1,516)	-
Other income--net	49	38	403	490
-----				
Income/(loss) before income taxes	3,769	10,956	(9,282)	5,443
Income taxes (a)	(1,264)	(3,886)	3,764	(1,386)
-----				
Income/(loss) from				

continuing operations	2,505	7,070	(5,518)	4,057
Discontinued operations	-	-	127	127
Net income/(loss)	\$ 2,505	\$ 7,070	\$ (5,391)	\$ 4,184

Earnings Per Share				
Continuing operations				\$ 0.16
Net income				\$ 0.16
Average number of shares outstanding				25,858
Diluted Earnings Per Share				
Continuing operations				\$ 0.15
Net income				\$ 0.16
Average number of shares outstanding				26,590

2004 (j)

Service revenues and sales	\$ 142,277	\$ 71,704	\$ -	\$ 213,981
Cost of services provided and goods sold	108,830	37,199	-	146,029
Selling, general and administrative expenses	13,006	24,770	2,450	40,226
Depreciation	2,634	2,082	58	4,774
Amortization	358	(37)	200	521
Other expenses (b)	-	3,135	1,191	4,326
Total costs and expenses	124,828	67,149	3,899	195,876
Income/(loss) from operations	17,449	4,555	(3,899)	18,105
Interest expense	(38)	(104)	(5,829)	(5,971)
Intercompany interest income/(expense)	339	341	(680)	-
Other income--net	127	674	704	1,505
Income/(loss) before income taxes	17,877	5,466	(9,704)	13,639
Income taxes (b)	(7,213)	(2,125)	4,247	(5,091)
Income/(loss) from continuing operations	10,664	3,341	(5,457)	8,548
Discontinued operations	-	-	8,314	8,314
Net income/(loss)	\$ 10,664	\$ 3,341	\$ 2,857	\$ 16,862

Earnings Per Share				
Continuing operations				\$ 0.34
Net income				\$ 0.67
Average number of shares outstanding				24,994



Diluted Earnings Per Share	
Continuing operations	\$ 0.33
Net income	\$ 0.66
Average number of shares outstanding	25,672

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

CHEMED CORPORATION AND SUBSIDIARY COMPANIES  
PRO FORMA CONSOLIDATING STATEMENT OF INCOME  
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004  
(in thousands, except per share data) (unaudited)

	VITAS	Roto-Rooter	Corporate	Chemed Consolidated
<b>2005</b>				
Service revenues and sales	\$ 629,140	\$ 297,337	\$ -	\$ 926,477
Cost of services provided and goods sold (c)	491,974	159,867	-	651,841
Selling, general and administrative expenses (c)	54,806	88,046	8,818	151,670
Depreciation	7,585	8,271	323	16,179
Amortization	4,347	90	885	5,322
Other expenses (c)	19,031	1,001	2,049	22,081
Total costs and expenses	577,743	257,275	12,075	847,093
Income/(loss) from operations	51,397	40,062	(12,075)	79,384
Interest expense	(153)	(563)	(20,548)	(21,264)
Intercompany interest income/(expense)	2,554	2,236	(4,790)	-
Loss on extinguishment of debt (c)	-	-	(3,971)	(3,971)
Other income--net	183	860	2,091	3,134
Income/(loss) before income taxes	53,981	42,595	(39,293)	57,283
Income taxes (c)	(20,394)	(15,635)	16,451	(19,578)
Income/(loss) from continuing operations	33,587	26,960	(22,842)	37,705
Discontinued operations	-	-	(1,888)	(1,888)
Net income/(loss)	\$ 33,587	\$ 26,960	\$ (24,730)	\$ 35,817
<b>Earnings Per Share</b>				
Continuing operations				\$ 1.48
Net income				\$ 1.40
Average number of shares outstanding				25,552
<b>Diluted Earnings Per Share</b>				
Continuing operations				\$ 1.43

Net income				=====	\$ 1.36	=====
Average number of shares outstanding					26,299	=====
2004 (j)						
-----						
Service revenues and sales	\$ 531,600	\$ 276,611	\$ -	\$	808,211	-----
Cost of services provided and goods sold	415,649	150,277	-		565,926	
Selling, general and administrative expenses	51,271	85,636	9,564		146,471	
Depreciation	6,192	8,583	247		15,022	
Amortization	3,957	119	311		4,387	
Other expenses (d)	-	4,693	8,416		13,109	
Total costs and expenses	477,069	249,308	18,538		744,915	-----
Income/(loss) from operations	54,531	27,303	(18,538)		63,296	
Interest expense	(128)	(206)	(24,226)		(24,560)	
Intercompany interest income/(expense)	759	1,041	(1,800)		-	
Loss on extinguishment of debt (d)	-	-	(3,330)		(3,330)	
Other income--net	337	1,268	1,905		3,510	-----
Income/(loss) before income taxes	55,499	29,406	(45,989)		38,916	
Income taxes (d)	(22,447)	(10,611)	18,431		(14,627)	-----
Income/(loss) from continuing operations	33,052	18,795	(27,558)		24,289	
Discontinued operations	-	-	8,326		8,326	-----
Net income/(loss)	\$ 33,052	\$ 18,795	\$ (19,232)	\$	32,615	=====
Earnings Per Share						
Continuing operations				\$	0.96	=====
Net income				\$	1.29	=====
Average number of shares outstanding					25,218	=====
Diluted Earnings Per Share						
Continuing operations				\$	0.94	=====
Net income				\$	1.27	=====
Average number of shares outstanding					25,734	=====

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

	VITAS	Roto-Rooter	Corporate	Chemed Consolidated
2005				
Net income/(loss)	\$ 2,505	\$ 7,070	\$ (5,391)	\$ 4,184
Add/(deduct):				
Discontinued operations	-	-	(127)	(127)
Interest expense	49	155	5,039	5,243
Income taxes	1,264	3,886	(3,764)	1,386
Depreciation	2,108	2,032	105	4,245
Amortization	1,384	20	247	1,651
EBITDA	7,310	13,163	(3,891)	16,582
Add/(deduct):				
Long-term incentive compensation (f)	800	449	1,282	2,531
Lawsuit settlement	17,350	-	-	17,350
Legal expenses of OIG investigation	73	-	-	73
VITAS transaction expense adjustment	-	-	(160)	(160)
Advertising cost adjustment (e)	-	1,660	-	1,660
Interest income	(57)	(38)	(671)	(766)
Intercompany interest income/(expense)	(785)	(731)	1,516	-
Adjusted EBITDA	\$ 24,691	\$ 14,503	\$ (1,924)	\$ 37,270

2004 (j)				
Pro forma net income/(loss)	\$ 10,664	\$ 3,341	\$ 2,857	\$ 16,862
Add/(deduct):				
Discontinued operations	-	-	(8,314)	(8,314)
Interest expense	38	104	5,829	5,971
Income taxes	7,213	2,125	(4,247)	5,091
Depreciation	2,634	2,082	58	4,774
Amortization	358	(37)	200	521
Pro forma EBITDA	20,907	7,615	(3,617)	24,905
Add/(deduct):				
Lawsuit settlement	-	3,135	-	3,135
Legal expenses of OIG investigation	-	-	1,191	1,191
Advertising cost adjustment (e)	-	1,571	-	1,571
Interest income	(142)	(31)	(233)	(406)
Intercompany interest income/(expense)	(339)	(341)	680	-
Pro forma adjusted EBITDA	\$ 20,426	\$ 11,949	\$ (1,979)	\$ 30,396

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 YEARS ENDED DECEMBER 31, 2005 AND 2004  
(in thousands)(unaudited)

	VITAS	Roto-Rooter	Corporate	Chemed Consolidated
2005				
Net income/(loss)	\$ 33,587	\$ 26,960	\$ (24,730)	\$ 35,817
Add/(deduct):				
Discontinued operations	-	-	1,888	1,888

Interest expense	153	563	20,548	21,264
Income taxes	20,394	15,635	(16,451)	19,578
Depreciation	7,585	8,271	323	16,179
Amortization	4,347	90	885	5,322
	-----	-----	-----	-----
EBITDA	66,066	51,519	(17,537)	100,048
Add/(deduct):				
Long-term incentive compensation (f)	1,681	1,001	3,010	5,692
Lawsuit settlement	17,350	-	-	17,350
Prior-period insurance adjustment	-	(1,663)	-	(1,663)
Legal expenses of OIG investigation	637	-	-	637
VITAS transaction expense adjustment	-	-	(961)	(961)
Advertising cost adjustment (e)	-	691	-	691
Interest income	(249)	(156)	(1,805)	(2,210)
Intercompany interest income/(expense)	(2,554)	(2,236)	4,790	-
Loss on extinguishment of debt	-	-	3,971	3,971
	-----	-----	-----	-----
Adjusted EBITDA	\$ 82,931	\$ 49,156	\$ (8,532)	\$ 123,555
	=====	=====	=====	=====

2004 (j)

Pro forma net income/(loss)	\$ 33,052	\$ 18,795	\$ (19,232)	\$ 32,615
Add/(deduct):				
Discontinued operations	-	-	(8,326)	(8,326)
Interest expense	128	206	24,226	24,560
Income taxes	22,447	10,611	(18,431)	14,627
Depreciation	6,192	8,583	247	15,022
Amortization	3,957	119	311	4,387
	-----	-----	-----	-----
Pro forma EBITDA	65,776	38,314	(21,205)	82,885
Add/(deduct):				
Long-term incentive compensation	-	1,558	7,225	8,783
Lawsuit settlement	-	3,135	-	3,135
Debt registration expenses	-	-	1,191	1,191
Advertising cost adjustment (e)	-	528	-	528
Interest income	(373)	(139)	(1,403)	(1,915)
Intercompany interest income/(expense)	(759)	(1,041)	1,800	-
Loss on extinguishment of debt	-	-	3,330	3,330
	-----	-----	-----	-----
Pro forma adjusted EBITDA	\$ 64,644	\$ 42,355	\$ (9,062)	\$ 97,937
	=====	=====	=====	=====

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 AND YEARS ENDED DECEMBER 31, 2005 AND 2004  
(unaudited)

(a) Included in the results of operations for the three months ended December 31, 2005 are the following significant credits/(charges) which may not be indicative of on going operations (in thousands):

	VITAS	Roto-Rooter	Corporate	Consolidated
	-----	-----	-----	-----
Selling, general and				

administrative expenses				
Costs associated with OIG investigation	\$ (73)	\$ -	\$ -	\$ (73)
Other expenses -- net				
Long-term incentive compensation	(800)	(449)	(1,282)	(2,531)
Adjustments to transaction-related costs of the VITAS acquisition	-	-	160	160
Costs related to class action litigation	(17,350)	-	-	(17,350)
	-----	-----	-----	-----
Pretax impact on earnings	(18,223)	(449)	(1,122)	(19,794)
Income tax benefit on the above	6,925	172	468	7,565
Income tax benefit from finalizing prior years' returns	-	174	-	174
	-----	-----	-----	-----
Aftertax impact on earnings	\$ (11,298)	\$ (103)	\$ (654)	\$ (12,055)
	=====	=====	=====	=====

(b) Included in the results of operations for the three months ended December 31, 2004 are the following significant credits/(charges) which may not be indicative of on going operations (in thousands):

	VITAS	Roto-Rooter	Corporate	Consolidated
	-----	-----	-----	-----
Other expenses -- net				
Adjustments to transaction-related costs of the VITAS acquisition	\$ (1,680)	\$ -	\$ (349)	\$ (2,029)
Costs related to class action litigation	-	(3,135)	-	(3,135)
Professional fees incurred for debt registration statement	-	-	(1,191)	(1,191)
	-----	-----	-----	-----
Pretax impact on earnings	(1,680)	(3,135)	(1,540)	(6,355)
Income tax benefit on the above	672	1,238	647	2,557
Income tax benefit from finalizing prior years' returns	-	-	600	600
	-----	-----	-----	-----
Aftertax impact on earnings	\$ (1,008)	\$ (1,897)	\$ (293)	\$ (3,198)
	=====	=====	=====	=====

(c) Included in the results of operations for the year ended December 31, 2005 are the following significant credits/(charges) which may not be indicative of on going operations (in thousands):

	VITAS	Roto-Rooter	Corporate	Consolidated
	-----	-----	-----	-----
Cost of services provided and goods sold				
Favorable adjustment to casualty				

insurance accruals related to prior years' experience	\$	-	\$ 1,663	\$	-	\$	1,663
Selling, general and administrative expenses							
Costs associated with OIG investigation		(637)	-	-			(637)
Other expenses -- net							
Long-term incentive compensation		(1,681)	(1,001)	(2,795)			(5,477)
Adjustments to transaction- related costs of the VITAS acquisition		-	-	961			961
Cost of accelerating vesting of stock options		-	-	(215)			(215)
Costs related to class action litigation		(17,350)	-	-			(17,350)
Loss on extinguishment of debt		-	-	(3,971)			(3,971)
Pretax impact on earnings		(19,668)	662	(6,020)			(25,026)
Income tax benefit on the above		7,471	(265)	2,547			9,753
Income tax benefit from finalizing prior years' returns		-	1,126	835			1,961
Aftertax impact on earnings	\$	(12,197)	\$ 1,523	\$ (2,638)	\$	(13,312)	

(d) Included in the results of operations for the year ended December 31, 2004 are the following significant credits/(charges) which may not be indicative of on going operations (in thousands):

	VITAS	Roto-Rooter	Corporate	Consolidated	
Other expenses -- net					
Long-term incentive compensation	\$	-	\$ (1,558)	\$ (7,225)	\$ (8,783)
Adjustments to transaction- related costs of the VITAS acquisition		(1,680)	-	1,238	(442)
Costs related to class action litigation		-	(3,135)	-	(3,135)
Professional fees incurred for debt registration statement				(1,191)	(1,191)
Loss on extinguishment of debt		-	-	(3,330)	(3,330)
Pretax impact on earnings		(1,680)	(4,693)	(10,508)	(16,881)
Income tax benefit on the above		672	1,814	4,082	6,568
Income tax benefit from finalizing prior years'					

returns	-	630	990	1,620
Equity in loss of affiliate (VITAS) is attributable to transaction- related expenses incurred by VITAS prior to its acquisition by Chemed	-	-	(4,105)	(4,105)
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Aftertax impact on earnings	\$ (1,008)	\$ (2,249)	\$ (9,541)	\$ (12,798)
	=====			

- (e) 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 fourth quarters of 2005 and 2004, GAAP advertising expense for Roto-Rooter totaled \$6,378,000 and \$6,417,000, respectively. If the expense of the telephone directories were spread over the periods they are in circulation, advertising expense for the fourth quarters of 2005 and 2004 would total \$4,718,000 and \$4,846,000, respectively. For the years ended December 31, 2005 and 2004, GAAP advertising expense for Roto-Rooter totaled \$19,063,000 and \$18,587,000, respectively. If the expense of the telephone directories were spread over the periods they are in circulation, advertising expense for the years ended December 31, 2005 and 2004, would total \$18,372,000 and \$18,059,000, respectively.
- (f) For the year ended December 31, 2005, amounts include costs related to accelerating the vesting of stock options in addition to payouts under the Company's LTIP.
- (g) Amounts represent the additional net income VITAS would contribute assuming the acquisition were completed on January 1 of the respective years (excluding Chemed management fees).
- (h) Amount represents the additional financing costs, including a loss on early extinguishment of debt in 2004, that would have been incurred assuming the financing were completed on January 1, 2004.
- (i) Amount represents the impact of eliminating the Company's prior investments in VITAS, assuming the acquisition of VITAS were completed on January 1, 2004.
- (j) Pro forma amounts for 2004 for VITAS and Corporate assume the Company's acquisition of VITAS and its financing (including the retirement of existing debt) were completed as of January 1, 2004, on the same terms and conditions as completed on February 24, 2004.

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