

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

FORM 8-K  
CURRENT REPORT

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

Date of Report (date of earliest event reported):  
October 30, 2007

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

Delaware  
(State or other jurisdiction  
of incorporation)

1-8351  
(Commission File Number)

31-0791746  
(I.R.S. Employer  
Identification Number)

2600 Chemed Center, 255 East 5th Street, Cincinnati, OH 45202  
(Address of principal executive offices) (Zip Code)

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

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 October 30, 2007 Chemed Corporation issued a press release announcing  
its financial results for the quarter ended September 30, 2007. A copy of the  
release is furnished herewith as Exhibit 99.

Item 9.01 Financial Statements and Exhibits

- d) Exhibit  
(99) Registrant's press release dated October 30, 2007

SIGNATURES

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

CHEMED CORPORATION

Dated: October 31, 2007  
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By: /s/ Arthur V. Tucker, Jr.  
-----  
Arthur V. Tucker, Jr.  
Vice President and Controller



## Chemed Reports Third-Quarter 2007 Results

CINCINNATI--(BUSINESS WIRE)--Oct. 30, 2007--Chemed Corporation (Chemed) (NYSE:CHE), which operates VITAS Healthcare Corporation (VITAS), the nation's largest provider of end-of-life care, and Roto-Rooter, the nation's largest commercial and residential plumbing and drain cleaning services provider, today reported financial results for its third quarter ended September 30, 2007, versus the comparable prior-year period, as follows:

## Consolidated operating results from Continuing Operations:

- Revenue increased 7.4% to \$273 million
- Diluted EPS from Continuing Operations of \$.69
- Adjusted diluted EPS from Continuing Operations, which excludes early extinguishment of debt and certain other items, of \$.74

## VITAS segment operating results from Continuing Operations:

- Net Patient Revenue of \$188 million, up 7.5%
- Average Daily Census (ADC) of 11,529 up 4.6%
- Admissions of 13,436, an increase of 5.9%
- Average Length of Stay in the quarter of 76.7 days
- Net income of \$13.9 million
- Adjusted EBITDA of \$24.6 million

## Roto-Rooter segment operating results:

- Revenue of \$84 million, an increase of 7.2%
- Job count of 198,354
- Net Income of \$8.9 million
- Adjusted EBITDA of \$15.4 million

## VITAS

VITAS generated 13,436 admissions in the quarter, which represents an increase of 5.9% over the prior year. Discharges totaled 13,403, an increase of 7.0%, and ADC in the quarter increased 4.6% to 11,529. VITAS' Average Length of Stay (ALOS) for patients discharged in the quarter was 76.7 days. This compares to an ALOS of 76.6 days in the second quarter of 2007 and 71.0 days in the third quarter of 2006. Median Length of Stay (MLOS) was 14 days.

Net revenue for VITAS was \$188 million in the third quarter of 2007, which is an increase of 7.5% over the prior-year period. This revenue growth was the result of increased ADC combined with the 2007 Medicare price increase, partially offset by the continued shift in revenue mix to routine home care. Routine homecare revenue increased 9.1% in the quarter and inpatient and continuous care declined 0.4%. The routine home care per diem averaged \$141 and inpatient/continuous care per diem averaged \$609 in the third quarter of 2007. Income from continuing operations for the third quarter of 2007 was \$13.9 million, an increase of 32.8%.

VITAS did not have any billing restrictions related to Medicare Cap for its third-quarter 2007 operating activity. As of September 30, 2007, VITAS has not accrued any Medicare billing restrictions for the 2007 cap year. The ability for VITAS to bill Medicare for 100% of the care provided to terminally ill patients is a result of improved admissions metrics, relatively low MLOS and the continued combination of various hospice provider numbers.

All of VITAS' hospice programs currently have a cap cushion greater than 10% through the first eleven months of the 2007 cap year with the exception of two programs. These programs have a cap cushion of 3% and 6%, respectively.

VITAS has received notice from its fiscal intermediary for all of VITAS' Medicare provider numbers related to the 2006 Medicare Cap calculation. The fiscal intermediary determines Medicare Cap based upon a retrospective review of individual hospice programs admissions and billing activities. This look back measures Medicare Cap for the revenue period November 1, 2005, through October 31, 2006, and admissions for the period September 29, 2005, through September 28, 2006. As part of this measurement, the fiscal intermediary also prorates

Medicare Cap for any Medicare decedents who received hospice care from more than one provider during the decedent's lifespan. This information is not available to VITAS and can only be measured by the fiscal intermediary upon the death of the Medicare beneficiary.

Based upon this retrospective review by the fiscal intermediary, VITAS has over accrued its 2006 Medicare Cap liability by \$1.2 million. VITAS' Phoenix program, which was discontinued in December 2006, was over accrued by \$1.9 million. This over accrual was partially offset by a \$0.7 million under accrual in 2006 for Medicare Cap liability in three programs. These adjustments are recorded in the company's third-quarter 2007 operating results.

VITAS measures its Medicare Cap cushion, or Medicare Cap liability, on a program-by-program basis. Cap Cushion is defined as the difference between the maximum Medicare billing potential and actual Medicare billings in a hospice program for a Medicare Cap year. Of the 36 programs VITAS had in place for a full 2006 government fiscal year, 31 programs, or 86%, received favorable 2006 adjustments to their Medicare Cap Cushion totaling \$18 million. VITAS had 5 programs that had either overestimated Cap Cushion, or underestimated Cap liability, totaling \$1.3 million. VITAS had aggregate Cap Cushion in excess of \$200 million at the end of the 2006 fiscal Medicare Cap year.

Gross margin in the quarter, excluding the impact of Medicare Cap, was 21.7%, which is a 182 basis point improvement over the prior-year quarter. Of this margin expansion, approximately 126 basis points are a result of VITAS' improving labor productivity. The remaining 56 basis points are the result of \$1.0 million of expenses that had been historically charged to cost of services that were centralized and are now classified as selling, general and administrative expense.

VITAS had selling, general and administrative expense of \$15.7 million in the third quarter of 2007. This is an increase of 14.9% over the prior year. Adjusting for the reclassification of expenses noted above, third-quarter 2007 selling, general and administrative expense increased 7.1% over the prior-year period and declined 3.7% sequentially.

#### Roto-Rooter

Roto-Rooter's plumbing and drain cleaning business generated sales of \$84 million for the third quarter of 2007, 7.2% higher than the \$78 million reported in the comparable prior-year quarter. Net income for the quarter was \$8.9 million, an increase of 5.1% over the prior year. The prior-year quarter included \$0.9 million of tax benefits related to earlier periods. Excluding this third-quarter 2006 tax benefit, net income in the third quarter of 2007 increased 17.9%. Adjusted EBITDA in the third quarter of 2007 totaled \$15.4 million, an increase of 19.4% over the third quarter of 2006 and equated to an adjusted EBITDA margin of 18.3%, an increase of 188 basis points over the prior-year period.

Job count in the third quarter of 2007 was essentially equal to the prior-year period. Total residential jobs increased 2.8% and consisted of residential plumbing jobs increasing 9.6% and residential drain cleaning jobs declining 0.4%, when compared to the third quarter of 2006. Residential jobs represent approximately 70% of total job count. Total commercial jobs declined 6.0% with commercial plumbing job count declining 1.0% and commercial drain cleaning decreasing 8.2%, over the prior-year quarter. A significant portion of the commercial job count decline is attributed to the continued elimination of low revenue, low margin commercial business. This mix shift has favorably impacted the average revenue per commercial job, which increased 11.7% in the third quarter of 2007 and has increased 11.9% on a year-to-date basis.

#### Guidance for 2007

VITAS is estimated to generate full-year revenue growth from continuing operations, prior to Medicare Cap, of 8% to 9%. Admissions are estimated to increase 5%, increased ADC of 7.0% to 7.5% and adjusted EBITDA margins, prior to Medicare Cap, of 13.5% to 14.5%. This guidance assumes the hospice industry receives a full Medicare basket price increase of 3.3% in the fourth quarter of 2007. Full-year 2007 Medicare contractual billing limitations, including \$0.7 million of 2006 retrospective adjustment recorded in the third quarter of 2007, is estimated at \$2.0 million.

Roto-Rooter is estimated to generate an 8.5% to 9.0% increase in revenue in 2007, job count growth between 1.0% and 1.2% and adjusted EBITDA margin in the range of 19.5% to 20.0%.

Based upon these factors, an effective tax rate of 38.7% and an average diluted share count for the second half of 2007 of 24.5 million, our estimate is that full-year 2007 earnings per diluted share from continuing operations, excluding early extinguishment of debt, expense for stock options and other charges or credits not indicative of ongoing operations, will be in the range of

\$3.10 to \$3.20.

#### Conference Call

Chemed will host a conference call and webcast at 10 a.m., ET, on Wednesday, October 31, 2007, to discuss the company's quarterly results and provide an update on its business. The dial-in number for the conference call is (866) 202-3109 for U.S. and Canadian participants and (617) 213-8844 for international participants. The participant passcode is 78362358. 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 40847992. An archived webcast will also be available at [www.chemed.com](http://www.chemed.com) and will remain available for 14 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 11,000 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 Indonesia, Singapore, Japan, and the Philippines.

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)

Three Months Ended		Nine Months Ended	
September 30,		September 30,	
-----		-----	
2007	2006 (cc)	2007	2006 (cc)

Continuing Operations (aa)				
Service revenues and sales	\$272,503	\$253,695	\$814,329	\$746,684
Cost of services provided and goods sold	192,882	185,399	569,845	540,537
Selling, general and administrative expenses (aa)	42,526	39,139	136,686	116,214
Depreciation	5,220	4,171	14,897	12,385
Amortization	1,292	1,355	3,901	3,968
Other operating expense/(income)(aa)	-	272	(1,138)	272
Total costs and expenses	241,920	230,336	724,191	673,376
Income from operations	30,583	23,359	90,138	73,308
Interest expense	(2,515)	(4,081)	(9,657)	(13,726)
Loss from impairment of investment (aa)	-	(1,445)	-	(1,445)
Loss on extinguishment of debt (aa)	(83)	-	(13,798)	(430)
Other income--net	11	715	3,068	2,734
Income before income taxes	27,996	18,548	69,751	60,441
Income taxes (aa)	(11,080)	(5,673)	(27,181)	(21,978)
Income from continuing operations	16,916	12,875	42,570	38,463
Discontinued Operations (bb)	1,201	(4,914)	1,201	(5,445)
Net Income	\$ 18,117	\$ 7,961	\$ 43,771	\$ 33,018
Earnings Per Share				
Income from continuing operations	\$ 0.71	\$ 0.49	\$ 1.72	\$ 1.47
Net income	\$ 0.76	\$ 0.30	\$ 1.77	\$ 1.26
Average number of shares outstanding	23,933	26,190	24,711	26,147
Diluted Earnings Per Share				
Income from continuing operations	\$ 0.69	\$ 0.48	\$ 1.69	\$ 1.44
Net income	\$ 0.74	\$ 0.30	\$ 1.73	\$ 1.23
Average number of shares outstanding	24,466	26,633	25,249	26,750

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2007	2006	2007	2006
Selling, general and administrative expenses				
Stock option expense	\$ (1,592)	\$ (597)	\$ (3,074)	\$ (615)
Costs associated with OIG investigation	(48)	(344)	(188)	(818)
Long-term incentive compensation	-	-	(7,067)	-
Other	-	-	467	-
Other expenses -- net				
Gain on sale of property	-	-	1,138	-
Costs related to class action litigation	-	(272)	-	(272)
Loss from impairment of investment	-	(1,445)	-	(1,445)
Loss on extinguishment of debt	(83)	-	(13,798)	(430)
Pretax impact on				

earnings	(1,723)	(2,658)	(22,522)	(3,580)
Income tax benefit/(charge) on the above	630	979	8,268	1,322
Income tax benefit from finalizing prior years' returns	-	1,791	-	1,791
	-----	-----	-----	-----
Aftertax impact on earnings	\$ (1,093)	\$ 112	\$ (14,254)	\$ (467)
	=====	=====	=====	=====

(bb) Discontinued operations for 2006 include the following (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2007	2006	2007	2006
	-----	-----	-----	-----
Accrual adjustments (2007) and operating results (2006) of VITAS' Phoenix operations, discontinued in November 2006	\$ 1,201	\$ (2,688)	\$ 1,201	\$ (3,219)
Accrual adjustments for expenses related to the sale of Patient Care in 2002	-	(1,466)	-	(1,466)
Accrual adjustments for expenses related to the sale of DuBois Chemicals in 1991	-	(760)	-	(760)
	-----	-----	-----	-----
Total discontinued operations	\$ 1,201	\$ (4,914)	\$ 1,201	\$ (5,445)
	=====	=====	=====	=====

(cc) Reclassified to conform to 2007 presentation.

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

	September 30,	
	2007	2006 (cc)
	-----	-----
Assets		
Current assets		
Cash and cash equivalents	\$ 16,730	\$ 5,414
Accounts receivable less allowances	81,718	103,048
Inventories	6,824	6,381
Current deferred income taxes	20,344	22,230
Prepaid income taxes	-	5,812
Current assets of discontinued operations	-	4,425
Prepaid expenses and other current assets	6,983	5,842
	-----	-----
Total current assets	132,599	153,152
Investments of deferred compensation plans held in trust	28,824	24,278
Notes receivable	14,701	12,500
Properties and equipment, at cost less accumulated depreciation	73,285	68,366
Identifiable intangible assets less accumulated amortization	66,186	69,880
Goodwill	436,262	432,907
Noncurrent assets of discontinued operations	-	5,980
Other assets	16,382	19,458
	-----	-----
Total Assets	\$ 768,239	\$ 786,521
	=====	=====

Liabilities

Current liabilities		
Accounts payable	\$ 46,389	\$ 45,521
Current portion of long-term debt	10,161	207
Income taxes	9,854	4,743
Accrued insurance	37,725	40,504
Accrued compensation	37,147	32,128

Current liabilities of discontinued operations	-	8,808
Other current liabilities	20,972	20,371
	-----	-----
Total current liabilities	162,248	152,282
Deferred income taxes	3,370	25,140
Long-term debt	224,735	165,796
Deferred compensation liabilities	28,407	23,932
Other liabilities	5,818	3,929
	-----	-----
Total Liabilities	424,578	371,079
	-----	-----
Stockholders' Equity		
Capital stock	29,206	28,810
Paid-in capital	264,374	250,373
Retained earnings	259,578	199,467
Treasury stock, at cost	(211,959)	(65,555)
Deferred compensation payable in Company stock	2,462	2,402
Notes receivable for shares sold	-	(55)
	-----	-----
Total Stockholders' Equity	343,661	415,442
	-----	-----
Total Liabilities and Stockholders' Equity	\$ 768,239	\$786,521
	=====	=====
Book Value Per Share	\$ 14.36	\$ 15.89
	=====	=====

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(cc) Reclassified to conform to 2007 presentation.

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

	Nine Months Ended September 30,	
	2007	2006 (cc)
	-----	-----
Cash Flows from Operating Activities		
Net income	\$ 43,771	\$ 33,018
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	18,798	16,353
Write off unamortized debt issuance costs	7,235	430
Noncash long-term incentive compensation	6,154	-
Provision for uncollectible accounts receivable	6,025	5,938
Provision for deferred income taxes	(1,388)	2,896
Discontinued operations	(1,201)	5,445
Amortization of debt issuance costs	970	1,325
Loss on asset impairment	-	1,445
Changes in operating assets and liabilities, excluding amounts acquired in business combinations:		
Decrease/(increase) in accounts receivable	4,819	(20,256)
Decrease/(increase) in inventories	(246)	118
Decrease in prepaid expenses and other current assets	2,964	2,673
Decrease in accounts payable and other current liabilities	(9,896)	(21,323)
Increase in income taxes	11,825	9,087
Increase in other assets	(3,109)	(248)
Increase in other liabilities	3,908	2,390
Excess tax benefit on share-based compensation	(2,506)	(4,943)
Other sources	2,020	1,373
	-----	-----
Net cash provided by continuing operations	90,143	35,721
Net cash used by discontinued operations	-	4,932
	-----	-----
Net cash provided by operating activities	90,143	40,653
	-----	-----
Cash Flows from Investing Activities		
Capital expenditures	(20,145)	(15,955)
Net uses from disposals of discontinued		



operations	(6,121)	(3,360)
Proceeds from sales of property and equipment	3,072	287
Business combinations, net of cash acquired	(1,079)	(1,489)
Other uses	(1,415)	(805)
	-----	-----
Net cash used by investing activities	(25,688)	(21,322)
	-----	-----
Cash Flows from Financing Activities		
Proceeds from issuance of long-term debt	300,000	-
Repayment of long-term debt	(215,644)	(84,500)
Purchases of treasury stock	(130,873)	(8,253)
Purchases of note hedges	(55,093)	-
Proceeds from issuance of warrants	27,614	-
Debt issuance costs	(6,887)	(154)
Dividends paid	(4,441)	(4,739)
Increase in cash overdraft payable	2,554	2,145
Excess tax benefit on share-based compensation	2,506	4,943
Issuance of capital stock	2,429	3,854
Net increase in revolving line of credit	-	15,400
Other sources	836	254
	-----	-----
Net cash used by financing activities	(76,999)	(71,050)
	-----	-----
Decrease in Cash and Cash Equivalents	(12,544)	(51,719)
Cash and cash equivalents at beginning of year	29,274	57,133
	-----	-----
Cash and cash equivalents at end of period	\$ 16,730	\$ 5,414
	=====	=====

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(cc) Reclassified to conform to 2007 presentation.

CHEMED CORPORATION AND SUBSIDIARY COMPANIES  
CONSOLIDATING STATEMENT OF INCOME  
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2007 AND 2006  
(in thousands)(unaudited)

	VITAS	Roto-Rooter	Corporate	Chemed Consolidated
	-----	-----	-----	-----
2007				
	-----	-----	-----	-----
Service revenues and sales	\$188,474	\$ 84,029	\$ -	\$ 272,503
	-----	-----	-----	-----
Cost of services provided and goods sold	148,225	44,657	-	192,882
Selling, general and administrative expenses (a)	15,651	22,831	4,044	42,526
Depreciation	3,063	2,080	77	5,220
Amortization	996	13	283	1,292
	-----	-----	-----	-----
Total costs and expenses	167,935	69,581	4,404	241,920
	-----	-----	-----	-----
Income/(loss) from operations	20,539	14,448	(4,404)	30,583
Interest expense	(36)	(317)	(2,162)	(2,515)
Intercompany interest income/(expense)	1,909	1,337	(3,246)	-
Loss on extinguishment of debt (a)	-	-	(83)	(83)
Other income--net	(3)	(342)	356	11
	-----	-----	-----	-----
Income/(loss) before income taxes	22,409	15,126	(9,539)	27,996
Income taxes (a)	(8,488)	(6,184)	3,592	(11,080)
	-----	-----	-----	-----
Income/(loss) from continuing operations	13,921	8,942	(5,947)	16,916
Discontinued operations	1,201	-	-	1,201
	-----	-----	-----	-----
Net income/(loss)	\$ 15,122	\$ 8,942	\$ (5,947)	\$ 18,117
	=====	=====	=====	=====

2006

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Service revenues and

sales	\$175,289	\$ 78,406	\$ -	\$ 253,695
Cost of services provided and goods sold	142,620	42,779	-	185,399
Selling, general and administrative expenses (b)	13,618	22,376	3,145	39,139
Depreciation	2,188	1,900	83	4,171
Amortization	984	16	355	1,355
Other operating expense/(income) (b)	272	-	-	272
Total costs and expenses	159,682	67,071	3,583	230,336
Income/(loss) from operations	15,607	11,335	(3,583)	23,359
Interest expense	(87)	1	(3,995)	(4,081)
Intercompany interest income/(expense)	1,397	1,088	(2,485)	-
Loss from impairment of investment (b)	-	-	(1,445)	(1,445)
Other income--net	5	179	531	715
Income/(loss) before income taxes	16,922	12,603	(10,977)	18,548
Income taxes (b)	(6,436)	(4,094)	4,857	(5,673)
Income/(loss) from continuing operations	10,486	8,509	(6,120)	12,875
Discontinued operations	(2,688)	-	(2,226)	(4,914)
Net income/(loss)	\$ 7,798	\$ 8,509	\$ (8,346)	\$ 7,961

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

CHEMED CORPORATION AND SUBSIDIARY COMPANIES  
CONSOLIDATING STATEMENT OF INCOME  
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2007 AND 2006  
(in thousands)(unaudited)

	VITAS	Roto-Rooter	Corporate	Chemed Consolidated
2007				
Service revenues and sales	\$558,224	\$ 256,105	\$ -	\$ 814,329
Cost of services provided and goods sold	434,959	134,886	-	569,845
Selling, general and administrative expenses (a)	47,815	70,782	18,089	136,686
Depreciation	8,377	6,290	230	14,897
Amortization	2,988	41	872	3,901
Other operating expense/(income) (a)	-	-	(1,138)	(1,138)
Total costs and expenses	494,139	211,999	18,053	724,191
Income/(loss) from operations	64,085	44,106	(18,053)	90,138
Interest expense	(103)	(496)	(9,058)	(9,657)
Intercompany interest income/(expense)	5,352	3,676	(9,028)	-
Loss on extinguishment of debt (a)	-	-	(13,798)	(13,798)
Other income--net	(34)	626	2,476	3,068
Income/(loss) before income taxes	69,300	47,912	(47,461)	69,751
Income taxes (a)	(26,238)	(18,789)	17,846	(27,181)
Income/(loss) from continuing operations	43,062	29,123	(29,615)	42,570

Discontinued operations	1,201	-	-	1,201
Net income/(loss)	\$ 44,263	\$ 29,123	\$(29,615)	\$ 43,771

2006

Service revenues and sales	\$512,873	\$ 233,811	\$ -	\$ 746,684
Cost of services provided and goods sold	412,913	127,624	-	540,537
Selling, general and administrative expenses (b)	40,535	67,150	8,529	116,214
Depreciation	6,332	5,783	270	12,385
Amortization	2,952	56	960	3,968
Other operating expense/(income) (b)	272	-	-	272
Total costs and expenses	463,004	200,613	9,759	673,376
Income/(loss) from operations	49,869	33,198	(9,759)	73,308
Interest expense	(156)	(281)	(13,289)	(13,726)
Intercompany interest income/(expense)	3,746	2,889	(6,635)	-
Loss from impairment of investment (b)	-	-	(1,445)	(1,445)
Loss on extinguishment of debt (b)	-	-	(430)	(430)
Other income--net	62	452	2,220	2,734
Income/(loss) before income taxes	53,521	36,258	(29,338)	60,441
Income taxes (b)	(20,248)	(13,545)	11,815	(21,978)
Income/(loss) from continuing operations	33,273	22,713	(17,523)	38,463
Discontinued operations	(3,219)	-	(2,226)	(5,445)
Net income/(loss)	\$ 30,054	\$ 22,713	\$(19,749)	\$ 33,018

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 SEPTEMBER 30, 2007 AND 2006  
(in thousands)(unaudited)

	VITAS	Roto-Rooter	Corporate	Chemed Consolidated
2007				
Net income/(loss)	\$15,122	\$ 8,942	\$ (5,947)	\$ 18,117
Add/(deduct):				
Discontinued operations	(1,201)	-	-	(1,201)
Interest expense	36	317	2,162	2,515
Income taxes	8,488	6,184	(3,592)	11,080
Depreciation	3,063	2,080	77	5,220
Amortization	996	13	283	1,292
EBITDA	26,504	17,536	(7,017)	37,023
Add/(deduct):				
Stock option expense	-	-	1,592	1,592
Legal expenses of OIG investigation	48	-	-	48
Loss on extinguishment of debt	-	-	83	83
Advertising cost adjustment (c)	-	(535)	-	(535)
Interest income	(11)	(247)	(639)	(897)

Intercompany interest (income)/expense	(1,909)	(1,337)	3,246	-
Adjusted EBITDA	\$24,632	\$ 15,417	\$ (2,735)	\$ 37,314

2006

Net income/(loss)	\$ 7,798	\$ 8,509	\$ (8,346)	\$ 7,961
Add/(deduct):				
Discontinued operations	2,688	-	2,226	4,914
Interest expense	87	(1)	3,995	4,081
Income taxes	6,436	4,094	(4,857)	5,673
Depreciation	2,188	1,900	83	4,171
Amortization	984	16	355	1,355
EBITDA	20,181	14,518	(6,544)	28,155
Add/(deduct):				
Loss from impairment of investment	-	-	1,445	1,445
Lawsuit settlement	272	-	-	272
Stock option expense	-	-	597	597
Legal expenses of OIG investigation	344	-	-	344
Advertising cost adjustment (c)	-	(491)	-	(491)
Interest income	(24)	(29)	(373)	(426)
Intercompany interest (income)/expense	(1,397)	(1,088)	2,485	-
Adjusted EBITDA	\$19,376	\$ 12,910	\$ (2,390)	\$ 29,896

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

CHEMED CORPORATION AND SUBSIDIARY COMPANIES  
CONSOLIDATING SUMMARY OF EBITDA  
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2007 AND 2006  
(in thousands)(unaudited)

	VITAS	Roto-Rooter	Corporate	Chemed Consolidated
2007				
Net income/(loss)	\$44,263	\$ 29,123	\$(29,615)	\$ 43,771
Add/(deduct):				
Discontinued operations	(1,201)	-	-	(1,201)
Interest expense	103	496	9,058	9,657
Income taxes	26,238	18,789	(17,846)	27,181
Depreciation	8,377	6,290	230	14,897
Amortization	2,988	41	872	3,901
EBITDA	80,768	54,739	(37,301)	98,206
Add/(deduct):				
Long-term incentive compensation	-	-	7,067	7,067
Stock option expense	-	-	3,074	3,074
Legal expenses of OIG investigation	188	-	-	188
Gain on sale of property	-	-	(1,138)	(1,138)
Other	-	-	(467)	(467)
Loss on extinguishment of debt	-	-	13,798	13,798
Advertising cost adjustment (c)	-	(931)	-	(931)
Interest income	(90)	(358)	(2,160)	(2,608)
Intercompany				

interest (income)/expense	(5,352)	(3,676)	9,028	-
Adjusted EBITDA	\$75,514	\$ 49,774	\$ (8,099)	\$ 117,189

2006

Net income/(loss)	\$30,054	\$ 22,713	\$(19,749)	\$ 33,018
Add/(deduct):				
Discontinued operations	3,219	-	2,226	5,445
Interest expense	156	281	13,289	13,726
Income taxes	20,248	13,545	(11,815)	21,978
Depreciation	6,332	5,783	270	12,385
Amortization	2,952	56	960	3,968
EBITDA	62,961	42,378	(14,819)	90,520
Add/(deduct):				
Loss from impairment of investment	-	-	1,445	1,445
Lawsuit settlement	272	-	-	272
Stock option expense	-	-	615	615
Legal expenses of OIG investigation	818	-	-	818
Loss on extinguishment of debt	-	-	430	430
Advertising cost adjustment (c)	-	(1,072)	-	(1,072)
Interest income	(100)	(69)	(1,808)	(1,977)
Intercompany interest (income)/expense	(3,746)	(2,889)	6,635	-
Adjusted EBITDA	\$60,205	\$ 38,348	\$ (7,502)	\$ 91,051

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

CHEMED CORPORATION AND SUBSIDIARY COMPANIES  
RECONCILIATION OF ADJUSTED NET INCOME  
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2007 AND 2006  
(in thousands, except per share data)(unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2007	2006	2007	2006
Net income/(loss) as reported	\$ 18,117	\$ 7,961	\$43,771	\$33,018
Add/(deduct):				
Discontinued operations	(1,201)	4,914	(1,201)	5,445
Aftertax loss on impairment of investment	-	918	-	918
Aftertax Lawsuit settlement	-	169	-	169
Prior-period tax adjustments	-	(1,791)	-	(1,791)
Aftertax cost of long-term incentive compensation	-	-	4,427	-
Aftertax stock option expense	1,011	379	1,952	391
Aftertax cost of legal expenses of OIG investigation	30	213	117	507
Aftertax other	-	-	(296)	-
Gain on sale of property	-	-	(724)	-
Aftertax cost of loss on extinguishment of debt	52	-	8,778	273
Adjusted income from continuing operations	\$ 18,009	\$12,763	\$56,824	\$38,930

Earnings/(Loss) Per Share As Reported

Net income/(loss)	\$ 0.76	\$ 0.30	\$ 1.77	\$ 1.26
Average number of shares outstanding	23,933	26,190	24,711	26,147
Diluted Earnings/(Loss) Per Share As Reported	\$ 0.74	\$ 0.30	\$ 1.73	\$ 1.23
Average number of shares outstanding	24,466	26,633	25,249	26,750
Adjusted Earnings Per Share				
Income from continuing operations	\$ 0.75	\$ 0.49	\$ 2.30	\$ 1.49
Average number of shares outstanding	23,933	26,190	24,711	26,147
Adjusted Diluted Earnings Per Share				
Income from continuing operations	\$ 0.74	\$ 0.48	\$ 2.25	\$ 1.46
Average number of shares outstanding	24,466	26,633	25,249	26,750

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

CHEMED CORPORATION AND SUBSIDIARY COMPANIES  
OPERATING STATISTICS FOR VITAS SEGMENT  
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2007 AND 2006  
(unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2007	2006 (f )	2007	2006 (f )
<b>OPERATING STATISTICS</b>				
Net revenue (\$000) (d)				
Homecare	\$137,406	\$125,930	\$403,748	\$359,930
Inpatient	22,861	21,830	69,068	66,566
Continuous care	28,921	30,140	85,650	89,587
Total before Medicare cap allowance	189,188	177,900	558,466	516,083
Medicare cap allowance	(714)	(2,611)	(242)	(3,210)
Total	\$188,474	\$175,289	\$558,224	\$512,873
Net revenue as a percent of total before Medicare cap allowance				
Homecare	72.6 %	70.8 %	72.3 %	69.7 %
Inpatient	12.1	12.3	12.4	12.9
Continuous care	15.3	16.9	15.3	17.4
Total before Medicare cap allowance	100.0	100.0	100.0	100.0
Medicare cap allowance	(0.4)	(1.5)	(0.0)	(0.6)
Total	99.6 %	98.5 %	100.0 %	99.4 %
Average daily census ("ADC") (days)				
Homecare	7,039	6,480	6,914	6,231
Nursing home	3,567	3,587	3,572	3,479
Routine homecare	10,606	10,067	10,486	9,710
Inpatient	412	400	417	411
Continuous care	511	553	512	553
Total	11,529	11,020	11,415	10,674

Total Admissions	13,436	12,686	41,204	39,446
Total Discharges	13,403	12,524	40,823	38,352
Average length of stay (days)	76.7	71.0	76.7	70.5
Median length of stay (days)	14.0	14.0	13.0	13.0
ADC by major diagnosis				
Neurological	32.8 %	33.6 %	33.1 %	33.4 %
Cancer	20.3	20.1	19.9	20.1
Cardio	14.2	14.7	14.5	14.9
Respiratory	6.8	6.9	6.9	7.1
Other	25.9	24.7	25.6	24.5
Total	100.0 %	100.0 %	100.0 %	100.0 %
=====				
Admissions by major diagnosis				
Neurological	18.2 %	19.3 %	18.5 %	19.9 %
Cancer	37.5	37.0	35.9	35.4
Cardio	12.1	12.4	12.8	13.2
Respiratory	7.1	6.7	7.6	7.2
Other	25.1	24.6	25.2	24.3
Total	100.0 %	100.0 %	100.0 %	100.0 %
=====				
Direct patient care margins (e)				
Routine homecare	51.0 %	49.1 %	50.9 %	48.8 %
Inpatient	15.9	16.5	18.3	20.2
Continuous care	16.9	17.5	18.2	18.7
Homecare margin drivers (dollars per patient day)				
Labor costs	\$ 48.86	\$ 48.28	\$ 48.98	\$ 49.25
Drug costs	7.88	8.46	7.95	8.10
Home medical equipment	5.65	5.66	5.73	5.57
Medical supplies	2.22	2.21	2.16	2.14
Inpatient margin drivers (dollars per patient day)				
Labor costs	\$ 274.64	\$ 269.72	\$ 263.11	\$ 258.48
Continuous care margin drivers (dollars per patient day)				
Labor costs	\$ 490.94	\$ 467.64	\$ 479.83	\$ 461.89
Bad debt expense as a percent of revenues	0.9 %	0.9 %	0.9	0.9 %
Accounts receivable -- days of revenue outstanding	39.6	42.1	N.A.	N.A.

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

CHEMED CORPORATION AND SUBSIDIARY COMPANIES  
FOOTNOTES TO FINANCIAL STATEMENTS  
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2007 AND 2006  
(unaudited)

(a) Included in the results of operations for the three and nine months ended September 30, 2007 are the following significant credits/(charges) which may not be indicative of on going operations (in thousands):

	Three Months Ended September 30, 2007		
	VITAS	Corporate	Consolidated
Selling, general and administrative expenses			
Costs associated with OIG investigation	\$ (48)	\$ -	\$ (48)
Stock option expense	-	(1,592)	(1,592)
Loss on extinguishment of debt	-	(83)	(83)
Pretax impact on earnings	(48)	(1,675)	(1,723)
Income tax benefit/(charge) on the above	18	612	630

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Aftertax impact on earnings	\$	(30)	\$ (1,063)	\$ (1,093)
=====				
-----				
Nine Months Ended September 30, 2007				
-----				
	VITAS	Corporate	Consolidated	
-----				
Selling, general and administrative expenses				
Long-term incentive compensation	\$	-	\$ (7,067)	\$ (7,067)
Costs associated with OIG investigation		(188)	-	(188)
Stock option expense		-	(3,074)	(3,074)
Other		-	467	467
Other operating expenses/(income)				
Gain on sale of property		-	1,138	1,138
Loss on extinguishment of debt		-	(13,798)	(13,798)
-----				
Pretax impact on earnings		(188)	(22,334)	(22,522)
Income tax benefit/(charge) on the above		71	8,197	8,268
-----				
Aftertax impact on earnings	\$	(117)	\$ (14,137)	\$ (14,254)
=====				

(b) Included in the results of operations for the three and nine months ended September 30, 2006 are the following significant credits/(charges) which may not be indicative of on going operations (in thousands):

-----				
Three Months Ended September 30, 2006				
-----				
	VITAS	Roto-Rooter	Corporate	Consolidated
-----				
Selling, general and administrative expenses				
Costs associated with OIG investigation	\$ (344)	\$ -	\$ -	\$ (344)
Stock option expense	-	-	(597)	(597)
Other operating expenses/(income)				
Lawsuit settlement	(272)	-	-	(272)
Loss on impairment of investment	-	-	(1,445)	(1,445)
-----				
Pretax impact on earnings	(616)	-	(2,042)	(2,658)
Income tax benefit on the above	234	-	745	979
Income tax benefit from finalizing prior years' returns	-	927	864	1,791
-----				
Aftertax impact on earnings	\$ (382)	\$ 927	\$ (433)	\$ 112
=====				

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Nine Months Ended September 30, 2006				
-----				
	VITAS	Roto-Rooter	Corporate	Consolidated
-----				
Selling, general and administrative expenses				
Costs associated				



with OIG				
investigation	\$ (818)	\$ -	\$ -	\$ (818)
Stock option				
expense	-	-	(615)	(615)
Other operating				
expenses/(income)				
Lawsuit				
settlement	(272)	-	-	(272)
Loss on impairment				
of investment	-	-	(1,445)	(1,445)
Loss on				
extinguishment of				
debt	-	-	(430)	(430)
	-----			
Pretax impact				
on earnings	(1,090)	-	(2,490)	(3,580)
	414	-	908	1,322
Income tax benefit				
on the above	-	927	864	1,791
	-----			
Aftertax				
impact on				
earnings	\$ (676)	\$ 927	\$ (718)	\$ (467)
	=====	=====	=====	=====

(c) Under Generally Accepted Accounting Principles ("GAAP"), the Roto-Rooter segment expenses all advertising, including the cost of telephone directories, immediately upon the initial release of the advertising. Telephone directories are generally in circulation 12 months. If a directory is in circulation for a time period greater or less than 12 months, the publisher adjusts the directory billing for the change in billing period. The timing of when a telephone directory is published can and does fluctuate significantly on a quarterly basis. This "direct expensing" results in significant fluctuations in quarterly advertising expense. In the third quarters of 2007 and 2006, GAAP advertising expense for Roto-Rooter totaled \$5,008,000 and \$4,646,000, respectively. If the expense of the telephone directories were spread over the periods they are in circulation, advertising expense for the third quarters of 2007 and 2006 would total \$5,543,000 and \$5,137,000, respectively. For the nine months ended September 30, 2007 and 2006, GAAP advertising expense for Roto-Rooter totaled \$15,650,000 and \$13,984,000, respectively. If the expense of the telephone directories were spread over the periods they are in circulation, advertising expense for the nine months ended September 30, 2007 and 2006 would total \$16,581,000 and \$15,056,000, respectively.

(d) VITAS has 6 large (greater than 450 ADC), 15 medium (greater than 200 but less than 450 ADC) and 22 small (less than 200 ADC) hospice programs. There are two programs with Medicare cap cushion of less than 10% for the 2007 measurement period.

(e) Amounts exclude indirect patient care and administrative costs, as well as Medicare Cap billing limitation.

(f) Reclassified for operations discontinued in November 2006.

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