

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):
March 08, 2005

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

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

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

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Item 2.02 Results of Operations and Financial Condition

On March 8, 2005 Chemed Corporation issued a press release announcing its financial results for the year ended December 31, 2004. A copy of the release is furnished herewith as Exhibit 99.1.

Item 9.01 Financial Statements and Exhibits

c) Exhibit

(99.1) Registrant's press release dated March 8, 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: March 9, 2005

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

Arthur V. Tucker, Jr.
Vice President and Controller

Chemed Corporation Reports 2004 Fourth-Quarter
 Results: Diluted EPS of \$1.22; Diluted EPS from Continuing Operations
 of \$.57; Adjusted Diluted EPS from Continuing Operations of \$.82

CINCINNATI--(BUSINESS WIRE)--March 8, 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 fourth quarter ended December 31, 2004, versus the comparable prior-year period, as follows:

Operating Results in Accordance with Generally Accepted Accounting Principles (GAAP):

- Consolidated Revenue increased 214% to \$214 million
- Diluted EPS of \$1.22
- VITAS EBITDA of \$19.2 million
- Roto-Rooter EBITDA of \$7.6 million

Pro Forma Adjusted Consolidated Operating Results (Non GAAP):

- Pro Forma Adjusted Diluted EPS from Continuing Operations of \$.82
- Pro Forma Adjusted EBITDA from Continuing Operations of \$30.2 million

VITAS generated record revenue and ADC levels:

- Quarterly Net Patient Revenue of \$142 million, up 18%
- Average Daily Census (ADC) of 9,134, up 14%
- Pro forma net income of \$10.7 million, up 56%
- Adjusted EBITDA (Non GAAP) of \$20.4 million, an increase of 49%

Roto-Rooter segment reported increased Revenue and Adjusted EBITDA:

- Revenue of \$71.7 million, an increase of 5.3%
- Adjusted EBITDA (Non GAAP) of \$11.9 million, an increase of 45%

"The fourth quarter showed exceptional strength in both of our businesses," stated Kevin McNamara, Chemed president and chief executive officer. "VITAS generated excellent census and admissions growth, with fourth quarter ADC totaling 9,134 and average length-of-stay for discharges (LOS) during the period of 64.1 days. During the quarter, we completed the Phoenix acquisition and currently have eleven new starts in various stages of development.

"Roto-Rooter also had good financial operating results. For the fourth quarter of 2004, Roto-Rooter had net income of \$3.3 million. This includes an estimated \$1.9 million after-tax cost for the anticipated settlement of our Madison County, Ill., class action litigation."

"Our fourth quarter GAAP financial statements include a number of items that need to be considered when evaluating our operating results," said David Williams, Chemed's chief financial officer. "These items include costs related to the registration of Chemed's \$110 million floating rate notes, VITAS merger related transaction costs and final valuation adjustments, direct expensing of telephone directory costs, and the estimated settlement expense of the Madison County class action litigation."

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 are fully consolidated into Chemed's first quarter of 2004 results.

For the 2004 fourth quarter, VITAS had net patient revenue of \$142.3 million and pro forma net income of \$10.7 million. Adjusted EBITDA was \$20.4 million.

VITAS generated revenue growth of 18.0% over the prior year period and 5.3% sequentially. Gross margins were 23.5% in the fourth quarter of 2004, an improvement of 50 basis points when compared to the prior year quarter. The fourth quarter 2004 gross margin includes \$1.5 million in start-up losses, which is an incremental \$1.0 million over the prior-year period. The incremental portion of these losses negatively impacted fourth quarter 2004 margins by 70 basis points. Central support costs for VITAS, which are classified as selling, general and administrative expenses in the VITAS Pro Forma Quarterly Statement of Income, totaled \$13.0 million which is a decline of 7.8% from the prior year quarter and up 2.8% sequentially.

VITAS' ADC in the fourth quarter of 2004 was 9,134. This compares to an ADC of 7,979 in the comparable prior year period, an increase of 14% and 2.1% sequential growth. LOS per patient was 64.1 days for the quarter and compares to 60.8 days in the third quarter of 2004 and 59.0 days in the fourth quarter of 2003. Our established programs, which exclude start-up programs, had a range of LOS from 40.5 days to 112.6 days in the fourth quarter of 2004.

"We continue to see strong organic ADC growth across all levels of VITAS," said McNamara. "The ADC in our 22 base programs now average 401 patients per program. In our large programs, those with an average-daily-census in excess of 450, ADC growth was 11.5% over the prior year quarter and was flat sequentially. Our small and medium programs generated ADC growth of 16.5% over the prior year and 3.2% sequentially."

"Our mix of revenue at VITAS was relatively stable this quarter," Williams stated. "Routine home care aggregated 69.4% of revenue, an increase of 60 basis points over the prior year quarter and a 40 basis point decline on a sequential basis. Our inpatient revenue aggregated 13.5% of total revenue and continuous care was 17.1% of revenue in the fourth quarter of 2004."

Roto-Rooter Segment

Roto-Rooter's plumbing and drain cleaning business generated sales of \$71.7 million for the fourth quarter of 2004, 5.3% higher than the \$68.1 million reported in the comparable prior-year quarter. Net income for the quarter, including \$1.9 million of after-tax expense for the anticipated settlement of our Madison County class action litigation, totaled \$3.3 million. Adjusted EBITDA in the fourth quarter of 2004 totaled \$11.9 million, an increase of 45% over the fourth quarter of 2003.

"There are several factors contributing to the improvement in the plumbing and drain cleaning segment," stated McNamara. "Job count was basically flat in the fourth quarter, increasing a modest 0.3% over the prior-year period. However, commercial demand remains strong with job count increasing 3.7% over the prior year quarter. On a full year basis, job count increased 1.1%, with commercial demand growing 3.3% and residential job count demand increasing 0.2% over the prior year. Our expense control at the field level resulted in a fourth quarter 2004 gross profit margin of 48.1%, which is 484 basis points above the fourth quarter of 2003 and 267 basis points above the third quarter of 2004."

Consolidated Financial Position

"Our balance sheet is in excellent condition," Williams stated. "As of December 31, 2004, we had over \$71 million in cash and cash equivalents. In February 2005, we restructured our debt. Effective February 18, 2005, Chemed redeemed the \$110 million of floating rate notes that had a current interest rate of LIBOR plus 4%. On February 24, 2005, we amended and restated Chemed's bank credit facility. Terms of this amended facility increased the aggregate amount of term loan from a current balance of \$30.5 million to \$85 million at a rate of LIBOR plus 2.0%. The revolving credit facility was increased from \$100 million to \$175 million at a current rate of LIBOR plus 2.5%. The end result of this refinancing was to de-leverage our balance sheet by approximately \$55 million, reduce aggregate interest expense and expand Chemed's access to capital for acquisitions and other corporate purposes."

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 our central support costs. Roto-Rooter is estimated to generate a 5% to 7% increase in revenue with margins that approximate those generated in 2004. Debt refinancing will favorably impact interest expense in 2005, although this will be partially offset by an increase in the LIBOR rate.

"Based upon these factors, and a current diluted share count of 12.9 million, our expectation is that earnings per diluted share for 2005, excluding costs associated with the early extinguishment of debt, will be in the range of \$3.30 to \$3.50."

Conference Call

Chemed will hold a conference call to discuss fourth quarter results Wednesday, March 9, 2005, at 11:00 a.m. EST. 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 Q4 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 4165174. 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 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 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 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
CONSOLIDATED STATEMENT OF OPERATIONS
(in thousands, except per share data)(unaudited)

	For the Three Months Ended December 31,		For the Years Ended December 31,	
	2004	2003	2004	2003
Continuing Operations				
Service revenues and sales	\$213,981	\$ 68,117	\$735,341	\$260,776
Cost of services provided and goods sold	146,029	38,638	507,078	146,818
Selling, general and administrative expenses (aa)	40,226	26,405	138,285	95,363
Depreciation	4,774	2,353	14,542	9,519
Amortization	517	122	3,779	302
Other expenses (aa)	6,355	-	13,551	-
Total costs and expenses	197,901	67,518	677,235	252,002
Income from operations	16,080	599	58,106	8,774
Interest expense	(5,971)	(776)	(21,158)	(3,177)
Loss on extinguishment of debt (aa)	-	-	(3,330)	-
Other income--net (aa)	1,505	1,355	3,469	10,849
Income before income taxes	11,614	1,178	37,087	16,446
Income taxes (aa)	(4,236)	(557)	(13,796)	(6,180)
Equity in earnings/(loss) of affiliate (aa)	-	922	(4,105)	922
Income from continuing operations	7,378	1,543	19,186	11,188
Discontinued Operations (bb)	8,314	(14,748)	8,326	(14,623)
Net Income/(Loss)	\$ 15,692	\$(13,205)	\$ 27,512	\$ (3,435)
Earnings/(Loss) Per Share				
Income from continuing operations (aa)	\$ 0.59	\$ 0.16	\$ 1.59	\$ 1.13
Net Income/(Loss)	\$ 1.26	\$ (1.33)	\$ 2.28	\$ (0.35)
Average number of shares outstanding	12,497	9,954	12,060	9,924
Diluted Earnings/(Loss) Per Share				
Income from continuing operations (aa)	\$ 0.57	\$ 0.15	\$ 1.56	\$ 1.12
Net Income/(Loss)	\$ 1.22	\$ (1.32)	\$ 2.23	\$ (0.35)
Average number of shares outstanding	12,836	10,000	12,318	9,954

(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):

	For the Three Months Ended December 31,		For the Years Ended December 31,	
	2004	2003	2004	2003

Selling, general and administrative expenses				
Corporate severance charges	\$ -	\$ -	\$ -	\$ (3,627)
Other expenses				
Costs related to class action litigation	(3,135)	-	(3,135)	-
Transaction-related costs of the VITAS acquisition	(2,029)	-	(442)	-
Professional fees incurred for debt registration statement	(1,191)	-	(1,191)	-
Long-term incentive compensation	-	-	(8,783)	-
Loss on extinguishment of debt				
Prepayment penalty for extinguishment of debt	-	-	(3,330)	-
Other income--net				
Capital gains on disposal of investments	-	-	-	5,390
Pretax impact on income	(6,355)	-	(16,881)	1,763
Income tax benefit/(provision) on the above	2,557	-	6,568	(770)
Adjustments of income taxes related to prior-year issues	600	-	1,620	-
Equity in loss of affiliate attributable to transaction-related expenses incurred by VITAS prior to its acquisition by Chemed	-	-	(4,105)	-
Aftertax impact on income	\$ (3,198)	\$ -	\$ (12,798)	\$ 993
Impact on earnings per share	\$ (0.26)	\$ -	\$ (1.06)	\$ 0.10
Impact on diluted earnings per share	(0.25)	-	(1.04)	0.10

(bb) Discontinued operations include Service America, discontinued in the fourth quarter of 2004, and accrual adjustments related to operations discontinued in prior years.

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

	December 31,	
	2004	2003(cc)
Assets		
Current assets		
Cash and cash equivalents	\$ 71,448	\$ 50,688
Accounts receivable less allowances	64,663	14,351
Inventories	7,019	6,011
Current deferred income taxes	31,250	8,430
Current assets of discontinued operations	13,397	15,583
Prepaid expenses and other current assets	9,842	6,411
Total current assets	197,619	101,474
Investments of deferred compensation plans held in trust	18,317	17,391
Other investments	1,445	25,081
Note receivable	12,500	12,500
Properties and equipment, at cost less accumulated depreciation	55,796	31,440
Identifiable intangible assets less accumulated amortization	76,924	592
Goodwill	432,732	105,335
Noncurrent assets of discontinued operations	5,705	10,954
Other assets	24,528	23,691

Total Assets	\$825,566	\$ 328,458
	=====	=====
Liabilities		
Current liabilities		
Accounts payable	\$ 37,777	\$ 6,081
Current portion of long-term debt	13,580	193
Income taxes	10,944	6,633
Accrued insurance	26,350	14,382
Accrued salaries and wages	17,030	1,210
Current liabilities of discontinued operations	22,117	21,131
Other current liabilities	42,777	19,066
	-----	-----
Total current liabilities	170,575	68,696
Deferred income taxes	16,814	-
Long-term debt	278,115	25,931
Convertible junior subordinated debentures	-	14,126
Deferred compensation liabilities	18,311	17,380
Noncurrent liabilities of discontinued operations	811	417
Other liabilities	8,848	9,215
	-----	-----
Total Liabilities	493,474	135,765
	-----	-----
Stockholders' Equity		
Capital stock	13,491	13,453
Paid-in capital	212,691	170,501
Retained earnings	141,542	119,746
Treasury stock, at cost	(33,873)	(109,427)
Unearned compensation	(3,590)	(2,954)
Deferred compensation payable in Company stock	2,375	2,308
Notes receivable for shares sold	(544)	(934)
	-----	-----
Total Stockholders' Equity	332,092	192,693
	-----	-----
Total Liabilities and Stockholders' Equity	\$825,566	\$ 328,458
	=====	=====
Book Value Per Share	\$ 26.55	\$ 19.38
	=====	=====

(cc) Reclassified to conform to 2004 presentation

CHEMED CORPORATION
CONSOLIDATING STATEMENT OF OPERATIONS
FOR THE THREE MONTHS ENDED DECEMBER 31, 2004 AND 2003
(in thousands)(unaudited)

	VITAS	Roto-Rooter	Corporate	Chemed Consolidated
	-----	-----	-----	-----
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	1,680 (a)	3,135 (a)	1,540 (a)	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)	-
Loss on extinguishment of debt	-	-	-	-
Other income--net	127	674	704	1,505
	-----	-----	-----	-----
Income/(loss) before income taxes	16,201	5,466	(10,053)	11,614
Income taxes	(6,541)	(2,125)	4,430 (e)	(4,236)
Equity in earnings of VITAS	-	-	-	-
	-----	-----	-----	-----
Income/(loss) from continuing operations	9,660	3,341	(5,623)	7,378
Discontinued operations	-	-	8,314	8,314
	-----	-----	-----	-----
Net income	<u>\$ 9,660</u>	<u>\$ 3,341</u>	<u>\$ 2,691</u>	<u>\$ 15,692</u>

2003				

Service revenues and sales	\$ -	\$ 68,117	\$ -	\$ 68,117
	-----	-----	-----	-----
Cost of services provided and goods sold	-	38,638	-	38,638
Selling, general and administrative expenses	-	24,573	1,832	26,405
Depreciation	-	2,279	74	2,353
Amortization	-	122	-	122
	-----	-----	-----	-----
Total costs and expenses	-	65,612	1,906	67,518
	-----	-----	-----	-----
Income/(loss) from operations	-	2,505	(1,906)	599
Interest expense	-	(22)	(754)	(776)
Intercompany interest income/(expense)	-	181	(181)	-
Other income--net	-	735	620	1,355
	-----	-----	-----	-----
Income/(loss) before income taxes	-	3,399	(2,221)	1,178
Income taxes	-	(1,324)	767	(557)
Equity in earnings of VITAS	-	-	922	922
	-----	-----	-----	-----
Income/(loss) from continuing operations	-	2,075	(532)	1,543
Discontinued operations	-	-	(14,748)	(14,748)
	-----	-----	-----	-----
Net income/(loss)	<u>\$ -</u>	<u>\$ 2,075</u>	<u>\$ (15,280)</u>	<u>\$ (13,205)</u>

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

CHEMED CORPORATION
CONSOLIDATING STATEMENT OF OPERATIONS
FOR THE YEARS ENDED DECEMBER 31, 2004 AND 2003
(in thousands)(unaudited)

VITAS	Roto-Rooter	Corporate	Chemed Consolidated
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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	1,680 (a)	4,693 (a)	7,178 (a)	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	-	-	(3,330) (b)	(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	(20,030)	(10,611) (e)	16,845 (e)	(13,796)
Equity in loss of VITAS	-	-	(4,105) (f)	(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

2003				
Service revenues and sales	\$ -	\$ 260,776	\$ -	\$ 260,776
Cost of services provided and goods sold	-	146,818	-	146,818
Selling, general and administrative expenses	-	85,114	10,249 (c)	95,363
Depreciation	-	9,179	340	9,519
Amortization	-	302	-	302
Total costs and expenses	-	241,413	10,589	252,002
Income/(loss) from operations	-	19,363	(10,589)	8,774
Interest expense	-	(170)	(3,007)	(3,177)
Intercompany interest income/(expense)	-	595	(595)	-
Other income--net	-	1,442	9,407 (d)	10,849
Income/(loss) before income taxes	-	21,230	(4,784)	16,446
Income taxes	-	(8,054)	1,874	(6,180)
Equity in earnings of				

VITAS	-	-	922	922
Income/(loss) from continuing operations	-	13,176	(1,988)	11,188
Discontinued operations	-	-	(14,623)	(14,623)
Net income/ (loss)	\$ -	\$ 13,176	\$ (16,611)	\$ (3,435)
	=====	=====	=====	=====

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

CHEMED CORPORATION
PRO FORMA CONSOLIDATING STATEMENT OF OPERATIONS
FOR THE THREE MONTHS ENDED DECEMBER 31, 2004 AND 2003
(in thousands, except per share data) (unaudited)

	VITAS	Roto-Rooter	Corporate	Chemed Consolidated
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2004 (g)				

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	2,123	2,082	58	4,263
Amortization	869	(37)	200	1,032
Other expenses	-	3,135 (a)	1,191 (a)	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)	-
Loss on extinguishment of debt	-	-	-	-
Other income--net	127	674	704	1,505
-----	-----	-----	-----	-----
Income/(loss) before income taxes	17,877	5,466	(9,704)	13,639
Income taxes	(7,213)	(2,125)	4,247 (e)	(5,091)
-----	-----	-----	-----	-----
Income/(loss) from continuing operations	10,664	3,341	(5,457)	8,548
Discontinued operations	-	-	8,314	8,314
-----	-----	-----	-----	-----
Net income	\$ 10,664	\$ 3,341	\$ 2,857	\$ 16,862
	=====	=====	=====	=====
Earnings Per Share				
Continuing operations				\$ 0.68
				=====
Net income				\$ 1.35
				=====
Average number of shares outstanding				12,497
				=====
Diluted Earnings Per Share				
Continuing operations				\$ 0.67
				=====
Net income				\$ 1.31
				=====

Average number of shares outstanding 12,836
=====

2003 (h)

Service revenues and sales	\$ 121,062	\$ 68,117	\$ -	\$ 189,179
Cost of services provided and goods sold	93,214	38,638	-	131,852
Selling, general and administrative expenses	14,103	24,573	1,697	40,373
Depreciation	1,275	2,279	74	3,628
Amortization	1,061	122	-	1,183
Total costs and expenses	109,653	65,612	1,771	177,036
Income/(loss) from operations	11,409	2,505	(1,771)	12,143
Interest expense	-	(22)	(4,226)	(4,248)
Intercompany interest income/(expense)	-	181	(181)	-
Loss on extinguishment of debt	-	-	-	-
Other income--net	163	735	620	1,518
Income/(loss) before income taxes	11,572	3,399	(5,558)	9,413
Income taxes	(4,728)	(1,324)	1,926	(4,126)
Income/(loss) from continuing operations	6,844	2,075	(3,632)	5,287
Discontinued operations	-	-	(14,748)	(14,748)
Net income/(loss)	\$ 6,844	\$ 2,075	\$ (18,380)	\$ (9,461)
	=====	=====	=====	=====

Earnings/(Loss) Per Share	
Continuing operations	\$ 0.44
Net loss	\$ (0.79)
Average number of shares outstanding	11,954
Diluted Earnings/(Loss) Per Share	
Continuing operations	\$ 0.44
Net loss	\$ (0.79)
Average number of shares outstanding	12,000

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

CHEMED CORPORATION
PRO FORMA CONSOLIDATING STATEMENT OF OPERATIONS
FOR THE YEARS ENDED DECEMBER 31, 2004 AND 2003
(in thousands, except per share data) (unaudited)

	VITAS	Roto-Router	Corporate	Chemed Consolidated
	-----	-----	-----	-----
2004 (g) -----				
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	-	4,693 (a)	8,416 (a)	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	-	-	(3,330)(b)	(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	(22,447)	(10,611)(e)	18,431 (e)	(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				\$ 1.93
Net income				\$ 2.59
Average number of shares outstanding				12,609
Diluted Earnings Per Share				
Continuing operations				\$ 1.89
Net income				\$ 2.53
Average number of shares outstanding				12,867

2003 (h)				
Service revenues and sales	\$ 441,017	\$ 260,776	\$ -	\$ 701,793
Cost of services provided and goods sold	345,189	146,818	-	492,007
Selling, general and administrative expenses	53,526	85,114	9,708 (c)	148,348
Depreciation	5,100	9,179	340	14,619
Amortization	4,185	302	-	4,487
Total costs and expenses	408,000	241,413	10,048	659,461
Income/(loss) from operations	33,017	19,363	(10,048)	42,332
Interest expense	-	(170)	(23,337)	(23,507)
Intercompany interest income/(expense)	-	595	(595)	-
Loss on extinguishment of debt	-	-	(3,330)(b)	(3,330)

Other income--net	684	1,442	5,767 (d)	7,893
Income/(loss) before income taxes	33,701	21,230	(31,543)	23,388
Income taxes	(13,543)	(8,054)	10,788	(10,809)
Income/(loss) from continuing operations	20,158	13,176	(20,755)	12,579
Discontinued operations	-	-	(14,623)	(14,623)
Net income/(loss)	\$ 20,158	\$ 13,176	\$ (35,378)	\$ (2,044)

Earnings/(Loss) Per Share	
Continuing operations	\$ 1.05
Net loss	\$ (0.17)
Average number of shares outstanding	11,924
Diluted Earnings/(Loss) Per Share	
Continuing operations	\$ 1.05
Net loss	\$ (0.17)
Average number of shares outstanding	11,954

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

CHEMED CORPORATION
VITAS PRO FORMA QUARTERLY STATEMENT OF INCOME
FOR THE YEARS ENDED DECEMBER 31, 2004 AND 2003
(in thousands) (unaudited)

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Full Year
2004 (g)					
Service revenues and sales	\$123,982	\$130,240	\$135,101	\$142,277	\$531,600
Cost of services provided and goods sold	99,334	101,790	105,695	108,830	415,649
Selling, general and administrative expenses	13,385	12,227	12,653	13,006	51,271
Depreciation	982	1,270	1,306	2,634	6,192
Amortization	1,024	1,324	1,251	358	3,957
Long-term incentive costs	-	-	-	-	-
Total costs and expenses	114,725	116,611	120,905	124,828	477,069
Income from operations	9,257	13,629	14,196	17,449	54,531
Interest expense	(28)	(30)	(32)	(38)	(128)
Intercompany interest income/(expense)	-	131	289	339	759
Loss on extinguishment of debt	-	-	-	-	-
Other income--net	72	45	93	127	337
Income before income taxes	9,301	13,775	14,546	17,877	55,499
Income taxes	(3,701)	(5,647)	(5,886)	(7,213)	(22,447)
Net income	\$ 5,600	\$ 8,128	\$ 8,660	\$ 10,664	\$ 33,052

2003 (h)

Service revenues and sales	\$100,182	\$106,245	\$113,528	\$121,062	\$441,017
Cost of services provided and goods sold	80,919	82,684	88,372	93,214	345,189
Selling, general and administrative expenses	11,714	13,686	14,023	14,103	53,526
Depreciation	1,318	1,373	1,134	1,275	5,100
Amortization	1,041	1,042	1,041	1,061	4,185
Long-term incentive costs	-	-	-	-	-
Total costs and expenses	94,992	98,785	104,570	109,653	408,000
Income from operations	5,190	7,460	8,958	11,409	33,017
Interest expense	-	-	-	-	-
Intercompany interest income/(expense)	-	-	-	-	-
Loss on extinguishment of debt	-	-	-	-	-
Other income--net	150	203	168	163	684
Income before income taxes	5,340	7,663	9,126	11,572	33,701
Income taxes	(2,132)	(3,069)	(3,614)	(4,728)	(13,543)
Net income	\$ 3,208	\$ 4,594	\$ 5,512	\$ 6,844	\$ 20,158

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

CHEMED CORPORATION
CONSOLIDATING SUMMARY OF EBITDA
FOR THE THREE MONTHS ENDED DECEMBER 31, 2004 AND 2003
(in thousands)(unaudited)

	VITAS	Roto-Rooter	Corporate	Chemed Consolidated
2004				
Net income	\$ 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):				
Long-term incentive compensation	-	-	-	-
Lawsuit settlement	-	3,135	-	3,135
Debt registration expenses	-	-	1,191	1,191
Advertising cost adjustment (j)	-	1,571	-	1,571
Interest income	(142)	(31)	(434)	(607)
Intercompany interest income/(expense)	(339)	(341)	680	-
Loss on extinguishment of debt	-	-	-	-
VITAS transaction costs and adjustments	1,680	-	349	2,029
Equity in earnings of VITAS	-	-	-	-

Adjusted EBITDA	\$ 20,426	\$ 11,949	\$ (2,180)	\$ 30,195
	=====	=====	=====	=====

2003

Net income/(loss)	\$ -	\$ 2,075	\$(15,280)	\$(13,205)
Add/(deduct):				
Discontinued operations	-	-	14,748	14,748
Interest expense	-	22	754	776
Income taxes	-	1,324	(768)	556
Depreciation	-	2,279	74	2,353
Amortization	-	122	-	122
	-----	-----	-----	-----
EBITDA	-	5,822	(472)	5,350
Add/(deduct):				
Severance charges	-	-	-	-
Advertising cost adjustment (j)	-	2,689	-	2,689
Interest income	-	(92)	(365)	(457)
Intercompany interest income/(expense)	-	(181)	181	-
Dividend income from VITAS	-	-	-	-
Equity in earnings of VITAS	-	-	(922)	(922)
Gains on sales of investments	-	-	-	-
	-----	-----	-----	-----
Adjusted EBITDA	\$ -	\$ 8,238	\$ (1,578)	\$ 6,660
	=====	=====	=====	=====

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

CHEMED CORPORATION
CONSOLIDATING SUMMARY OF EBITDA
FOR THE YEARS ENDED DECEMBER 31, 2004 AND 2003
(in thousands)(unaudited)

	VITAS	Roto-Rooter	Corporate	Chemed Consolidated
	-----	-----	-----	-----
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
Advertising cost adjustment (j)	-	528	-	528
Interest income	(332)	(139)	(1,403)	(1,874)
Intercompany interest income/(expense)	(759)	(1,041)	1,800	-
Loss on extinguishment of debt	-	-	3,330	3,330
VITAS transaction costs and adjustments	1,680	-	(1,238)	442
Equity in loss of VITAS	-	-	4,105	4,105
	-----	-----	-----	-----
Adjusted EBITDA	\$ 58,947	\$ 42,355	\$ (9,201)	\$ 92,101
	=====	=====	=====	=====

2003

Net income/(loss)	\$	-	\$ 13,176	\$(16,611)	\$ (3,435)
Add/(deduct):					
Discontinued operations		-	-	14,623	14,623
Interest expense		-	170	3,007	3,177
Income taxes		-	8,054	(1,874)	6,180
Depreciation		-	9,179	340	9,519
Amortization		-	302	-	302
		-----	-----	-----	-----
EBITDA		-	30,881	(515)	30,366
Add/(deduct):					
Severance charges		-	-	3,627	3,627
Advertising cost adjustment (j)		-	829	-	829
Interest income		-	(268)	(1,592)	(1,860)
Intercompany interest income/(expense)		-	(595)	595	-
Dividend income from VITAS		-	-	(1,532)	(1,532)
Equity in earnings of VITAS		-	-	(922)	(922)
Gains on sales of investments		-	-	(5,390)	(5,390)
		-----	-----	-----	-----
Adjusted EBITDA	\$	-	\$ 30,847	\$ (5,729)	\$ 25,118
		=====	=====	=====	=====

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

CHEMED CORPORATION
PRO FORMA CONSOLIDATING SUMMARY OF EBITDA
FOR THE THREE MONTHS ENDED DECEMBER 31, 2004 AND 2003
(in thousands)(unaudited)

	VITAS (i)		Roto-Rooter Corporate (i)		Chemed Consolidated	

2004	-----					
Pro forma net income	\$ 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	2,123	2,082	58	4,263		
Amortization	869	(37)	200	1,032		
	-----	-----	-----	-----		
Pro forma EBITDA	20,907	7,615	(3,617)	24,905		
Add/(deduct):						
Long-term incentive compensation	-	-	-	-		
Lawsuit settlement	-	3,135	-	3,135		
Debt registration expenses	-	-	1,191	1,191		
Advertising cost adjustment (j)	-	1,571	-	1,571		
Interest income	(142)	(31)	(434)	(607)		
Intercompany interest income/(expense)	(339)	(341)	680	-		
Loss on extinguishment of debt	-	-	-	-		
	-----	-----	-----	-----		
Pro forma adjusted EBITDA	\$ 20,426	\$ 11,949	\$ (2,180)	\$ 30,195		
	=====	=====	=====	=====		

2003	-----					
Pro forma net income/(loss)	\$ 6,844	\$ 2,075	\$(18,380)	\$ (9,461)		
Add/(deduct):						
Discontinued operations	-	-	14,748	14,748		
Interest expense	-	22	4,226	4,248		
Income taxes	4,728	1,324	(1,926)	4,126		
Depreciation	1,275	2,279	74	3,628		

Amortization	1,061	122	-	1,183
Pro forma EBITDA	13,908	5,822	(1,258)	18,472
Add/(deduct):				
Severance charges	-	-	-	-
Advertising cost adjustment (j)	-	2,689	-	2,689
Interest income	(163)	(92)	(365)	(620)
Intercompany interest income/(expense)	-	(181)	181	-
Gains on sales of investments	-	-	-	-
Loss on extinguishment of debt	-	-	-	-
Pro forma adjusted EBITDA	\$ 13,745	\$ 8,238	\$ (1,442)	\$ 20,541

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

CHEMED CORPORATION
PRO FORMA CONSOLIDATING SUMMARY OF EBITDA
FOR THE YEARS ENDED DECEMBER 31, 2004 AND 2003
(in thousands)(unaudited)

	VITAS (i)	Roto-Rooter Corporate (i)	Chemed Consolidated
2004			
Pro forma net income/(loss)	\$ 33,052	\$ 18,795	\$(19,232)
Add/(deduct):			
Discontinued operations	-	-	(8,326)
Interest expense	128	206	24,226
Income taxes	22,447	10,611	(18,431)
Depreciation	6,192	8,583	247
Amortization	3,957	119	311
Pro forma EBITDA	65,776	38,314	(21,205)
Add/(deduct):			
Long-term incentive compensation	-	1,558	7,225
Lawsuit settlement	-	3,135	-
Debt registration expenses	-	-	1,191
Advertising cost adjustment (j)	-	528	-
Interest income	(373)	(139)	(1,403)
Intercompany interest income/(expense)	(759)	(1,041)	1,800
Loss on extinguishment of debt	-	-	3,330
Pro forma adjusted EBITDA	\$ 64,644	\$ 42,355	\$ (9,062)
2003			
Pro forma net income/(loss)	\$ 20,158	\$ 13,176	\$(35,378)
Add/(deduct):			
Discontinued operations	-	-	14,623
Interest expense	-	170	23,337
Income taxes	13,543	8,054	(10,788)
Depreciation	5,100	9,179	340
Amortization	4,185	302	-
Pro forma EBITDA	42,986	30,881	(7,866)
Add/(deduct):			
Severance charges	-	-	3,627
Advertising cost adjustment (j)	-	829	-

Interest income	(684)	(268)	(1,330)	(2,282)
Intercompany interest income/(expense)	-	(595)	595	-
Gains on sales of investments	-	-	(3,544)	(3,544)
Loss on extinguishment of debt	-	-	3,330	3,330
	-----	-----	-----	-----
Pro forma adjusted EBITDA	<u>\$ 42,302</u>	<u>\$ 30,847</u>	<u>\$ (5,188)</u>	<u>\$ 67,961</u>
	=====	=====	=====	=====

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

CHEMED CORPORATION
VITAS PRO FORMA QUARTERLY SUMMARY OF EBITDA
FOR THE YEARS ENDED DECEMBER 31, 2004 AND 2003
(in thousands) (unaudited)

2004 (g)	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Full Year
Pro forma net income	\$ 5,600	\$ 8,128	\$ 8,660	\$10,664	\$33,052
Add/(deduct):					
Interest expense	28	30	32	38	128
Income taxes	3,701	5,647	5,886	7,213	22,447
Depreciation	982	1,270	1,306	2,634	6,192
Amortization	1,024	1,324	1,251	358	3,957
	-----	-----	-----	-----	-----
Pro forma EBITDA	11,335	16,399	17,135	20,907	65,776
Add/(deduct):					
Interest income	(72)	(65)	(94)	(142)	(373)
Intercompany interest income/(expense)	-	(131)	(289)	(339)	(759)
	-----	-----	-----	-----	-----
Pro forma adjusted EBITDA	<u>\$11,263</u>	<u>\$16,203</u>	<u>\$16,752</u>	<u>\$20,426</u>	<u>\$64,644</u>
	=====	=====	=====	=====	=====

2003 (h)	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Full Year
Pro forma net income	\$ 3,208	\$ 4,594	\$ 5,512	\$ 6,844	\$20,158
Add/(deduct):					
Interest expense	-	-	-	-	-
Income taxes	2,132	3,069	3,614	4,728	13,543
Depreciation	1,318	1,373	1,134	1,275	5,100
Amortization	1,041	1,042	1,041	1,061	4,185
	-----	-----	-----	-----	-----
Pro forma EBITDA	7,699	10,078	11,301	13,908	42,986
Add/(deduct):					
Interest income	(150)	(203)	(168)	(163)	(684)
Intercompany interest income/(expense)	-	-	-	-	-
	-----	-----	-----	-----	-----
Pro forma adjusted EBITDA	<u>\$ 7,549</u>	<u>\$ 9,875</u>	<u>\$11,133</u>	<u>\$13,745</u>	<u>\$42,302</u>
	=====	=====	=====	=====	=====

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

CHEMED CORPORATION
RECONCILIATION OF PRO FORMA ADJUSTED NET INCOME
FOR THE THREE MONTHS AND YEARS ENDED DECEMBER 31, 2004 AND 2003
(in thousands, except per share data)(unaudited)

	For the Three Months Ended December 31,		For the Years Ended December 31,	
	2004	2003	2004	2003
Net income/(loss) as reported	\$ 15,692	\$ (13,205)	\$ 27,512	\$ (3,435)

Add/(deduct):				
Pro forma VITAS net income contribution for the period (k)	-	6,923	2,987	20,477
Pro forma prior-period VITAS intangibles amortization	(4)	-	-	-
Pro forma financing costs related to acquisition of VITAS (l)	-	(2,257)	(2,211)	(13,215)
Pro forma loss on extinguishment of debt (l)	-	-	-	(2,164)
Pro forma elimination of VITAS transaction costs and adjustments	1,174	-	222	-
Pro forma elimination of equity in income of VITAS (m)	-	(922)	4,105	(922)
Pro forma elimination of gain on redemption of VITAS preferred stock (m)	-	-	-	(1,200)
Pro forma elimination of preferred dividend income from VITAS (m)	-	-	-	(1,585)
	-----	-----	-----	-----
Pro forma net income/(loss)	16,862	(9,461)	32,615	(2,044)
Add/(deduct):				
Discontinued operations	(8,314)	14,748	(8,326)	14,623
Prior-period tax adjustments and settlements	(600)	-	(1,620)	-
Severance charges	-	-	-	2,358
Capital gains	-	-	-	(3,351)
Aftertax cost of long-term incentive payout	-	-	5,437	-
Aftertax cost of lawsuit settlement	1,897	-	1,897	-
Aftertax cost of debt registration expenses	727	-	727	-
Aftertax cost of loss on extinguishment of debt	-	-	2,030	2,164
	-----	-----	-----	-----
Adjusted pro forma income from continuing operations	\$ 10,572	\$ 5,287	\$ 32,760	\$ 13,750
	=====	=====	=====	=====
Earnings/(Loss) Per Share As Reported				
Net income/(loss)	\$ 1.26	\$ (1.33)	\$ 2.28	\$ (0.35)
	=====	=====	=====	=====
Average number of shares outstanding	12,497	9,954	12,060	9,924
	=====	=====	=====	=====
Diluted Earnings/(Loss) Per Share As Reported				
Net income/(loss)	\$ 1.22	\$ (1.32)	\$ 2.23	\$ (0.35)
	=====	=====	=====	=====
Average number of shares outstanding	12,836	10,000	12,318	9,954
	=====	=====	=====	=====
Adjusted Pro Forma Earnings Per Share				
Income from continuing operations	\$ 0.85	\$ 0.44	\$ 2.60	\$ 1.15
	=====	=====	=====	=====
Average number of shares outstanding	12,497	11,954	12,609	11,924
	=====	=====	=====	=====
Adjusted Pro Forma Diluted Earnings Per Share				
Income from continuing operations	\$ 0.82	\$ 0.44	\$ 2.55	\$ 1.15
	=====	=====	=====	=====
Average number of shares outstanding	12,836	12,000	12,867	11,954
	=====	=====	=====	=====

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

CHEMED CORPORATION

FOOTNOTES TO FINANCIAL STATEMENTS

FOR THE THREE MONTHS AND YEARS ENDED DECEMBER 31, 2004 AND 2003

(unaudited)

- (a) For the fourth quarter of 2004, amounts include settlement of a lawsuit for Roto-Rooter of \$3,135,000 (\$1,897,000 aftertax), expenses related to Corporate debt registration of \$1,191,000 (\$727,000 aftertax) and additional VITAS transaction costs and adjustments of \$1,680,000 (\$1,008,000 aftertax) for VITAS and \$349,000 (\$166,000 aftertax) for Corporate. For the year 2004, all of the foregoing apply except that the Corporate adjustment to VITAS transaction costs amounts to an annual net credit of \$1,238,000 (\$786,000 aftertax). In addition, the annual amount includes payouts under the Company's 2002 Executive Long-term Incentive Plan in the first quarter of 2004 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 except for amounts related to VITAS transaction expenses and adjustments.
- (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. For pro forma financial statements, the aftertax amount is \$2,164,000 for 2003.
- (c) Amount includes pretax charges of \$3,627,000 (\$2,358,000 aftertax) for severance charges in the first quarter of 2003.
- (d) 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.
- (e) Amounts include favorable prior-period tax adjustments and tax settlements. For the fourth quarter of 2004, the aftertax benefit received from these adjustments was \$600,000 for Corporate. For the year 2004, the aftertax benefit received from these adjustments was \$990,000 for Corporate and \$630,000 for Roto-Rooter.
- (f) 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 2004.
- (g) 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.
- (h) 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.
- (i) 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.
- (j) 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 2004 and 2003, GAAP advertising expense for Roto-Rooter totaled \$6,417,000 and \$6,859,000, respectively. If the expense of the telephone directories were

spread over the periods they are in circulation, advertising expense for the fourth quarters of 2004 and 2003 would total \$4,846,000 and \$4,170,000, respectively. For the years 2004 and 2003, GAAP advertising expense for Roto-Rooter totaled \$18,587,000 and \$16,361,000, respectively. If the expense of the telephone directories were spread over the periods they are in circulation, advertising expense for the years 2004 and 2003 would total \$18,059,000 and \$15,532,000, respectively.

- (k) 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).
- (l) 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.
- (m) 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.

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