

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

Quarterly Report Under Section 13 or 15 (d) of the Securities Exchange Act of 1934 For the Quarterly Period Ended September 30, 2009

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

Commission File Number: 1-8351

CHEMED CORPORATION

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of incorporation or organization)

31-0791746
(IRS Employer Identification No.)

2600 Chemed Center, 255 E. Fifth Street, Cincinnati, Ohio
(Address of principal executive offices)

45202
(Zip code)

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter periods that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (\$322.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer or a non-accelerated filer (as defined in Rule 12b-2 of the Exchange Act).

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class	Amount	Date
Capital Stock \$1 Par Value	22,557,524 Shares	September 30, 2009

CHEMED CORPORATION AND
SUBSIDIARY COMPANIES

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PART I. FINANCIAL INFORMATION
Item 1. Financial Statements
CHEMED CORPORATION AND SUBSIDIARY COMPANIES
UNAUDITED CONSOLIDATED BALANCE SHEET
(in thousands, except share and per share data)

	<u>September 30,</u> <u>2009</u>	<u>December 31,</u> <u>2008</u>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 42,047	\$ 3,628
Accounts receivable less allowances of \$12,352 (2008 - \$10,320)	106,667	98,076
Inventories	8,071	7,569
Current deferred income taxes	16,648	15,392
Prepaid expenses and other current assets	8,579	11,268
Total current assets	<u>182,012</u>	<u>135,933</u>
Investments of deferred compensation plans held in trust	22,441	22,628
Properties and equipment, at cost, less accumulated depreciation of \$111,625 (2008 - \$101,689)	73,918	76,962
Identifiable intangible assets less accumulated amortization of \$24,326 (2008 - \$21,272)	58,853	61,303
Goodwill	450,130	448,721
Other assets	14,049	14,075
Total Assets	<u>\$ 801,403</u>	<u>\$ 759,622</u>
LIABILITIES		
Current liabilities		
Accounts payable	\$ 47,788	\$ 52,810
Current portion of long-term debt	70	10,169
Income taxes	8,022	2,181
Accrued insurance	34,955	35,994
Accrued compensation	41,383	40,741
Other current liabilities	12,992	12,180
Total current liabilities	<u>145,210</u>	<u>154,075</u>
Deferred income taxes	22,389	22,477
Long-term debt	150,431	158,210
Deferred compensation liabilities	21,962	22,417
Other liabilities	4,435	5,612
Total Liabilities	<u>344,427</u>	<u>362,791</u>
STOCKHOLDERS' EQUITY		
Capital stock - authorized 80,000,000 shares \$1 par; issued 29,762,595 shares (2008 - 29,514,877 shares)	29,763	29,515
Paid-in capital	327,918	313,516
Retained earnings	388,109	337,739
Treasury stock - 7,205,071 shares (2008 - 7,100,475 shares), at cost	(290,748)	(285,977)
Deferred compensation payable in Company stock	1,934	2,038
Total Stockholders' Equity	<u>456,976</u>	<u>396,831</u>
Total Liabilities and Stockholders' Equity	<u>\$ 801,403</u>	<u>\$ 759,622</u>

See accompanying notes to unaudited financial statements.

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2009	2008	2009	2008
Service revenues and sales	\$ 296,794	\$ 288,312	\$ 886,987	\$ 856,736
Cost of services provided and goods sold (excluding depreciation)	208,888	202,446	623,238	609,397
Selling, general and administrative expenses	48,148	44,022	143,521	133,070
Depreciation	5,361	5,441	16,024	16,249
Amortization	1,611	1,494	4,765	4,433
Other operating expense	-	-	3,989	-
Total costs and expenses	<u>264,008</u>	<u>253,403</u>	<u>791,537</u>	<u>763,149</u>
Income from operations	32,786	34,909	95,450	93,587
Interest expense	(2,853)	(3,140)	(8,839)	(9,213)
Other income/(expense)--net	1,733	(1,908)	4,815	(2,211)
Income before income taxes	31,666	29,861	91,426	82,163
Income taxes	(12,456)	(12,910)	(35,627)	(33,081)
Net income	<u>\$ 19,210</u>	<u>\$ 16,951</u>	<u>\$ 55,799</u>	<u>\$ 49,082</u>
Earnings Per Share				
Net income	\$ 0.86	\$ 0.75	\$ 2.49	\$ 2.11
Average number of shares outstanding	<u>22,461</u>	<u>22,503</u>	<u>22,425</u>	<u>23,285</u>
Diluted Earnings Per Share				
Net income	\$ 0.84	\$ 0.74	\$ 2.46	\$ 2.08
Average number of shares outstanding	<u>22,744</u>	<u>22,818</u>	<u>22,679</u>	<u>23,620</u>
Cash Dividends Per Share	<u>\$ 0.12</u>	<u>\$ 0.06</u>	<u>\$ 0.24</u>	<u>\$ 0.18</u>

See accompanying notes to unaudited financial statements.

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

	Nine Months Ended	
	2009	September 30,
	2008	2008
Cash Flows from Operating Activities		
Net income	\$ 55,799	\$ 49,082
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	20,789	20,682
Provision for uncollectible accounts receivable	8,297	7,101
Stock option expense	6,699	5,084
Amortization of discount on convertible notes	4,921	4,920
Provision for deferred income taxes	(1,336)	(3,945)
Amortization of debt issuance costs	480	464
Changes in operating assets and liabilities, excluding amounts acquired in business combinations:		
Decrease/(increase) in accounts receivable	(16,936)	5,846
Increase in inventories	(499)	(851)
Decrease in prepaid expenses and other current assets	1,406	2,804
Decrease in accounts payable and other current liabilities	(4,584)	(875)
Increase/(decrease) in income taxes	8,657	(329)
Increase in other assets	(103)	(547)
Increase/(decrease) in other liabilities	(1,632)	674
Excess tax benefit on share-based compensation	(1,519)	(1,234)
Other sources	108	654
Net cash provided by operating activities	<u>80,547</u>	<u>89,530</u>
Cash Flows from Investing Activities		
Capital expenditures	(14,471)	(13,103)
Business combinations, net of cash acquired	(1,859)	(1,578)
Proceeds from sales of property and equipment	1,519	200
Net proceeds/(uses) from the sale of discontinued operations	(558)	8,980
Other uses	(392)	(421)
Net cash used by investing activities	<u>(15,761)</u>	<u>(5,922)</u>
Cash Flows from Financing Activities		
Repayment of long-term debt	(14,599)	(7,595)
Net decrease in revolving line of credit	(8,200)	-
Dividends paid	(5,429)	(4,352)
Purchases of treasury stock	(1,684)	(69,136)
Excess tax benefit on share-based compensation	1,519	1,234
Increase/(decrease) in cash overdraft payable	943	(1,913)
Other sources/(uses)	1,083	(30)
Net cash used by financing activities	<u>(26,367)</u>	<u>(81,792)</u>
Increase in Cash and Cash Equivalents	<u>38,419</u>	<u>1,816</u>
Cash and cash equivalents at beginning of year	3,628	4,988
Cash and cash equivalents at end of period	<u>\$ 42,047</u>	<u>\$ 6,804</u>

See accompanying notes to unaudited financial statements.

1. Basis of Presentation

As used herein, the terms "We," "Company" and "Chemed" refer to Chemed Corporation or Chemed Corporation and its consolidated subsidiaries.

We have prepared the accompanying unaudited consolidated financial statements of Chemed in accordance with Rule 10-01 of SEC Regulation S-X. Consequently, we have omitted certain disclosures required under generally accepted accounting principles in the United States ("GAAP") for complete financial statements. The December 31, 2008 balance sheet data were derived from audited financial statements but do not include all disclosures required by GAAP. However, in our opinion, the financial statements presented herein contain all adjustments, consisting only of normal recurring adjustments, necessary to present fairly our financial position, results of operations and cash flows. These financial statements are prepared on the same basis as and should be read in conjunction with the Consolidated Financial Statements and related notes included in our Annual Report on Form 10-K for the year ended December 31, 2008. Certain 2008 amounts have been restated to conform with current period presentation related to adoption of new accounting guidance for our convertible debt, as described in Note 5.

In June 2009, the FASB established the Accounting Standards Codification, "Codification", which established the Codification as the single source of authoritative nongovernmental U.S. GAAP. The Codification was effective for interim or annual financial periods ending after September 15, 2009. We have adopted the Codification and all references in our financial statements to authoritative U.S. GAAP have been changed.

2. Revenue Recognition

Both the VITAS segment and the Roto-Rooter segment recognize service revenues and sales when the earnings process has been completed. Generally, this occurs when services are provided or products are delivered. VITAS recognizes revenue at the estimated realizable amount due from third-party payers. Medicare payments are subject to certain limitations, as described below.

As of September 30, 2009, VITAS has approximately \$12.1 million in unbilled revenue (December 31, 2008 - \$13.9 million). The unbilled revenue at VITAS relates to hospice programs currently undergoing focused medical reviews ("FMR"). During FMR, surveyors working on behalf of the U.S. Federal government review certain patient files for compliance with Medicare regulations. During the time the patient file is under review, we are unable to bill for care provided to those patients. We make appropriate provisions to reduce our accounts receivable balance for potential denials of patient service revenue due to FMR activity.

The U.S. government revises hospice reimbursement rates on an annual basis using the Hospice Wage Index (HWI) and the Budget Neutrality Adjustment Factor (BNAF). The HWI is used to adjust reimbursement rates to reflect local differences in wages. The BNAF is an estimated inflation factor applied to the HWI. In August 2008, the U.S. government announced a 25% reduction in the BNAF for its fiscal 2009 (October 2008 through September 2009) pursuant to a three year phase-out of the BNAF. The February 2009 American Recovery and Reinvestment Act mandated a one year delay in the BNAF phase-out. As a result, included in the nine months ended September 30, 2009 results, is \$1.95 million of revenue for the retroactive price increase related to services provided by VITAS in the fourth quarter of 2008. Revenue for service provided in fiscal 2009 includes a reimbursement rate with the full BNAF increase.

We actively monitor each of our hospice programs, by provider number, as to their specific admission, discharge rate and median length of stay data in an attempt to determine whether they are likely to exceed the annual per-beneficiary Medicare cap ("Medicare cap"). Should we determine that revenues for a program are likely to exceed the Medicare cap based on projected trends, we attempt to institute corrective action to influence the patient mix or to increase patient admissions. However, should we project our corrective action will not prevent that program from exceeding its Medicare cap, we estimate the amount of revenue recognized during the period that will require repayment to the Federal government under the Medicare cap and record the amount as a reduction to patient revenue. The Medicare cap measurement period is from September 29 through September 28 of the following year for admissions and from November 1 through October 31 of the following year for revenue. For the three-month period ended September 30, 2009, we recorded \$43,000 in Medicare cap liability related to a retroactive billing for 2006. During the nine-month period ended September 30, 2009, we reversed our estimated liability of \$235,000 due to improved admission trends. This relates to one program's projected liability that was recorded during the fourth quarter of 2008 and the first quarter of 2009. Finally, we paid \$302,000 for a retroactive billing related to our discontinued Phoenix operation during the third quarter of 2009. This amount was previously accrued and had no impact on our income statement. No revenue reduction for Medicare cap liability was recorded for the three or nine-month periods ended September 30, 2008.

3. **Segments**

Service revenues and sales and after-tax earnings by business segment are as follows (in thousands):

	Three months ended		Nine months ended	
	September 30,		September 30,	
	2009	2008	2009	2008
Service Revenues and Sales				
VITAS	\$ 217,067	\$ 204,956	\$ 636,787	\$ 602,589
Roto-Rooter	79,727	83,356	250,200	254,147
Total	<u>\$ 296,794</u>	<u>\$ 288,312</u>	<u>\$ 886,987</u>	<u>\$ 856,736</u>
After-tax Earnings				
VITAS	\$ 18,267	\$ 17,561	\$ 52,794	\$ 45,180
Roto-Rooter	7,988	7,957	25,115	25,445
Total	<u>26,255</u>	<u>25,518</u>	<u>77,909</u>	<u>70,625</u>
Corporate	<u>(7,045)</u>	<u>(8,567)</u>	<u>(22,110)</u>	<u>(21,543)</u>
Net income	<u>\$ 19,210</u>	<u>\$ 16,951</u>	<u>\$ 55,799</u>	<u>\$ 49,082</u>

4. **Earnings per Share**

Earnings per share are computed using the weighted average number of shares of capital stock outstanding. Earnings and diluted earnings per share for 2009 and 2008 are computed as follows (in thousands, except per share data):

	For the Three Months Ended September 30,	Net Income	Shares	Earnings per Share
2009				
Earnings	\$ 19,210	22,461	<u>\$ 0.86</u>	
Dilutive stock options	-	227		
Nonvested stock awards	-	56		
Diluted earnings	<u>\$ 19,210</u>	<u>22,744</u>	<u>\$ 0.84</u>	
2008				
Earnings	\$ 16,951	22,503	<u>\$ 0.75</u>	
Dilutive stock options	-	287		
Nonvested stock awards	-	28		
Diluted earnings	<u>\$ 16,951</u>	<u>22,818</u>	<u>\$ 0.74</u>	

For the Nine Months Ended September 30,		Net Income	Shares	Earnings per Share
2009				
	Earnings	\$ 55,799	22,425	\$ 2.49
	Dilutive stock options	-	212	
	Nonvested stock awards	-	42	
	Diluted earnings	\$ 55,799	22,679	\$ 2.46
2008				
	Earnings	\$ 49,082	23,285	\$ 2.11
	Dilutive stock options	-	305	
	Nonvested stock awards	-	30	
	Diluted earnings	\$ 49,082	23,620	\$ 2.08

For the three and nine-month periods ended September 30, 2009, 1,325,417 and 1,655,418, respectively, stock options were excluded from the computation of diluted earnings per share as their exercise prices were greater than the average market price for most of the period. For both the three and nine-month periods ended September 30, 2008, 829,000 stock options were excluded, respectively, from the computation of diluted earnings per share.

Diluted earnings per share may be impacted in future periods as the result of the issuance of our 1.875% Senior Convertible Notes (the "Notes") and related purchased call options and sold warrants. Per FASB's authoritative guidance on the effect of contingently convertible instruments on diluted earnings per share and convertible bonds with an issuer option to settle for cash upon conversion, we will not include any shares related to the Notes in our calculation of diluted earnings per share until our average stock price for a quarter exceeds the conversion price of \$80.73. We would then include in our diluted earnings per share calculation those shares issuable using the treasury stock method. The amount of shares issuable is based upon the amount by which the average stock price for the quarter exceeds the conversion price. The purchased call option does not impact the calculation of diluted earnings per share as it is always anti-dilutive. The sold warrants become dilutive when our average stock price for a quarter exceeds the strike price of the warrant.

The following table provides examples of how changes in our stock price impact the number of shares that would be included in our diluted earnings per share calculation. It also shows the impact on the number of shares issuable upon conversion of the Notes and settlement of the purchased call options and sold warrants:

Share Price	Shares Underlying 1.875% Convertible Notes	Warrant Shares	Total Treasury Method Incremental Shares (a)	Shares Due to the Company under Notes Hedges	Incremental Shares Issued/ (Received) by the Company upon Conversion (b)
\$ 80.73	-	-	-	-	-
\$ 90.73	255,243	-	255,243	(273,061)	(17,818)
\$ 100.73	459,807	-	459,807	(491,905)	(32,098)
\$ 110.73	627,423	118,359	745,782	(671,222)	74,560
\$ 120.73	767,272	313,764	1,081,036	(820,833)	260,203
\$ 130.73	885,726	479,274	1,365,000	(947,556)	417,444

(a) Represents the number of incremental shares that must be included in the calculation of fully diluted shares under U.S. GAAP.

(b) Represents the number of incremental shares to be issued by the Company upon conversion of the Notes, assuming concurrent settlement of the note hedges and warrants.

5. **Long-Term Debt**

We are in compliance with all debt covenants as of September 30, 2009. We have issued \$27.9 million in standby letters of credit as of September 30, 2009 for insurance purposes. Issued letters of credit reduce our available credit under the revolving credit agreement. As of September 30, 2009, we have approximately \$147.1 million of unused lines of credit available and eligible to be drawn down under our revolving credit facility, excluding the expansion feature.

In May 2008, the FASB issued authoritative guidance for accounting for convertible debt instruments that may be settled in cash upon conversion including partial cash settlement. This guidance requires all convertible debentures classified as Instruments B or C to separately account for the debt and equity pieces of the instrument. Convertible debentures classified as Instruments B may be settled in either stock or cash equivalent to the conversion value and convertible debentures classified as Instruments C must settle the accreted value of the obligation in cash and may satisfy the excess conversion value in either cash or stock. At inception of the convertible instrument, cash flows related to the convertible instrument are to be discounted using a market rate of interest. We adopted the provisions of the guidance on January 1, 2009 and applied the guidance retrospectively. Upon adoption, the Notes had a discount of approximately \$54.9 million. Retained earnings as of January 1, 2008 decreased \$2.3 million as a result of the cumulative effect of adoption.

The following amounts are included in our consolidated balance sheet related to the Notes:

	September 30, 2009	December 31, 2008
Principal amount of convertible debentures	\$ 186,956	\$ 186,956
Unamortized debt discount	(36,525)	(41,446)
Carrying amount of convertible debentures	<u>\$ 150,431</u>	<u>\$ 145,510</u>
Additional paid in capital (net of tax)	<u>\$ 31,310</u>	<u>\$ 31,310</u>

The following amounts comprise interest expense included in our consolidated income statement (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2009	2008	2009	2008
Cash interest expense	\$ 1,014	\$ 1,319	\$ 3,438	\$ 3,829
Non-cash amortization of debt discount	1,668	1,668	4,921	4,920
Amortization of debt costs	171	153	480	464
Total interest expense	<u>\$ 2,853</u>	<u>\$ 3,140</u>	<u>\$ 8,839</u>	<u>\$ 9,213</u>

The unamortized debt discount will be amortized using the effective interest method over the remaining life of the Notes. The effective rate on the Notes after adoption of the standard is approximately 6.875%. The gain on extinguishment of debt recognized in 2008 upon our repurchase of a portion of the Notes decreased by approximately \$802,000 upon adoption, due to a portion of the extinguishment being attributed to the equity component of our Notes.

6. **Other Operating Expenses**

For the nine-month period ended September 30, 2009 we recorded pretax expenses of \$4.0 million related to the costs of a contested proxy solicitation.

7. Other Income/ (Expense) -- Net

Other income/ (expense) -- net comprises the following (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2009	2008	2009	2008
Market value gains/(losses) on assets held in deferred compensation trust	\$ 1,789	\$ (1,944)	\$ 3,374	\$ (2,625)
Loss on disposal of property and equipment	(159)	(147)	(213)	(260)
Interest income	86	159	375	602
Gain on settlement of company owned life insurance	-	-	1,211	-
Other - net	17	24	68	72
Total other income	<u>\$ 1,733</u>	<u>\$ (1,908)</u>	<u>\$ 4,815</u>	<u>\$ (2,211)</u>

8. Other Current Liabilities

Other current liabilities as of September 30, 2009 and December 31, 2008 consist of the following (in thousands):

	2009	2008
Accrued legal settlements	\$ 312	\$ 410
Accrued divestiture expenses	849	837
Accrued Medicare cap estimate	241	735
Other	11,590	10,198
Total other current liabilities	<u>\$ 12,992</u>	<u>\$ 12,180</u>

9. Stock-Based Compensation Plans

On February 19, 2009, the Compensation/Incentive Committee of the Board of Directors ("CIC") approved a grant of 53,199 shares of restricted stock to certain key employees. The restricted shares cliff vest four years from the date of issuance. The cumulative compensation expense related to the restricted stock award is \$2.3 million and will be recognized ratably over the four-year vesting period. We assumed no forfeitures in determining the cumulative compensation expense of the grant.

On February 19, 2009, the CIC approved a grant of 508,600 stock options to certain employees. The stock options vest ratably over three years from the date of issuance. The cumulative compensation expense related to the stock option grant is \$7.1 million and will be recognized over the three-year vesting period. We used the Black-Scholes option valuation method to determine the cumulative compensation expense of the grant.

On May 29, 2009, the Compensation/Incentive Committee ("CIC") approved a new stock-price target portion of the Company's Executive Long-Term Incentive Plan ("LTIP"), which covers our officers and key employees. The new stock price hurdles are as follows:

Stock Price Hurdle	Shares to be Issued
\$ 54.00	22,500
\$ 58.00	33,750
\$ 62.00	33,750
Total	<u>90,000</u>

The stock price hurdles must be achieved during 30 trading days out of any 60 trading day period between May 29, 2009 and February 28, 2012.

10. Loans Receivable from Independent Contractors

The Roto-Rooter segment sublicenses with sixty-three independent contractors to operate certain plumbing repair and drain cleaning businesses in lesser-populated areas of the United States and Canada. We had notes receivable from our independent contractors as of September 30, 2009 totaling \$1.6 million (December 31, 2008 - -\$1.6 million). In most cases these loans are fully or partially secured by equipment owned by the contractor. The interest rates on the loans range from zero to 8% per annum and the remaining terms of the loans range from two months to 5 years at September 30, 2009. During the three months ended September 30, 2009, we recorded revenues of \$5.3 million (2008 - \$5.3 million) and pretax profits of \$2.4 million (2008 - \$2.5 million) from our independent contractors. During the nine months ended September 30, 2009, we recorded revenues of \$16.0 million (2008 - \$16.5 million) and pretax profits of \$7.1 million (2008 - \$7.6 million) from our independent contractors

We have adopted the provisions of the FASB's authoritative guidance on the consolidation of variable interest entities relative to our contractual relationships with the independent contractors. The guidance requires the primary beneficiary of a Variable Interest Entity ("VIE") to consolidate the accounts of the VIE. We have evaluated our relationships with our independent contractors based upon the guidance provided by the FASB and have concluded that some of the contractors who have loans payable to us may be VIE's. We believe consolidation, if required, of the accounts of any VIE's for which we might be the primary beneficiary would not materially impact our financial position, results of operations or cash flows.

11. Pension and Retirement Plans

All of the Company's plans that provide retirement and similar benefits are defined contribution plans. Expenses for the Company's pension and profit-sharing plans, excess benefit plans and other similar plans were \$4.3 million and \$838,000 for the three months ended September 30, 2009 and 2008, respectively. Expenses for the Company's pension and profit-sharing plans, excess benefit plans and other similar plans were \$11.3 million and \$6.3 million for the nine months ended September 30, 2009 and 2008, respectively.

12. Litigation

VITAS is party to a class action lawsuit filed in the Superior Court of California, Los Angeles County, in September 2006 by Bernadette Santos, Keith Knoche and Joyce White ("Santos"). This case alleges failure to pay overtime and failure to provide meal and rest periods to a purported class of California admissions nurses, chaplains and sales representatives. The case seeks payment of penalties, interest and Plaintiffs' attorney fees. VITAS contests these allegations. The lawsuit is in its early stages and we are unable to estimate our potential liability, if any, with respect to these allegations.

Regardless of outcome, defense of litigation adversely affects us through defense costs, diversion of our time and related publicity. In the normal course of business, we are a party to various claims and legal proceedings. We record a reserve for these matters when an adverse outcome is probable and the amount of the potential liability is reasonably estimable.

13. Regulatory Matters

In April 2005, the Office of Inspector General ("OIG") for the Department of Health and Human Services served VITAS with civil subpoenas relating to VITAS' alleged failure to appropriately bill Medicare and Medicaid for hospice services. As part of this investigation, the OIG selected medical records for 320 past and current patients from VITAS' three largest programs for review. It also sought policies and procedures dating back to 1998 covering admissions, certifications, recertifications and discharges. During the third quarter of 2005 and again in May 2006, the OIG requested additional information from us. The Court dismissed a related qui tam complaint filed in U.S. District Court for the Southern District of Florida with prejudice in July 2007. The plaintiffs appealed this dismissal, which the Court of Appeals affirmed. The government continues to investigate the complaint's allegations. In March 2009, we received a letter from the government reiterating the basis of their investigation.

In May 2009, VITAS received an administrative subpoena from the U.S. Department of Justice requesting VITAS deliver to the OIG documents, patient records, and policy and procedure manuals for headquarters and its Texas programs concerning hospice services provided for the period January 1, 2003 to the date of the letter. In August 2009, the OIG selected medical records for 59 past and current patients from a Texas program for review. Based on the early stage of the investigation and the limited information we have at this time, we cannot predict the outcome of this investigation. We believe that we are in material compliance with Medicare and Medicaid rules and regulations applicable to hospice providers.

We are unable to predict the outcome of these matters or the impact, if any, that the investigation may have on our business, results of operations, liquidity or capital resources. Regardless of outcome, responding to the subpoenas can adversely affect us through defense costs, diversion of our time and related publicity.

14. Related Party Agreement

VITAS has two pharmacy services agreements ("Agreements") with Omnicare, Inc. and its subsidiaries ("OCR") whereby OCR provides specified pharmacy services for VITAS and its hospice patients in geographical areas served by both VITAS and OCR. The Agreements renew automatically for one-year terms. Either party may cancel the Agreements at the end of any term by giving written notice at least 90 days prior to the end of said term. VITAS made purchases from OCR of \$8.5 million and \$8.3 million for the three months ended September 30, 2009 and 2008, respectively. VITAS made purchases of \$24.6 million and \$24.8 million for the nine months ended September 30, 2009 and 2008, respectively. VITAS has accounts payable to OCR of \$417,000 at September 30, 2009.

Mr. Joel F. Gemunder, President and Chief Executive Officer of OCR and Ms. Andrea Lindell are directors of both OCR and the Company. Mr. Kevin J. McNamara, President, Chief Executive Officer and a director of the Company, is a director emeritus of OCR. We believe that the terms of these agreements are no less favorable to VITAS than we could negotiate with an unrelated party.

15. Cash Overdrafts Payable

Included in accounts payable at September 30, 2009 is cash overdrafts payable of \$9.8 million (December 31, 2008 - - \$8.8 million).

16. Financial Instruments

On January 1, 2008, we partially adopted the provisions of the authoritative guidance on fair value measurements. This statement defines a hierarchy which prioritizes the inputs in fair value measurements. Level 1 measurements are measurements using quoted prices in active markets for identical assets or liabilities. Level 2 measurements use significant other observable inputs. Level 3 measurements are measurements using significant unobservable inputs which require a company to develop its own assumptions. In recording the fair value of assets and liabilities, companies must use the most reliable measurement available. There was no impact on our financial position or results of operations upon partial adoption of this authoritative guidance.

On January 1, 2009, the deferral period granted relative to the fair value measurement of our goodwill and indefinite lived intangible assets expired. There was no impact on our financial position or results of operations as a result of the expiration of the deferral.

The following shows the carrying value, fair value and the hierarchy for our financial instruments as of September 30, 2009 (in thousands):

	Carrying Value	Fair Value Measure		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Mutual fund investments of deferred compensation plans held in trust	\$ 22,441	\$ 22,441	\$ -	\$ -
Long-term debt	150,501	153,916	-	-

For cash and cash equivalents, accounts receivable and accounts payable, the carrying amount is a reasonable estimate of fair value because of the liquidity and short-term nature of these instruments.

17. Subsequent Events

In May 2009, the FASB issued authoritative guidance on subsequent events which established general standards of accounting for and disclosure of events that occur after the balance sheet date but before financial statements are issued or available to be issued. It requires the disclosure of the date through which subsequent events have been evaluated as well as the basis for that date. The guidance was effective prospectively for interim or annual financial periods ending after June 15, 2009. We have evaluated all subsequent events through October 30, 2009, the date of this filing, and determined there are no material recognized or unrecognized subsequent events.

18. Recent Accounting Statements

In June 2009, the FASB issued additional guidance related to the consolidation of variable interest entities, which makes significant changes to the model for determining who should consolidate an entity and also addresses how often this assessment should be performed. The determination of who should consolidate a variable interest entity will be based on both quantitative and qualitative factors relating to control, as well as risks and benefits of ownership. This guidance is effective in 2010 for calendar-year companies and is to be adopted through a cumulative-effect adjustment. We are currently evaluating the impact of adoption of these provisions on our existing accounting methods.

19. Guarantor Subsidiaries

Our 1.875% Notes are fully and unconditionally guaranteed on an unsecured, jointly and severally liable basis by certain of our 100% owned subsidiaries. The following unaudited, condensed, consolidating financial data presents the composition of the parent company (Chemed), the guarantor subsidiaries and the non-guarantor subsidiaries as of September 30, 2009 and December 31, 2008 for the balance sheet, the three and nine months ended September 30, 2009 and September 30, 2008 for the income statement and the nine months ended September 30, 2009 and September 30, 2008 for the statement of cash flows (dollars in thousands):

As of September 30, 2009

	Parent	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating Adjustments	Consolidated
ASSETS					
Cash and cash equivalents	\$ 39,411	\$ (1,176)	\$ 3,812	\$ -	\$ 42,047
Accounts receivable, less allowances	671	105,442	554	-	106,667
Intercompany receivables	-	85,970	-	(85,970)	-
Inventories	-	7,378	693	-	8,071
Current deferred income taxes	(1,303)	17,831	120	-	16,648
Prepaid expenses and other current assets	936	7,514	129	-	8,579
Total current assets	<u>39,715</u>	<u>222,959</u>	<u>5,308</u>	<u>(85,970)</u>	<u>182,012</u>
Investments of deferred compensation plans held in trust	-	-	22,441	-	22,441
Properties and equipment, at cost, less accumulated depreciation	10,041	61,782	2,095	-	73,918
Identifiable intangible assets less accumulated amortization	-	58,853	-	-	58,853
Goodwill	-	445,771	4,359	-	450,130
Other assets	11,247	2,462	340	-	14,049
Investments in subsidiaries	628,285	15,311	-	(643,596)	-
Total assets	<u>\$ 689,288</u>	<u>\$ 807,138</u>	<u>\$ 34,543</u>	<u>\$ (729,566)</u>	<u>\$ 801,403</u>
LIABILITIES AND STOCKHOLDERS' EQUITY					
Accounts payable	\$ (2,786)	\$ 50,259	\$ 315	\$ -	\$ 47,788
Intercompany payables	83,982	-	1,988	(85,970)	-
Current portion of long-term debt	-	70	-	-	70
Income taxes	773	6,057	1,192	-	8,022
Accrued insurance	491	34,464	-	-	34,955
Accrued salaries and wages	2,882	38,095	406	-	41,383
Other current liabilities	2,619	10,224	149	-	12,992
Total current liabilities	<u>87,961</u>	<u>139,169</u>	<u>4,050</u>	<u>(85,970)</u>	<u>145,210</u>
Deferred income taxes	(9,039)	37,951	(6,523)	-	22,389
Long-term debt	150,431	-	-	-	150,431
Deferred compensation liabilities	-	-	21,962	-	21,962
Other liabilities	2,959	1,476	-	-	4,435
Stockholders' equity	456,976	628,542	15,054	(643,596)	456,976
Total liabilities and stockholders' equity	<u>\$ 689,288</u>	<u>\$ 807,138</u>	<u>\$ 34,543</u>	<u>\$ (729,566)</u>	<u>\$ 801,403</u>

As of December 31, 2008

	Parent	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating Adjustments	Consolidated
ASSETS					
Cash and cash equivalents	\$ 65	\$ 202	\$ 3,361	\$ -	\$ 3,628
Accounts receivable, less allowances	1,261	96,112	703	-	98,076
Intercompany receivables	-	37,105	-	(37,105)	-
Inventories	-	7,021	548	-	7,569
Current deferred income taxes	(229)	15,511	110	-	15,392
Prepaid expenses and other current assets	2,296	7,982	990	-	11,268
Total current assets	<u>3,393</u>	<u>163,933</u>	<u>5,712</u>	<u>(37,105)</u>	<u>135,933</u>
Investments of deferred compensation plans held in trust	-	-	22,628	-	22,628
Properties and equipment, at cost, less accumulated depreciation	11,665	63,179	2,118	-	76,962
Identifiable intangible assets less accumulated amortization	-	61,303	-	-	61,303
Goodwill	-	444,433	4,288	-	448,721
Other assets	11,312	2,455	308	-	14,075
Investments in subsidiaries	568,038	11,196	-	(579,234)	-
Total assets	<u>\$ 594,408</u>	<u>\$ 746,499</u>	<u>\$ 35,054</u>	<u>\$ (616,339)</u>	<u>\$ 759,622</u>
LIABILITIES AND STOCKHOLDERS' EQUITY					
Accounts payable	\$ (1,688)	\$ 54,175	\$ 323	\$ -	\$ 52,810
Intercompany payables	29,513	-	7,592	(37,105)	-
Current portion of long-term debt	10,000	169	-	-	10,169
Income taxes	(1,940)	3,909	212	-	2,181
Accrued insurance	1,425	34,569	-	-	35,994
Accrued salaries and wages	3,817	36,523	401	-	40,741
Other current liabilities	2,022	8,979	1,179	-	12,180
Total current liabilities	<u>43,149</u>	<u>138,324</u>	<u>9,707</u>	<u>(37,105)</u>	<u>154,075</u>
Deferred income taxes	(7,801)	38,310	(8,032)	-	22,477
Long-term debt	158,210	-	-	-	158,210
Deferred compensation liabilities	-	-	22,417	-	22,417
Other liabilities	4,019	1,593	-	-	5,612
Stockholders' equity	396,831	568,272	10,962	(579,234)	396,831
Total liabilities and stockholders' equity	<u>\$ 594,408</u>	<u>\$ 746,499</u>	<u>\$ 35,054</u>	<u>\$ (616,339)</u>	<u>\$ 759,622</u>

For the three months ended September 30, 2009

Continuing Operations

	Parent	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating Adjustments	Consolidated
Net sales and service revenues	\$ -	\$ 291,121	\$ 5,673	\$ -	\$ 296,794
Cost of services provided and goods sold	-	205,940	2,948	-	208,888
Selling, general and administrative expenses	5,295	39,994	2,859	-	48,148
Depreciation	166	5,016	179	-	5,361
Amortization	588	1,023	-	-	1,611
Total costs and expenses	6,049	251,973	5,986	-	264,008
Income/ (loss) from operations	(6,049)	39,148	(313)	-	32,786
Interest expense	(2,759)	(94)	-	-	(2,853)
Other income - net	1,188	(1,271)	1,816	-	1,733
Income/ (loss) before income taxes	(7,620)	37,783	1,503	-	31,666
Income tax (provision)/ benefit	2,452	(14,317)	(591)	-	(12,456)
Equity in net income of subsidiaries	24,378	903	-	(25,281)	-
Net income	\$ 19,210	\$ 24,369	\$ 912	\$ (25,281)	\$ 19,210

For the three months ended September 30, 2008

Continuing Operations

	Parent	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating Adjustments	Consolidated
Net sales and service revenues	\$ -	\$ 282,103	\$ 6,209	\$ -	\$ 288,312
Cost of services provided and goods sold	-	199,308	3,138	-	202,446
Selling, general and administrative expenses	5,015	39,725	(718)	-	44,022
Depreciation	130	5,122	189	-	5,441
Amortization	487	1,007	-	-	1,494
Total costs and expenses	5,632	245,162	2,609	-	253,403
Income/ (loss) from operations	(5,632)	36,941	3,600	-	34,909
Interest expense	(3,050)	(89)	(1)	-	(3,140)
Other (expense)/income - net	1,151	(1,138)	(1,921)	-	(1,908)
Income/ (loss) before income taxes	(7,531)	35,714	1,678	-	29,861
Income tax (provision)/ benefit	2,024	(13,533)	(1,401)	-	(12,910)
Equity in net income of subsidiaries	22,458	581	-	(23,039)	-
Net income	\$ 16,951	\$ 22,762	\$ 277	\$ (23,039)	\$ 16,951

For the nine months ended September 30, 2009

Continuing Operations

	Parent	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating Adjustments	Consolidated
Net sales and service revenues	\$ -	\$ 869,642	\$ 17,345	\$ -	\$ 886,987
Cost of services provided and goods sold	-	614,385	8,853	-	623,238
Selling, general and administrative expenses	16,026	120,509	6,986	-	143,521
Depreciation	465	15,039	520	-	16,024
Amortization	1,715	3,050	-	-	4,765
Other operating expense	3,989	-	-	-	3,989
Total costs and expenses	22,195	752,983	16,359	-	791,537
Income/ (loss) from operations	(22,195)	116,659	986	-	95,450
Interest expense	(8,286)	(559)	6	-	(8,839)
Other (expense)/income - net	1,678	(1,510)	4,647	-	4,815
Income/ (loss) before income taxes	(28,803)	114,590	5,639	-	91,426
Income tax (provision)/ benefit	9,870	(43,533)	(1,964)	-	(35,627)
Equity in net income of subsidiaries	74,732	3,803	-	(78,535)	-
Net income	\$ 55,799	\$ 74,860	\$ 3,675	\$ (78,535)	\$ 55,799

For the nine months ended September 30, 2008

Continuing Operations

	Parent	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating Adjustments	Consolidated
Net sales and service revenues	\$ -	\$ 837,938	\$ 18,798	\$ -	\$ 856,736
Cost of services provided and goods sold	-	600,110	9,287	-	609,397
Selling, general and administrative expenses	13,544	118,255	1,271	-	133,070
Depreciation	372	15,355	522	-	16,249
Amortization	1,409	3,024	-	-	4,433
Total costs and expenses	15,325	736,744	11,080	-	763,149
Income/ (loss) from operations	(15,325)	101,194	7,718	-	93,587
Interest expense	(8,880)	(331)	(2)	-	(9,213)
Other (expense)/income - net	4,025	(3,683)	(2,553)	-	(2,211)
Income/ (loss) before income taxes	(20,180)	97,180	5,163	-	82,163
Income tax (provision)/ benefit	6,499	(36,492)	(3,088)	-	(33,081)
Equity in net income of subsidiaries	62,763	2,582	-	(65,345)	-
Net income	\$ 49,082	\$ 63,270	\$ 2,075	\$ (65,345)	\$ 49,082

For the nine months ended September 30, 2009

	Parent	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidated
Cash Flow from Operating Activities:				
Net cash (used)/provided by operating activities	\$ (2,579)	\$ 77,254	\$ 5,872	\$ 80,547
Cash Flow from Investing Activities:				
Capital expenditures	(44)	(14,007)	(420)	(14,471)
Business combinations, net of cash acquired	-	(1,859)	-	(1,859)
Proceeds from sale of property and equipment	1,286	233	-	1,519
Net payments on sale of discontinued operations	(256)	(302)	-	(558)
Other sources and uses - net	(202)	(374)	184	(392)
Net cash provided/ (used) by investing activities	784	(16,309)	(236)	(15,761)
Cash Flow from Financing Activities:				
Change in cash overdrafts payable	(602)	1,545	-	943
Change in intercompany accounts	69,635	(64,031)	(5,604)	-
Dividends paid to shareholders	(5,429)	-	-	(5,429)
Purchases of treasury stock	(1,684)	-	-	(1,684)
Realized excess tax benefit on share based compensation	1,519	-	-	1,519
Net decrease in revolving credit facility	(8,200)	-	-	(8,200)
Repayment of long-term debt	(14,500)	(99)	-	(14,599)
Other sources and uses - net	402	262	419	1,083
Net cash provided/(used) by financing activities	41,141	(62,323)	(5,185)	(26,367)
Net increase/(decrease) in cash and cash equivalents	39,346	(1,378)	451	38,419
Cash and cash equivalents at beginning of year	65	202	3,361	3,628
Cash and cash equivalents at end of period	\$ 39,411	\$ (1,176)	\$ 3,812	\$ 42,047

For the nine months ended September 30, 2008

	Parent	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidated
Cash Flow from Operating Activities:				
Net cash (used)/provided by operating activities	\$ (6,959)	\$ 94,811	\$ 1,678	\$ 89,530
Cash Flow from Investing Activities:				
Capital expenditures	(429)	(11,685)	(989)	(13,103)
Business combinations, net of cash acquired	-	(1,578)	-	(1,578)
Net proceeds from sale of discontinued operations	8,980	-	-	8,980
Proceeds from sale of property and equipment	10	162	28	200
Other sources and uses - net	(495)	84	(10)	(421)
Net cash provided/ (used) by investing activities	8,066	(13,017)	(971)	(5,922)
Cash Flow from Financing Activities:				
Change in cash overdrafts payable	(629)	(1,284)	-	(1,913)
Change in intercompany accounts	79,010	(79,144)	134	-
Dividends paid to shareholders	(4,352)	-	-	(4,352)
Purchases of treasury stock	(69,136)	-	-	(69,136)
Realized excess tax benefit on share based compensation	1,234	-	-	1,234
Repayment of long-term debt	(7,500)	(95)	-	(7,595)
Other sources and uses - net	267	221	(518)	(30)
Net cash provided/(used) by financing activities	(1,106)	(80,302)	(384)	(81,792)
Net increase/(decrease) in cash and cash equivalents	1	1,492	323	1,816
Cash and cash equivalents at beginning of year	3,877	(1,584)	2,695	4,988
Cash and cash equivalents at end of period	\$ 3,878	\$ (92)	\$ 3,018	\$ 6,804

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Executive Summary

We operate through our two wholly owned subsidiaries, VITAS Healthcare Corporation and Roto-Rooter Group, Inc. VITAS focuses on hospice care that helps make terminally ill patients' final days as comfortable as possible. Through its team of doctors, nurses, home health aides, social workers, clergy and volunteers, VITAS provides direct medical services to patients, as well as spiritual and emotional counseling to both patients and their families. Roto-Rooter's services are focused on providing plumbing and drain cleaning services to both residential and commercial customers. Through its network of company-owned branches, independent contractors and franchisees, Roto-Rooter offers plumbing and drain cleaning service to over 90% of the U.S. population.

The following is a summary of the key operating results for the three and nine months ended September 30, 2009 and 2008 (in thousands except per share amounts):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2009	2008	2009	2008
Consolidated service revenues and sales	\$ 296,794	\$ 288,312	\$ 886,987	\$ 856,736
Consolidated net income	\$ 19,210	\$ 16,951	\$ 55,799	\$ 49,082
Diluted EPS	\$ 0.84	\$ 0.74	\$ 2.46	\$ 2.08

For the three months ended September 30, 2009 and 2008, the increase in consolidated service revenues and sales was driven by a 6% increase at VITAS while Roto-Rooter revenues decreased by 4%. The increase in service revenues at VITAS was a result of increased admissions of 3.1%, the October 1, 2008 Medicare reimbursement rate increase of approximately 3.5%, partially offset by a 1.2% increase in the number of discharged patients. The remaining difference is related to the timing within the quarter of admissions and discharges as well as a mix shift to higher acuity days of care. Roto-Rooter was driven by an 8% decrease in job count offset by an approximate 5% price and mix shift increase. The Roto-Rooter changes include the impact of acquisitions in 2008 and 2009, offset by the conversion of one company-owned branch to an independent contractor in 2009. The impact of these transactions is not material. Consolidated net income increased mainly as a result of the increase in revenues. Diluted EPS increased as the result of increased earnings.

For the nine months ended September 30, 2009 and 2008, the increase in consolidated service revenues and sales was driven by a 6% increase in service revenues at VITAS while Roto-Rooter revenues decreased approximately 2%. The increase in service revenues at VITAS was driven by a 0.5% increase in ADC, the October 1, 2008 Medicare reimbursement rate increase of approximately 3.5%, a reversal of Medicare cap billing limitations recorded in previous periods, an \$1.95 million increase related to the retroactive price increase for services in the fourth quarter of 2008 and a mix shift to higher acuity days of care. ADC was flat between periods. Roto-Rooter was driven by an 8% decrease in job count offset by an approximate 7% price and mix shift increase. The Roto-Rooter changes include the impact of acquisitions in 2008 and 2009, offset by the conversion of one company-owned branch to an independent contractor in 2009. Consolidated net income increased mainly as a result of the increase in revenues. Diluted EPS increased as the result of increased earnings and a reduction in the average shares outstanding due to our stock repurchase program.

VITAS expects to achieve full-year 2009 revenue growth, prior to Medicare cap, of 5.7% to 6.2%. Admissions are estimated to be in the range of 98% to 100% of total 2008 admissions. Medicare contractual billing limitations are estimated at \$1.25 million in the fourth quarter of 2009. Roto-Rooter expects full-year 2009 revenue to range from 98% to 101% of 2008 full year revenue. This expected revenue growth is a result of increased pricing of 5.0% and a favorable mix shift to higher revenue jobs, partially offset by a job count decline estimated at 7.0% to 8.0%. We anticipate that our operating income and cash flows will be sufficient to operate our businesses and meet any commitments for the foreseeable future.

Financial Condition**Liquidity and Capital Resources**

Material changes in the balance sheet accounts from December 31, 2008 to September 30, 2009 include the following:

- A \$8.6 million increase in accounts receivable which results primarily from a \$10.3 million increase at VITAS resulting from Medicare related administrative delays in processing payments at certain of our programs offset by a decrease at Roto-Rooter related to a decrease in days sales outstanding.
- A \$17.9 million decrease in long-term debt which results primarily from an \$8.2 million net reduction in our revolving line of credit and a \$14.6 million payment on our term loan, offset by \$4.9 million amortization of bond discount.

Net cash provided by operating activities decreased \$9.0 million due primarily to the increase in accounts receivable, partially offset by the increase in net income and current tax liabilities.

We have issued \$27.9 million in standby letters of credit as of September 30, 2009, for insurance purposes. Issued letters of credit reduce our available credit under the revolving credit agreement. As of September 30, 2009, we have approximately \$147.1 million of unused lines of credit available and eligible to be drawn down under our revolving credit facility, excluding the expansion feature. Management believes its liquidity and sources of capital are satisfactory for the Company's needs in the foreseeable future.

Commitments and Contingencies

Collectively, the terms of our credit agreements require us to meet various financial covenants, to be tested quarterly. In connection therewith, we are in compliance with all financial and other debt covenants as of September 30, 2009 and anticipate remaining in compliance throughout 2009.

VITAS is party to a class action lawsuit filed in the Superior Court of California, Los Angeles County, in September 2006 by Bernadette Santos, Keith Knoche and Joyce White ("Santos"). This case alleges failure to pay overtime and failure to provide meal and rest periods to a purported class of California admissions nurses, chaplains and sales representatives. The case seeks payment of penalties, interest and Plaintiffs' attorney fees. VITAS contests these allegations. The lawsuit is in its early stages and we are unable to estimate our potential liability, if any, with respect to these allegations.

Regardless of outcome, defense of litigation adversely affects us through defense costs, diversion of our time and related publicity. In the normal course of business, we are a party to various claims and legal proceedings. We record a reserve for these matters when an adverse outcome is probable and the amount of the potential liability is reasonably estimable.

In April 2005, the Office of Inspector General ("OIG") for the Department of Health and Human Services served VITAS with civil subpoenas relating to VITAS' alleged failure to appropriately bill Medicare and Medicaid for hospice services. As part of this investigation, the OIG selected medical records for 320 past and current patients from VITAS' three largest programs for review. It also sought policies and procedures dating back to 1998 covering admissions, certifications, recertifications and discharges. During the third quarter of 2005 and again in May 2006, the OIG requested additional information from us. The Court dismissed a related qui tam complaint filed in U.S. District Court for the Southern District of Florida with prejudice in July 2007. The plaintiffs appealed this dismissal, which the Court of Appeals affirmed. The government continues to investigate the complaint's allegations. In March 2009, we received a letter from the government reiterating the basis of their investigation.

In May 2009, VITAS received an administrative subpoena from the U.S. Department of Justice requesting VITAS deliver to the OIG documents, patient records, and policy and procedure manuals for headquarters and its Texas programs concerning hospice services provided for the period January 1, 2003 to the date of the letter. In August 2009, the OIG selected medical records for 59 past and current patients from a Texas program for review. Based on the early stage of the investigation and the limited information we have at this time, we cannot predict the outcome of this investigation. We believe that we are in material compliance with Medicare and Medicaid rules and regulations applicable to hospice providers.

We are unable to predict the outcome of these matters or the impact, if any, that the investigation may have on our business, results of operations, liquidity or capital resources. Regardless of outcome, responding to the subpoenas can adversely affect us through defense costs, diversion of our time and related publicity.

Results of Operations**Three months ended September 30, 2009 versus 2008 - Consolidated Results**

Our service revenues and sales for the third quarter of 2009 increased 2.9% versus services and sales revenues for the third quarter of 2008. Of this increase, \$12.1 million was attributable to VITAS offset by a \$3.6 million decrease at Roto-Rooter. The following chart shows the components of those changes (dollar amounts in thousands):

	Increase/(Decrease)	
	Amount	Percent
VITAS		
Routine homecare	\$ 7,347	4.9%
Continuous care	4,905	15.8%
General inpatient	(98)	-0.4%
Medicare cap	(43)	-
Roto-Rooter		
Plumbing	(721)	-2.0%
Drain cleaning	(2,865)	-8.3%
Other	(43)	-0.4%
Total	\$ 8,482	2.9%

The increase in VITAS' revenues for the third quarter of 2009 versus the third quarter of 2008 was a result of increased admissions of 3.1%, the October 1, 2008 Medicare reimbursement rate increase of approximately 3.5%, partially offset by a 1.2% increase in the number of discharged patients. The remaining difference is related to the timing within the quarter of admissions and discharges as well as a mix shift to higher acuity days of care. In excess of 90% of VITAS' service revenues for the period were from Medicare and Medicaid.

The decrease in the plumbing revenues for the third quarter of 2009 versus 2008 is attributable to a 9.8% increase in the average price per job and a 9.4% decrease in the number of jobs performed. The average price per job for plumbing is attributable to an increase in the number of jobs requiring excavation work. Drain cleaning revenues for the third quarter of 2009 versus 2008 reflect a 7.9% decline in the number of jobs, while the average price per job increased 0.1%. The decrease in other revenues is attributable primarily to lower sales of drain cleaning products.

The consolidated gross margin was 29.6% in the third quarter of 2009 as compared with 29.8% in the third quarter of 2008. On a segment basis, VITAS' gross margin was 23.4% in the third quarter of 2009 and 23.6% in the third quarter of 2008. The Roto-Rooter segment's gross margin was 46.4% in the third quarter of 2009 and 45.1% in the third quarter of 2008. The increase in Roto-Rooter's gross margin was primarily the result of a \$646,000 decrease in health insurance expense over the prior year quarter, lower fuel costs due to lower gas prices and fewer technicians in training which improves the overall efficiency of our workforce.

Selling, general and administrative expenses ("SG&A") for the third quarter of 2009 were \$48.1 million, an increase of \$4.1 million (9.4%) versus the third quarter of 2008. The increase is primarily related to the impact of stock market gains which increase the liabilities of deferred compensation plans held in trust and an increase in stock-based compensation expense over the comparable prior-year period. Other income increased \$3.6 million in the third quarter of 2008 to \$1.7 million in the third quarter of 2009 due to the gain in the investments of deferred compensation plans held in trust which offsets the related expense in SG&A.

Our effective income tax rate decreased from 43.2% in the third quarter of 2008 to 39.3% in the third quarter of 2009. This decrease is due to the impact of non-deductible market losses on investments in our deferred compensation benefit trusts that occurred during the third quarter of 2008 but did not recur during the third quarter of 2009.

Net income for both periods included the following after-tax special items/adjustments that increased/ (reduced) after-tax earnings (in thousands):

	Three Months Ended September 30,	
	2009	2008
VITAS		
Costs associated with the OIG investigations	\$ (213)	\$ (1)
Corporate		
Stock option expense	(1,401)	(1,334)
Noncash interest expense related to change in accounting for conversion feature of the convertible notes	(1,006)	(997)
Impact of non-deductible losses and non-taxable gains on investments held in deferred compensation trusts	-	(1,237)
Total	<u>\$ (2,620)</u>	<u>\$ (3,569)</u>

Three months ended September 30, 2009 versus 2008 - Segment Results

The change in after-tax earnings for the third quarter of 2009 versus the third quarter of 2008 is due to (in thousands):

	Net Income Increase/(Decrease)	
	Amount	Percent
	VITAS	\$ 706
Roto-Rooter	31	0.4%
Corporate	1,522	17.8%
	<u>\$ 2,259</u>	13.3%

Nine months ended September 30, 2009 versus 2008 - Consolidated Results

Our service revenues and sales for the first nine months of 2009 increased 3.5% versus services and sales revenues for the first nine months of 2008. Of this increase, \$34.2 million was attributable to VITAS offset by a \$3.9 million decrease at Roto-Rooter. The following chart shows the components of those changes (dollar amounts in thousands):

	Increase/(Decrease)	
	Amount	Percent
VITAS		
Routine homecare	\$ 20,085	4.6%
Continuous care	13,662	14.8%
General inpatient	(1,691)	-2.3%
Medicare cap	192	-
BNAF adjustment	1,950	-
Roto-Rooter		
Plumbing	4,052	3.8%
Drain cleaning	(7,370)	-6.7%
Other	(629)	-1.7%
Total	<u>\$ 30,251</u>	3.5%

The increase in VITAS' service revenues for the first nine months of 2009 versus the first nine months of 2008 is primarily the result of the 2008 Medicare reimbursement rate increase of approximately 3.5%, a \$1.95 million increase for the BNAF related to the fourth quarter of 2008, a net reversal of Medicare cap reserves of \$192,000, as well as favorable mix shift to higher acuity days of care and an ADC increase of 0.5% compared with the prior year period. The increase in ADC is a result of a 0.4% increase in routine homecare, an increase of 8.4% in continuous care and a 5.4% decrease in general inpatient. In excess of 90% of VITAS' service revenues for the period were from Medicare and Medicaid.

The increase in the plumbing revenues for the first nine months of 2009 versus 2008 is attributable to a 14.6% increase in the average price per job offset by an 8.9% decrease in the number of jobs performed. The average price per job for plumbing is attributable to an increase in the number of jobs requiring excavation work. Drain cleaning revenues for the first nine months of 2009 versus 2008 reflect a 7.4% decline in the number of jobs offset by a 0.9% increase in the average price per job. The decrease in other revenues is attributable primarily to lower sales of drain cleaning products and decreased revenue from independent contractor operations.

The consolidated gross margin was 29.7% for the first nine months of 2009 as compared with 28.9% for the first nine months of 2008. On a segment basis, VITAS' gross margin was 23.4% for the first nine months of 2009 and 21.8% for the first nine months of 2008. VITAS' gross margin increased as the result of the \$1.95 million BNAF adjustment related to fourth quarter of 2008, the net reversal of \$192,000 in the Medicare cap accrual and refinements to scheduled field labor. The Roto-Rooter segment's gross margin was 45.9% for the first nine months of 2009 and 45.6% for the first nine months of 2008.

Selling, general and administrative expenses ("SG&A") for the first nine months of 2009 were \$143.5 million, an increase of \$10.5 million (7.9%) versus the first nine months of 2008. The increase is due mainly to the impact of stock market gains which increase the liabilities of deferred compensation plans held in trust, an increase in stock-based compensation expense over the comparable period of 2008 as well as an increase in bad debt expense at VITAS. The expense associated with the increase in the liabilities of deferred compensation plans held in trust is essentially offset with gains recognized in other income/(expense). Also included in the first nine months of 2009 is a \$1.6 million increase in stock option expense.

Other operating expenses for the first nine months of 2009 of \$4.0 million are related to the expenses of a contested proxy solicitation.

Other income/(expense) increased from an expense of \$2.2 million for the first nine months of 2008 to income of \$4.8 million for the first nine months of 2009 due to the gain in the investments of deferred compensation plans held in trust.

Our effective income tax rate decreased from 40.3% for the first nine months of 2008 to 39.0% for the first nine months of 2009.

Net income for both periods included the following after-tax special items/adjustments that increased/ (reduced) after-tax earnings (in thousands):

	Nine Months Ended	
	September 30,	
	2009	2008
VITAS		
Costs associated with the OIG investigations	\$ (274)	\$ (27)
Income tax credit related to prior years	-	322
Roto-Rooter		
Unreserved prior year's insurance claims	-	(358)
Corporate		
Costs related to contested proxy solicitation	(2,525)	-
Stock option expense	(4,237)	(3,228)
Noncash interest expense related to change in accounting for conversion feature of the convertible notes	(2,961)	(2,936)
Impact of non-deductible losses and non-taxable gains on investments held in deferred compensation trusts	756	(1,237)
Total	\$ (9,241)	\$ (7,464)

Nine months ended September 30, 2009 versus 2008 - Segment Results

The change in after-tax earnings for the first nine months of 2009 versus the first nine months of 2008 is due to (in thousands):

	Net Income	
	Increase/(Decrease)	
	Amount	Percent
VITAS	\$ 7,614	16.9%
Roto-Rooter	(330)	-1.3%
Corporate	(567)	-2.6%
	<u>\$ 6,717</u>	13.7%

The following chart updates historical unaudited financial and operating data of VITAS (dollars in thousands, except dollars per patient day):

OPERATING STATISTICS	Three Months Ended September 30,		Nine Months Ended September 30,	
	2009	2008	2009	2008
Net revenue				
Homecare	\$ 157,079	\$ 149,732	\$ 456,160	\$ 436,075
Inpatient	24,057	24,155	72,806	74,497
Continuous care	35,974	31,069	105,679	92,017
Total before Medicare cap allowance and 2008 BNAF	\$ 217,110	\$ 204,956	\$ 634,645	\$ 602,589
Estimated BNAF	-	-	1,950	-
Medicare cap allowance	(43)	-	192	-
Total	\$ 217,067	\$ 204,956	\$ 636,787	\$ 602,589
Net revenue as a percent of total before Medicare cap allowance				
Homecare	72.3%	73.0%	71.8%	72.4%
Inpatient	11.1	11.8	11.5	12.3
Continuous care	16.6	15.2	16.7	15.3
Total before Medicare cap allowance and 2008 BNAF	100.0	100.0	100.0	100.0
Estimated BNAF	-	-	0.3	-
Medicare cap allowance	-	-	-	-
Total	100.0%	100.0%	100.3%	100.0%
Average daily census (days)				
Homecare	7,835	7,534	7,661	7,346
Nursing home	3,316	3,570	3,291	3,562
Routine homecare	11,151	11,104	10,952	10,908
Inpatient	404	410	406	429
Continuous care	562	519	565	521
Total	12,117	12,033	11,923	11,858
Total Admissions	13,735	13,317	41,743	42,485
Total Discharges	13,441	13,279	41,064	41,992
Average length of stay (days)	78.0	74.1	75.0	72.9
Median length of stay (days)	14.0	15.0	14.0	14.0
ADC by major diagnosis				
Neurological	33.1%	32.5%	33.0%	32.5%
Cancer	19.1	19.9	19.2	19.9
Cardio	12.2	12.8	12.2	12.9
Respiratory	6.2	6.5	6.5	6.7
Other	29.4	28.3	29.1	28.0
Total	100.0%	100.0%	100.0%	100.0%
Admissions by major diagnosis				
Neurological	17.8%	18.2%	17.9%	18.4%
Cancer	36.8	37.6	35.6	35.6
Cardio	11.1	11.3	11.8	11.8
Respiratory	6.8	7.0	7.5	7.8
Other	27.5	25.9	27.2	26.4
Total	100.0%	100.0%	100.0%	100.0%
Direct patient care margins				
Routine homecare	51.7%	52.4%	51.8%	51.2%
Inpatient	12.8	16.6	15.7	17.9
Continuous care	20.6	18.0	20.3	17.4
Homecare margin drivers (dollars per patient day)				
Labor costs	\$ 52.56	\$ 48.59	\$ 52.40	\$ 50.16
Drug costs	7.59	7.85	7.65	7.70
Home medical equipment	7.03	6.28	6.85	6.22
Medical supplies	2.48	2.17	2.37	2.35
Inpatient margin drivers (dollars per patient day)				
Labor costs	\$ 294.24	\$ 262.98	\$ 282.74	\$ 263.71
Continuous care margin drivers (dollars per patient day)				
Labor costs	\$ 530.88	\$ 512.04	\$ 524.84	\$ 511.81
Bad debt expense as a percent of revenues	1.1%	1.0%	1.1	1.0%
Accounts receivable --				
days of revenue outstanding- excluding unapplied Medicare payments	52.8	46.9	N.A.	N.A.
days of revenue outstanding- including unapplied Medicare payments	37.0	30.4	N.A.	N.A.

VITAS has 4 large (greater than 450 ADC), 19 medium (greater than 200 but less than 450 ADC) and 21 small (less than 200 ADC) hospice programs. There are three continuing programs as of September 30, 2009, with Medicare cap cushion of less than 10% for the 2009 Medicare cap period.

Direct patient care margins exclude indirect patient care and administrative costs, as well as Medicare cap billing limitation.

Recent Accounting Statements

In June 2009, the FASB issued additional authoritative guidance related to the consolidation of variable interest entities, which makes significant changes to the model for determining who should consolidate an entity and also addresses how often this assessment should be performed. The determination of who should consolidate a variable interest entity will be based on both quantitative and qualitative factors relating to control, as well as risks and benefits of ownership. This guidance is effective in 2010 for calendar-year companies and is to be adopted through a cumulative-effect adjustment. We are currently evaluating the impact of adoption of these provisions on our existing accounting methods.

Safe Harbor Statement under the Private Securities Litigation Reform Act of 1995 Regarding Forward-Looking Information

Certain statements contained in this report 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. These forward-looking statements are based on current expectations and assumptions and involve various known and unknown risks, uncertainties, contingencies and other factors, which could cause Chemed’s actual results to differ from those expressed in such forward-looking statements. Variances in any or all of the risks, uncertainties, contingencies, and other factors from our assumptions could cause actual results to differ materially from these forward-looking statements and trends. In addition, our ability to deal with the unknown outcomes of these events, many of which are beyond our control, may affect the reliability of projections and other financial matters. Investors are cautioned that such forward-looking statements are subject to inherent risk and there are no assurances that the matters contained in such statements will be achieved. Chemed does not undertake and specifically disclaims any obligation to publicly update or revise any forward-looking statements, whether as a result of a new information, future events or otherwise.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

Our primary market risk exposure relates to interest rate risk exposure through variable interest rate borrowings. At September 30, 2009, we had no variable rate debt outstanding. At September 30, 2009, the fair value of the Notes approximates \$153.8 million which have a face value of \$187.0 million.

Item 4. Controls and Procedures

We carried out an evaluation, under the supervision of our President and Chief Executive Officer and with the participation of the Executive Vice President and Chief Financial Officer and the Vice President and Controller, of the effectiveness of the design and operation of our disclosure controls and procedures as of the end of the period covered by this report. Based on that evaluation, the President and Chief Executive Officer, Executive Vice President and Chief Financial Officer and Vice President and Controller have concluded that our disclosure controls and procedures were effective as of the end of the period covered by this report. There has been no change in our internal control over financial reporting that occurred during the quarter covered by this report that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II OTHER INFORMATION
Item 1. Legal Proceedings

For information regarding the Company's legal proceedings, see note 12, Litigation, and note 13, Regulatory Matters, under Part I, Item I of this Quarterly Report on Form 10-Q.

Item 1A. Risk Factors

There have been no material changes from the risk factors previously disclosed in the Company's most recent Annual Report on Form 10-K,

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

None

Item 3. Defaults Upon Senior Securities

None

Item 4. Submission of Matters to a Vote of Security Holders

None

Item 5. Other Information

None

Item 6. Exhibits

<u>Exhibit No.</u>	<u>Description</u>
10.1	First Amendment to Employment Agreement dated July 9, 2009 - Kevin J. McNamara.
10.2	First Amendment to Employment Agreement dated July 9, 2009 - David P. Williams.
10.3	First Amendment to Employment Agreement dated July 9, 2009 - Timothy S. O'Toole.
10.4	Chemed Corporation Senior Executive Severance Policy As Amended July 9, 2009.
10.5	Chemed Corporation Change In Control Severance Plan As Amended July 9, 2009.
31.1	Certification by Kevin J. McNamara pursuant to Rule 13a-14(a)/15d-14(a) of the Exchange Act of 1934.
31.2	Certification by David P. Williams pursuant to Rule 13a-14(a)/15d-14(a) of the Exchange Act of 1934.
31.3	Certification by Arthur V. Tucker, Jr. pursuant to Rule 13a-14(a)/15d-14(a) of the Exchange Act of 1934.
32.1	Certification by Kevin J. McNamara pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification by David P. Williams pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.3	Certification by Arthur V. Tucker, Jr. pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

SIGNATURES

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

Chemed Corporation
(Registrant)

Dated: October 30, 2009

By: Kevin J. McNamara
Kevin J. McNamara
(President and Chief Executive Officer)

Dated: October 30, 2009

By: David P. Williams
David P. Williams
(Executive Vice President and Chief Financial Officer)

Dated: October 30, 2009

By: Arthur V. Tucker, Jr.
Arthur V. Tucker, Jr.
(Vice President and Controller)

FIRST AMENDMENT
TO EMPLOYMENT AGREEMENT

AGREEMENT dated as of July 9, 2009 between Kevin J. McNamara ("Employee") and Chemed Corporation (the "Company").

WHEREAS, Employee and the Company have entered into an Employment Agreement dated May 3, 2008 ("Employment Agreement"); and

WHEREAS, Employee and the Company desire to amend said Employment Agreement to correct an inaccuracy and to comply with the regulations issued under Section 409A of the Internal Revenue Code.

NOW, THEREFORE, Employee and the Company mutually agree that the Employment Agreement shall be amended, effective as of July 9, 2009, as follows:

A. The first and second sentences of Section 3.4(b) are hereby revised to read as follows:

"If the Company shall terminate Employee's employment hereunder Without Cause, the Company shall pay Employee within 10 days of termination but in no event later than the following March 15 a lump sum amount in cash equal to five times his then annual base salary plus a lump sum amount in cash equal to the product of: (i) the average amount of the Employee's annual incentives under the Company's annual incentive plan paid or payable for the last three full fiscal years prior to termination; and (ii) a fraction, the numerator of which is the number of days in the fiscal year through the date of termination and the denominator of which is 365. Employee shall also be eligible to participate in the Company's welfare benefits plans such as health insurance, life insurance, long-term care insurance and long-term disability benefits plans for twenty-four months following termination, at the then current employee contribution rates; provided that if the Employee is precluded from continuing his or her participation in any applicable plan, program, or arrangement, the Employee shall be provided with the after-tax cost of continuation of such coverage, including premiums under the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended, ("COBRA Premiums"), for the Employee with respect to the benefits provided under such plan, program, or arrangement, paid as a lump sum payment within 10 days of termination, but in no event later than the following March 15."

B. Section 3.4(d) is hereby revised to read as follows:

"If the Employee's employment hereunder shall terminate pursuant to §3.1(a), (b), or (d), the Company shall pay Employee, during the period from the 183rd to the 190th day following termination, in lieu of any amounts that may be due and payable under the Company's annual incentive plan for the fiscal year of termination a lump sum amount in cash on termination equal to the product of: (i) the average amount of the Employee's annual incentives under the Company's annual incentive plan paid or payable for the last three full fiscal years prior to termination; and (ii) a fraction, the numerator of which is the number of days in the fiscal year through the date of termination and the denominator of which is 365. "

C. The final sentence of Section 6.7 is hereby added to read as follows:

"All Payments are intended by Company and Employee to meet the requirements of Section 409A of the Code."

Except as specifically amended in this First Amendment to Employment Agreement, the Employment Agreement shall continue in full force and effect.

IN WITNESS WHEREOF, the parties have duly executed this amendatory agreement as of the date first above written.

EMPLOYEE

/s/ Kevin J. McNamara

Kevin J. McNamara

CHEMED CORPORATION

/s/ Naomi C. Dallob
Naomi C. Dallob
Chief Legal Officer

FIRST AMENDMENT
TO EMPLOYMENT AGREEMENT

AGREEMENT dated as of July 9, 2009 between David P. Williams ("Employee") and Chemed Corporation (the "Company").

WHEREAS, Employee and the Company have entered into an Employment Agreement dated December 1, 2006 ("Employment Agreement"); and

WHEREAS, Employee and the Company desire to amend said Employment Agreement to comply with the regulations issued under Section 409A of the Internal Revenue Code.

NOW, THEREFORE, Employee and the Company mutually agree that the Employment Agreement shall be amended, effective as of July 9, 2009, as follows:

A. The first and second sentences of Section 3.4(b) are hereby revised to read as follows:

"If the Company shall terminate Employee's employment hereunder Without Cause, the Company shall pay Employee within 10 days of termination but in no event later than the following March 15 a lump sum amount in cash equal to two and one-half times his then annual base salary plus a lump sum amount in cash equal to the product of: (i) the average amount of the Employee's annual incentives under the Company's annual incentive plan paid or payable for the last three full fiscal years prior to termination; and (ii) a fraction, the numerator of which is the number of days in the fiscal year through the date of termination and the denominator of which is 365. Employee shall also be eligible to participate in the Company's welfare benefits plans such as health insurance, life insurance, long-term care insurance and long-term disability benefits plans for eighteen months following termination, at the then current employee contribution rates; provided that if the Employee is precluded from continuing his or her participation in any applicable plan, program, or arrangement, the Employee shall be provided with the after-tax cost of continuation of such coverage, including premiums under the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended, ("COBRA Premiums"), for the Employee with respect to the benefits provided under such plan, program, or arrangement, paid as a lump sum payment within 10 days of termination, but in no event later than the following March 15."

B. Section 3.4(d) is hereby revised to read as follows:

"If the Employee's employment hereunder shall terminate pursuant to §3.1(a), (b), or (d), the Company shall pay Employee, during the period from the 183rd to the 190th day following termination, in lieu of any amounts that may be due and payable under the Company's annual incentive plan for the fiscal year of termination a lump sum amount in cash on termination equal to the product of: (i) the average amount of the Employee's annual incentives under the Company's annual incentive plan paid or payable for the last three full fiscal years prior to termination; and (ii) a fraction, the numerator of which is the number of days in the fiscal year through the date of termination and the denominator of which is 365. "

C: The final sentence of Section 6.7 is hereby added to read as follows:

"All Payments are intended by Company and Employee to meet the requirements of Section 409A of the Code."

Except as specifically amended in this First Amendment to Employment Agreement, the Employment Agreement shall continue in full force and effect.

IN WITNESS WHEREOF, the parties have duly executed this amendatory agreement as of the date first above written.

EMPLOYEE

David P. Williams

/s/ David P. Williams

CHEMED CORPORATION

Naomi C. Dallob
Naomi C. Dallob
Chief Legal Officer

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FIRST AMENDMENT
TO EMPLOYMENT AGREEMENT

AGREEMENT dated as of July 9, 2009 between Timothy S. O'Toole ("Employee") and Chemed Corporation (the "Company").

WHEREAS, Employee and the Company have entered into an Employment Agreement dated May 6, 2007 ("Employment Agreement"); and

WHEREAS, Employee and the Company desire to amend said Employment Agreement to comply with the regulations issued under Section 409A of the Internal Revenue Code.

NOW, THEREFORE, Employee and the Company mutually agree that the Employment Agreement shall be amended, effective as of July 9, 2009, as follows:

A. The first and second sentences of Section 3.4(b) are hereby revised to read as follows:

"If the Company shall terminate Employee's employment hereunder Without Cause, the Company shall pay Employee within 10 days of termination but in no event later than the following March 15 a lump sum amount in cash equal to two and one-half times his then annual base salary plus a lump sum amount in cash equal to the product of: (i) the average amount of the Employee's annual incentives under the Company's annual incentive plan paid or payable for the last three full fiscal years prior to termination; and (ii) a fraction, the numerator of which is the number of days in the fiscal year through the date of termination and the denominator of which is 365. Employee shall also be eligible to participate in the Company's welfare benefits plans such as health insurance, life insurance, long-term care insurance and long-term disability benefits plans for eighteen months following termination, at the then current employee contribution rates; provided that if the Employee is precluded from continuing his or her participation in any applicable plan, program, or arrangement, the Employee shall be provided with the after-tax cost of continuation of such coverage, including premiums under the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended, ("COBRA Premiums"), for the Employee with respect to the benefits provided under such plan, program, or arrangement, paid as a lump sum payment within 10 days of termination, but in no event later than the following March 15."

B. Section 3.4(d) is hereby revised to read as follows:

"If the Employee's employment hereunder shall terminate pursuant to §3.1(a), (b), or (d), the Company shall pay Employee, during the period from the 183rd to the 190th day following termination, in lieu of any amounts that may be due and payable under the Company's annual incentive plan for the fiscal year of termination a lump sum amount in cash on termination equal to the product of: (i) the average amount of the Employee's annual incentives under the Company's annual incentive plan paid or payable for the last three full fiscal years prior to termination; and (ii) a fraction, the numerator of which is the number of days in the fiscal year through the date of termination and the denominator of which is 365. "

C: The final sentence of Section 6.7 is hereby added to read as follows:

"All Payments are intended by Company and Employee to meet the requirements of Section 409A of the Code."

Except as specifically amended in this First Amendment to Employment Agreement, the Employment Agreement shall continue in full force and effect.

IN WITNESS WHEREOF, the parties have duly executed this amendatory agreement as of the date first above written.

EMPLOYEE

/s/ Timothy S. O'Toole

Timothy S. O'Toole

CHEMED CORPORATION

/s/ Naomi C. Dallob
Naomi C. Dallob
Chief Legal Officer

CHEMED CORPORATION
SENIOR EXECUTIVE SEVERANCE POLICY
AS AMENDED JULY 9, 2009

Chemed Corporation hereby establishes the Chemed Corporation Senior Executive Severance Policy ("the Policy").

1. PARTICIPATION. Participants in the Policy shall consist of those officers designated from time to time on Attachment A to this Policy by the Compensation/Incentive Committee of the Board of Directors, as may be approved by the Board of Directors. The Compensation/Incentive Committee and/or the Board shall have the ability to add or remove Participants at its discretion.

2. TERMINATION OF EMPLOYMENT.

§2.1 Termination of Employment. The employment of a Participant shall terminate upon the occurrence of any of the following:

- (a) The death of the Participant;
- (b) The termination of the Participant's employment due to the Participant's disability pursuant to §2.2;
- (c) The termination by the Company of the Participant's employment for Cause pursuant to §2.3;
- (d) The retirement of the Participant under a retirement plan of the Company; or
- (e) The resignation of the Participant.

The termination by the Company of the Participant's employment for any reason other than those specified in this §2.1 shall hereinafter be referred to as a termination "Without Cause".

§2.2 Disability. If, by reason of physical or mental disability, the Participant is unable to carry out his or her duties pursuant to this Policy for four (4) consecutive months, the Participant's may be terminated by the Company upon two (2) months' written notice to be given to the Participant at any time after the period of four (4) continuous months of disability and while such disability continues. If, prior to the expiration of the two (2) months after the giving of such notice, the Participant shall recover from such disability and return to the active discharge of his or her duties, then such notice shall be of no further force and effect and the Participant's employment shall continue as if such disability had not occurred. If the Participant shall not so recover from his or her disability and return to his or her duties, then the Participant's services shall terminate at the expiration date of such two (2) months' notice. In the event a dispute arises between the Participant and the Company concerning the Participant's physical or mental ability to continue or return to the performance of his or her duties as aforesaid, the Participant shall submit to examination by a competent physician mutually agreeable to both parties, and such physician's opinion as to the Participant's ability to so perform will be final and binding.

§2.3 For Cause. The Company may, at any time by written notice to the Participant, terminate his or her services for Cause. Such notice shall specify the event or events and the actions or failure to act constituting Cause. "Cause" shall mean, with respect to a Participant's termination of employment: (a) the willful and repeated failure of the Participant to perform substantially the Participant's duties with Company (other than any such failure resulting from incapacity due to physical or mental illness); (b) the Participant's conviction of, or plea of guilty or nolo contendere to, which through lapse of time or otherwise is not subject to appeal, a felony which is materially and demonstrably injurious to Company; or (c) the Participant's engagement in willful gross misconduct or gross negligence in connection with his or her employment.

If the basis for discharge is pursuant to paragraph (c) above, the Participant shall have thirty (30) days from receipt of the notice of termination for Cause to cure, if curable, the actions or failure to act specified in such notice and, in the event of any such cure within such period, such conduct shall not constitute Cause hereunder.

§2.4 Consequences of Termination.

(a) If the Participant's employment shall terminate pursuant to any of the provisions of this Article 2, the Participant's base salary and all incentive compensation shall cease to accrue forthwith.

(b) If the Company shall terminate the Participant's employment Without Cause, the Company shall pay the Participant within 10 days of termination but in no event later than the following March 15 a lump sum amount in cash equal to one and one-half times the Participant's then annual base salary plus a lump sum amount in cash equal to the product of: (i) the average amount of the Participant's annual incentives under the Company's annual incentive plan paid or payable for the last three full fiscal years prior to termination; and (ii) a fraction, the numerator of which is the number of days in the fiscal year through the date of termination and the denominator of which is 365. The Participant shall also be eligible to participate in the Company's welfare benefits plans such as health insurance, life insurance, long-term care insurance, and long-term disability benefits plans for twelve months following termination, at the then current employee contribution rates; provided that if the Participant is precluded from continuing his or her participation in any applicable plan, program, or arrangement, the Participant shall be provided with the after-tax cost of continuation of such coverage, including premiums under the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended, ("COBRA Premiums"), for the Participant with respect to the benefits provided under such plan, program, or arrangement, paid as a lump sum within 10 days of termination, but in no event later than the following March 15. If the Participant becomes reemployed with another employer and is eligible to receive health insurance, life insurance, long-term care insurance or long-term disability coverage under another employer-provided plan (regardless of whether the Participant elects such coverage), the welfare benefits provided pursuant to this Policy shall be secondary to those provided under such other plan.

(c) In the event that the Participant's employment shall terminate pursuant to any of the provisions of this Article 2, the rights of the Participant under any incentive compensation plan of the Company, under any executive or employee benefit plans or arrangements, or otherwise shall be determined, subject to this Article 2, in accordance with the terms and provisions of such plans, arrangements and options applicable to an employee whose employment has terminated in the manner that occurred, except that a termination Without Cause shall be treated as a retirement under a retirement plan of the Company for the purposes of the Company stock incentive plans.

(d) If the Participant's employment shall terminate pursuant to §2.1(a), (b), or (d), the Company shall pay the Participant, during the period from the 183rd to the 190th day following termination, in lieu of any amounts that may be due and payable under the Company's annual incentive plan for the fiscal year of termination a lump sum amount in cash equal to the product of: (i) the average amount of the Participant's annual incentives under the Company's annual incentive plan paid or payable for the last three full fiscal years prior to termination; and (ii) a fraction, the numerator of which is the number of days in the fiscal year through the date of termination and the denominator of which is 365.

(e) If the Participant's employment shall terminate pursuant to §2.1(e) or if the Company shall terminate Participant's employment with Cause pursuant to §2.1(c), Participant's annual incentive bonus shall then be forfeited.

(f) Participant shall not be required to offset against amounts due from the Company under this Article 2 for any salary, bonus or other benefits (other than welfare benefits described above) received by the Participant from a third-party, and the Participant shall be under no duty to mitigate by seeking or accepting another position.

(g) Any amounts paid or benefits received under this Policy are conditioned upon execution of a waiver of liability in favor of the Company executed by the Participant, in the form approved by the Company's counsel.

(h) Any amounts paid or benefits received under this Policy are also conditioned, other than a termination under Section 2.1(a), upon execution of the following in a form approved by the Company's counsel: (i) an agreement prohibiting directly or indirectly publishing or disclosing any confidential information of the Company or any of its affiliates, or using such confidential information for the Participant's own use or making it available to others; (ii) a one-year post termination non-compete agreement under which the Participant will not directly or indirectly engage in or become interested in any business providing or arranging for any products or services that directly or indirectly are in competition with the Company or any of its subsidiaries; and (iii) an agreement prohibiting solicitation during such one-year period of the employment of any employees or other personnel providing services to the Company or any of its subsidiaries or soliciting the business of any customer of the Company or any of its subsidiaries.

3. APPLICATION OF SECTION 409A OF THE INTERNAL REVENUE CODE.

§3.1 In the event that any payment or benefit to the Participant or for the Participant's benefit paid or payable or distributed or distributable under this Policy ("Payment"), would be subject to the excise tax imposed by Section 409A of the Internal Revenue Code ("Code"), or any interest or penalties are incurred by the Participant with respect to such excise tax (collectively, "Excise Tax"), the Participant will be entitled to receive an additional payment ("Gross-Up Payment") in an amount such that after payment by the Participant of all taxes (including any income or payroll tax, interest or penalties imposed with respect to such taxes and the Excise Tax, other than interest and penalties imposed by reason of the Participant's failure to file timely a tax return or pay taxes shown due on the Participant's return, and including any Excise Tax imposed upon the Gross-Up Payment), the Participant retains an amount of the Gross-Up Payment equal to the Excise Tax imposed upon the Payments.

An initial determination as to whether and in what amount a Gross-Up Payment is required will be made at the Company's expense by an accounting firm of recognized national standing selected by the Company ("Accounting Firm"). The Accounting Firm will provide its determination ("Determination"), together with detailed supporting calculations and documentation, to the Company and the Participant within five days of the date of termination, if applicable, or such other time as requested by the Company or by the Participant (provided the Participant reasonably believes that any of the Payments may be subject to the Excise Tax). If the Accounting Firm determines that no Excise Tax is payable by the Participant with respect to a Payment or Payments, it will furnish the Participant an opinion reasonably acceptable to the Participant that no Excise Tax will be imposed. Within 10 days of the delivery of the Determination, the Participant will have the right to dispute the Determination (the "Dispute"). The Gross-Up Payment, if any, as determined pursuant to this Section will be paid by the Company to the Participant within 5 days of the receipt of the Determination. The existence of the Dispute will not in any way affect the Participant's right to receive the Gross-Up Payment in accordance with the Determination. If there is no Dispute, the Determination will be binding upon the Company and the Participant, subject to the following paragraph.

As a result of uncertainty in the application of Section 409A of the Code, it is possible that a Gross-Up Payment will be paid which should not be paid ("Excess Payment") or that a Gross-Up Payment which should be paid will not be paid ("Underpayment"). An Underpayment will be deemed to have occurred (i) upon notice to the Participant from any governmental taxing authority that the Participant's tax liability (whether in respect of the Participant's current taxable year or in respect of any prior taxable year) may be increased by reason of the imposition of the Excise Tax on a Payment or Payments with respect to which the Company has failed to make a sufficient Gross-Up Payment, (ii) upon a determination by a court, (iii) by reason of a determination by the Company (which will include the position taken by the Company on its federal income tax return) or (iv) upon the resolution of the Dispute to the Participant's satisfaction. If an Underpayment occurs, the Participant will promptly notify the Company and the Company will promptly, but in any event at least 5 days prior to the date on which the applicable government taxing authority has requested payment, pay to the Participant an additional Gross-Up Payment equal to the amount of the Underpayment plus any interest and penalties (other than interest and penalties imposed by reason of the Participant's failure to file timely a tax return or pay taxes shown due on the Participant's return) imposed on the Underpayment.

An Excess Payment will be deemed to have occurred upon a Final Determination (as hereinafter defined) that the Excise Tax will not be imposed upon a Payment or Payments (or portion thereof) with respect to which the Participant had previously received a Gross-Up Payment. A "Final Determination" will be deemed to have occurred when the Participant has received from the applicable government taxing authority a refund of taxes or other reduction in the Participant's tax liability by reason of the Excise Payment and upon either (x) the date a determination is made by, or an agreement is entered into with, the applicable governmental taxing authority which finally binds the Participant and such taxing authority, or if a claim is brought before a court, the date a final determination has been made by such court and either all appeals have been finally resolved or the time for all appeals has expired or (y) the statute of limitations with respect to the Participant's applicable tax return has expired. If an Excess Payment is determined to have been made, the Participant will pay to the Company (but not less than 10 days after the determination of such Excess Payment and written notice has been delivered to the Participant) the amount of the Excess Payment plus interest at an annual rate equal to the Applicable Federal Rate provided for in Section 1274(d) of the Code from the date the Gross-Up Payment was paid until the date of repayment. The Participant will use reasonable cooperative efforts at the request of the Company to assist in the determination of the amount of any Excess Payment or Underpayment made to the Participant pursuant to this Policy.

4. §3.2 All Payments are intended by Company and Employee to meet the requirements of Section 409A of the Code. LEGAL FEES AND EXPENSES, ARBITRATION. Each party shall pay their own legal fees incurred in connection with any enforcement of rights under this Policy. All disputes arising hereunder shall be subject to arbitration according to the rules of the American Arbitration Association. The Company and the Participant shall share equally in any third party costs of such arbitration.

5. GOVERNING LAW. This Policy, the rights and obligations hereunder, and any related claims shall be governed by and construed in accordance with the laws of the State of Ohio.

Senior Executives

1. T. C. Hutton
2. N. C. Dallob
3. A. V. Tucker
4. T. J. Reilly
5. L. A. Dittman
6. S. S. Lee
7. R. L. Arquilla
8. G. H. Sander
9. R. P. Goldschmidt
10. D. Lawe
11. P. Pettit
12. D. A. Wester

CHEMED CORPORATION
CHANGE IN CONTROL SEVERANCE PLAN
AS AMENDED JULY 9, 2009

ARTICLE I
ESTABLISHMENT OF PLAN

As of the Effective Date, the Company (as such term is hereinafter defined) hereby establishes the Chemed Corporation Change in Control Severance Plan, as set forth in this document.

ARTICLE II
PURPOSE

Chemed Corporation, by means of this Change in Control Severance Plan, desires to provide Participants (as such term is hereinafter defined) with certain severance protections in the event of a Change in Control of the Company (as both terms are hereinafter defined) in order to minimize the personal financial concerns and to promote the best interests of the Company and any successor.

ARTICLE III
DEFINITIONS

As used herein, the following words and phrases shall have meanings set forth below (unless the context clearly indicates otherwise):

3.1 "Administrative Committee" shall mean the Compensation/Incentive Committee of the Board of Directors or such other committee as determined by the Board of Directors.

3.2 "Affiliate" shall mean an entity directly or indirectly controlled by, controlling, or under common control with the Company.

3.3 "Annual Bonus" shall mean the average of the amounts of the Participant's bonuses under an Employer's annual bonus plan paid or payable for the last three full fiscal years prior to the Change in Control Date, or if more favorable to the Participant, the Date of Termination. The amount shall include any annual bonus or portion thereof which has been earned but deferred, and in the event that the Participant was not employed by an Employer for the whole of a particular fiscal year and such amount received by the Participant was reduced pro-rata to reflect this fact, the amount shall be annualized.

3.4 "Base Salary" shall mean the amount a Participant is entitled to receive from an Employer in cash as wages or salary on an annualized basis in consideration for his or her services, including any such amounts which may have been deferred, but excluding all other elements of compensation such as, without limitation, any bonus, commissions, overtime, health benefits, perquisites, and incentive compensation.

3.5 "Beneficiary," shall mean those designated by the Participant, or if not so designated:

(a) with respect to a Participant who was married at the time of death, his or her surviving spouse; and

(b) with respect to a Participant who was not married at the time of death, the legal representative of the Participant's estate under the laws of the state of the Participant's domicile at the time of death.

3.6 "Board" shall mean the Board of Directors of the Company.

3.7 “Cause” shall mean, with respect to a Participant’s termination of employment: (a) the willful and repeated failure of the Participant to perform substantially the Participant’s duties with an Employer (other than any such failure resulting from incapacity due to physical or mental illness); (b) the Participant’s conviction of, or plea of guilty or nolo contendere to, which through lapse of time or otherwise is not subject to appeal, a felony which is materially and demonstrably injurious to an Employer; or (c) the Participant’s engagement in willful gross misconduct or gross negligence in connection with his or her employment.

3.8 “Change in Control” shall mean the first to occur of any of the following events after the Effective Date:

(a) the direct or indirect acquisition by any person, corporation, entity, or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Securities Exchange Act of 1934 (the “Exchange Act”)) (a “Person”) of the beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of 30% or more of either the then outstanding capital stock of the Company (“Outstanding Capital Stock”) or the combined voting power of the then outstanding voting securities of the Company entitled to vote in the election of members of the Board (“Outstanding Voting Securities”) in a single transaction or series of transactions; provided, however, that the following acquisitions shall not constitute a Change in Control:

- (i) an acquisition from the Company or an Affiliate;
- (ii) an acquisition by the Company or an Affiliate;
- (iii) an acquisition by an employee benefit plan or related trust sponsored or maintained by the Company or an Affiliate; or
- (iv) an acquisition by any corporation pursuant to a transaction which complies with clauses (i), (ii), and (iii) of Subsection (c) of this Section 3.8;

(b) Individuals who, as of the Effective Date, constitute the Board (the “Incumbent Board”) cease for any reason to constitute at least a majority of the Board, provided, however, that any individual becoming a Board member subsequent to the Effective Date whose election, or nomination for election by the Company’s shareholders, was approved by a vote of at least a majority of the Board members then comprising the Incumbent Board shall be considered as though such individual were a member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of an actual or threatened election contest with respect to the election or removal of Board members or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board;

(c) the consummation of a reorganization, merger, consolidation, or similar transaction to which the Company is a party (a “Business Combination”), unless following such Business Combination: (i) the Company is the surviving corporation of such Business Combination, (ii) no Person (excluding any corporation resulting from such Business Combination or any employee benefit plan or related trust of the Company or such corporation resulting from such Business Combination) beneficially owns, directly or indirectly, 30% or more of, respectively, the then outstanding capital stock or the combined voting power of the then outstanding voting securities entitled to vote in the election of members of the board, as the case may be, of the corporation resulting from such Business Combination, except to the extent that such ownership existed prior to such Business Combination; and (iii) individuals who were members of the Incumbent Board constitute at least a majority of the members of the board of the corporation resulting from such Business Combination;

- (d) the approval by the shareholders of the Company of a plan for the complete liquidation or dissolution of the Company or the sale of all or substantially all of the assets of the Company; or
- (e) any other transaction that the Administrative Committee deems to be a Change in Control, which the Administrative Committee can deem to apply to all Participants or only those Participants it selects.

3.9 “Change in Control Date” shall mean the date on which a Change in Control occurs.

3.10 “Company” shall mean Chemed Corporation and any successor thereto.

3.11 "Date of Termination" shall mean the date on which a Participant's employment with all Employers terminates.

3.12 "Disability" shall mean, with respect to a Participant's termination of employment due to Disability: (a) a disability entitling the Participant to long-term disability benefits under the applicable long-term disability plan of the Company or an Affiliate or such other long-term disability plan under which the Participant is entitled to long-term disability benefits; or (b) if the Participant is not covered by such a plan, a physical or mental condition or illness that renders a Participant totally and permanently incapable of performing the Participant's duties for the Company or an Affiliate for a total of 180 days or more during any consecutive 12-month period.

3.13 "Effective Date" shall mean December 1, 2006.

3.14 "Employee" shall mean any full-time employee of an Employer.

3.15 "Employer" shall mean the Company or any of its Affiliates.

3.16 "Good Reason" shall mean, with respect to any Participant, the occurrence of any of the following events after expiration of a 30 day cure period afforded the Company to remedy any of the following events claimed by the Participant following a Change in Control Date, or prior to a Change in Control Date if any such events can be reasonably demonstrated to have occurred in connection with, or in anticipation of, a Change in Control:

(a) a material diminution in the nature and scope of the Participant's responsibilities, authorities, powers, functions, or duties from the most significant of those responsibilities, authorities, powers, functions, or duties exercised by, and assigned to, the Participant at any time during the 120-day period prior to the Change in Control Date, other than an isolated, insubstantial, and inadvertent action not occurring in bad faith and which is remedied by the Company promptly after receipt of notice thereof given by the Participant;

(b) a material reduction in the Participant's Base Salary below the Required Base Salary, other than an isolated, insubstantial, and inadvertent reduction not occurring in bad faith and which is remedied by the Company promptly after receipt of notice thereof given by the Participant;

(c) a material reduction in bonus under any current or subsequent annual bonus plan available to the Participant below the average of the Participant's bonuses under an Employer's annual bonus plan for the last three full fiscal years prior to the Change in Control Date;

(d) a material reduction in equity-based or other long-term incentive compensation opportunity below that in effect for the Participant during the 120-day period prior to the Change in Control Date;

(e) a material reduction in the aggregate level of employee benefits offered to the Participant in comparison to the most favorable of such employee benefit programs and arrangements in effect for the Participant during the 120-day period prior to the Change in Control Date, other than any across-the-board reduction applicable to all Employees and other than an isolated, insubstantial, and inadvertent reduction not occurring in bad faith and which is remedied by the Company promptly after receipt of notice thereof given by the Participant; or

(f) a change at the request of an Employer in the Participant's principal work location to a work location that is more than 50 miles from any location where the Participant was based during the 120-day period prior to the Change in Control Date, or an Employer's requiring the Participant to travel on Employer business to a substantially greater extent than required during the 120-day period prior to the Change in Control Date; or

(g) receipt of notice of Company's intention to cancel or not renew any employment agreement of a Tier 1 Participant during the first year following a Change in Control.

3.17 "Participant" shall mean an Employee who is designated in Appendix A hereto to participate in the Plan or who may be added to such appendix from time to time by the Administrative Committee.

3.18 "Plan" shall mean the Chemed Corporation Change in Control Severance Plan.

3.19 "Required Base Salary" shall mean, with respect to any Participant, the higher

of: (a) the Participant's highest Base Salary as in effect during the 120-day period prior to the Change in Control Date; and (b) the Participant's highest Base Salary in effect at any time thereafter.

3.20 "Severance Benefits" shall mean the payments and benefits provided in accordance with Section 6.2 of the Plan.

3.21 "Severance Period" shall mean a period beginning on the Date of Termination with a duration in years equal to the severance multiple the Participant is entitled to receive under Section 6.2(a).

ARTICLE IV ADMINISTRATION

4.1 Administration. Subject to the express provisions of the Plan, the Administrative Committee shall have the authority to interpret the Plan, to prescribe, amend, and rescind rules and regulations relating to it, and to make all other determinations deemed necessary or advisable for the administration of the Plan. The determinations of the Administrative Committee pursuant to its authority under the Plan shall be conclusive and binding.

ARTICLE V DURATION OF PARTICIPATION

5.1 Duration of Participation. A Participant shall cease to be a Participant in the Plan when he or she no longer is an Employee of any Employer. Notwithstanding the foregoing, a Participant who is entitled, as a result of ceasing to be an Employee of an Employer, to receipt of Severance Benefits or any other amounts under the Plan shall remain a Participant in the Plan until the full amount of the Severance Benefits and any other amounts payable under the Plan have been paid to the Participant.

ARTICLE VI SEVERANCE BENEFITS

6.1 Right to Severance Benefits.

(a) Terminations Which Give Rise to Severance Benefits. A Participant shall be entitled to receive Severance Benefits as provided in Section 6.2, if a Change in Control has occurred and the Participant's employment with an Employer is terminated under the following circumstances: (i) by action of the Employer, unless the termination is for Cause; or (ii) by action of the Participant within 90 days after the occurrence of an event constituting Good Reason; provided, in either event, that (x) such termination occurs after such Change in Control and on or before the second anniversary thereof, or (y) the termination described in clause (i) above or the event constituting Good Reason giving rise to the termination described in clause (ii) above, as applicable, occurs before such Change in Control but the Participant can reasonably demonstrate that such termination or event, as applicable, occurred in connection with, or in anticipation of, a Change in Control. Severance Benefits or any other amounts otherwise payable to a Participant under the Plan shall be conditioned upon execution of a general release of claims in favor of the Company in a form satisfactory to the Company's counsel.

(b) Terminations Which Do Not Give Rise to Severance Benefits. If a Participant's employment is terminated: (i) by an Employer for Cause; (ii) due to the Participant's death or Disability; or (iii) by the Participant other than for Good Reason, the Participant shall not be entitled to the Severance Benefits under the Plan, regardless of the occurrence of a Change in Control.

6.2 Severance Benefits.

(a) In General. If a Participant's employment is terminated in circumstances entitling him or her to Severance Benefits as provided in Section 6.1(a), the Company shall pay such Participant (or in the event of a Participant's death following entitlement to Severance Benefits, his or her Beneficiary), an amount equal to three times for Tier 1 Participants and two times for Tier 2 Participants, the sum of the Participant's: (i) Required Base Salary; and (ii) Annual Bonus. In addition, Participant shall receive an amount equal to the product of the Participant's: (x) Annual Bonus; and (ii) a fraction, the numerator of which is the number of days in the fiscal year through the Date of Termination and the denominator of which is 365, if such termination occurs in a fiscal year other than the fiscal year of the Change in Control. All such payments shall be made in a lump sum in cash within 10 days after the Date of Termination, but in no event later than the following March 15. Regardless of termination, a Participant shall receive an amount equal to the Participant's Annual Bonus within 10 days after the Change in Control Date.

(b) Payment shall be made in a lump sum in cash.

(c) Welfare Benefits; Retirement Plans; Perquisites. In addition, a Participant entitled to Severance Benefits pursuant to Section 6.1(a) will continue to be provided with health insurance, life insurance, long-term care insurance and long-term disability benefits comparable to the benefits provided to the Participant immediately prior to the Date of Termination, or if more favorable to the Participant, the Change in Control, for the duration of the Severance Period, with no increase in the Employee's contribution rate on the Date of Termination (without giving effect to any rate increase after the Change in Control which constitutes or may constitute Good Reason); provided that if the Participant is precluded from continuing his or her participation in any applicable plan, program, or arrangement, the Participant shall be provided with the after-tax cost of continuation of such coverage, including premiums under the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended, ("COBRA Premiums"), for the Participant with respect to the benefits provided under such plan, program, or arrangement, paid as a lump sum payment within 10 days after Termination, but in no event later than the following March 15. Any benefits so provided shall not be considered a continuation of coverage as provided under the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended. A Participant entitled to Severance Benefits pursuant to Section 6.1(a) shall also receive a lump sum payment in cash within 10 days after the Change in Control but in no event later than the following March 15, equal to the Employer contributions that would have been made on the Participant's behalf pursuant to the Company's qualified and non-qualified defined contribution retirement plans, assuming continued participation on the same basis as immediately prior to the Date of Termination, or if more favorable to the Participant, the Change in Control, which the Participant would have received if the Participant's employment had continued during the Severance Period, assuming that the Participant's compensation for each year during such period is as in effect immediately prior to the Date of Termination, or if more favorable to the Participant, the Change in Control, and that the Employer contributions are determined pursuant to the applicable plans as in effect immediately prior to the Date of Termination, or if more favorable to the Participant, the Change in Control. A Participant entitled to Severance Benefits pursuant to Section 6.1(a) will continue to be provided with perquisites comparable to those provided to the Participant immediately prior to the Date of Termination, or if more favorable to the Participant, the Change in Control, for the duration of the Severance Period. Such perquisites shall be paid in a lump sum within 10 days of Termination, but in no event later than the following March 15. If the Participant becomes reemployed with another employer and is eligible to receive health insurance, life insurance, long-term care insurance or long-term disability coverage under another employer-provided plan (regardless of whether the Participant elects such coverage), the health insurance, life insurance, and long-term disability benefits provided pursuant to this section shall be secondary to those provided under such other plan during the applicable period of eligibility. Long-term care insurance vests by its terms upon a Change in Control.

(d) Equity Vesting. In the event of a Change in Control (whether or not a Participant's employment terminates): (i) any unvested portions of stock awards or options granted under the Company's equity-based plans shall become fully vested upon the Change in Control; and (ii) any shares then unallocated under the Company's equity-based plans shall then be allocated and distributed to such plan's participants by the Compensation/Incentive Committee of the Company's Board of Directors upon the Change in Control.

(e) Outplacement. A Participant entitled to Severance Benefits under Section 6.1(a) shall be entitled to receive outplacement assistance at an agency of his or her choice, in an amount not to exceed \$25,000.00

6.3 Certain Additional Payments by the Company.

(a) In the event that any payment or benefit to the Participant or for the Participant's benefit paid or payable or distributed or distributable pursuant to the terms of this Plan or otherwise in connection with, or arising out of, the Participant's employment with an Employer or a change in ownership or effective control of the Company or of a substantial portion of its assets (a "Payment"), would be subject to the excise tax imposed by Section 4999 of the Code or any tax imposed by Section 409A of the Code, or any interest or penalties are incurred by the Participant with respect to such tax (such tax, together with any such interest and penalties, are hereinafter collectively referred to herein as the "Excise Tax"), then the Participant will be entitled to receive an additional payment (a "Gross-Up Payment") in an amount such that after payment by the Participant of all taxes (including any income, payroll, interest or penalties imposed with respect to such taxes and the Excise Tax, other than interest and penalties imposed by reason of the Participant's failure to file timely a tax return or pay taxes shown due on the Participant's return, and including any Excise Tax imposed upon the Gross-Up Payment), the Participant retains an amount of the Gross-Up Payment equal to the Excise Tax imposed upon the Payments.

(b) An initial determination as to whether a Gross-Up Payment is required pursuant to this Plan and the amount of such Gross-Up Payment will be made at the Company's expense by an accounting firm of recognized national standing selected by the Company (the "Accounting Firm"). The Accounting Firm will provide its determination (the "Determination"), together with detailed supporting calculations and documentation, to the Company and the Participant within five days of the Date of Termination, if applicable, or such other time as requested by the Company or by the Participant (provided the Participant reasonably believes that any of the Payments may be subject to the Excise Tax). If the Accounting Firm determines that no Excise Tax is payable by the Participant with respect to a Payment or Payments, it will furnish the Participant with an opinion reasonably acceptable to the Participant that no Excise Tax will be imposed with respect to any such Payment or Payments. Within 10 days of the delivery of the Determination to the Participant, the Participant will have the right to dispute the Determination (the "Dispute"). The Gross-Up Payment, if any, as determined pursuant to this Section 6.3(b) will be paid by the Company to the Participant within 5 days of the receipt of the Determination. The existence of the Dispute will not in any way affect the Participant's right to receive the Gross-Up Payment in accordance with the Determination. If there is no Dispute, the Determination will be binding, final and conclusive upon the Company and the Participant, subject to the application of Section 6.3(c).

(c) As a result of uncertainty in the application of Sections 280G, 409A, and 4999 of the Code, it is possible that a Gross-Up Payment (or a portion thereof) will be paid which should not be paid (an "Excess Payment") or that a Gross-Up Payment (or a portion thereof) which should be paid will not be paid (an "Underpayment"). An Underpayment will be deemed to have occurred (i) upon notice (formal or informal) to the Participant from any governmental taxing authority that the Participant's tax liability (whether in respect of the Participant's current taxable year or in respect of any prior taxable year) may be increased by reason of the imposition of the Excise Tax on a Payment or Payments with respect to which the Company has failed to make a sufficient Gross-Up Payment, (ii) upon a determination by a court, (iii) by reason of a determination by the Company (which will include the position taken by the Company on its federal income tax return) or (iv) upon the resolution of the Dispute to the Participant's satisfaction. If an Underpayment occurs, the Participant will promptly notify the Company and the Company will promptly, but in any event at least 5 days prior to the date on which the applicable government taxing authority has requested payment, pay to the Participant an additional Gross-Up Payment equal to the amount of the Underpayment plus any interest and penalties (other than interest and penalties imposed by reason of the Participant's failure to file timely a tax return or pay taxes shown due on the Participant's return) imposed on the Underpayment. An Excess Payment will be deemed to have occurred upon a Final Determination (as hereinafter defined) that the Excise Tax will not be imposed upon a Payment or Payments (or portion thereof) with respect to which the Participant had previously received a Gross-Up Payment. A "Final Determination" will be deemed to have occurred when the Participant has received from the applicable government taxing authority a refund of taxes or other reduction in the Participant's tax liability by reason of the Excise Payment and upon either (x) the date a determination is made by, or an agreement is entered into with, the applicable governmental taxing authority which finally and conclusively binds the Participant and such taxing authority, or in the event that a claim is brought before a court of competent jurisdiction, the date upon which a final determination has been made by such court and either all appeals have been taken and finally resolved or the time for all appeals has expired or (y) the statute of limitations with respect to the Participant's applicable tax return has expired. If an Excess Payment is determined to have been made, the Participant will pay to the Company (but not less than 10 days after the determination of such Excess Payment and written notice has been delivered to the Participant) the amount of the Excess Payment plus interest at an annual rate equal to the Applicable Federal Rate provided for in Section 1274(d) of the Code from the date the Gross-Up Payment (to which the Excess Payment relates) was paid to the Participant until the date of repayment to the Company. The Participant will use reasonable cooperative efforts at the request of the Company to assist in the determination of the amount of any Excess Payment or Underpayment made to the Participant pursuant to this Plan.

(d) All Payments are intended by Company and Participant to meet the requirements of Section 409A of the Code.

6.4 Other Benefits Payable. The Severance Benefits provided pursuant to Section 6.2 above shall be provided in addition to, and not in lieu of, all other accrued or vested or earned but deferred compensation, rights, stock options, or other benefits which may be owed to a Participant by an Employer, with the exception of payments to be made under (a) the Chemed Corporation Senior Executive Severance Policy and (b) employment agreements for Tier 1 Participants.

6.5 Payment Obligations Absolute. The obligations of the Company to pay the Severance Benefits described in Section 6.2 shall be absolute and unconditional and shall not be affected by any circumstances, including, without limitation, any set-off, counterclaim, recoupment, defense, or other right which the Company or any Affiliate may have against any Participant. In no event shall a Participant be obligated to seek other employment or take any other action by way of mitigation of the amounts payable to a Participant under any of the provisions of this Plan, nor shall the amount of any payment hereunder be reduced by any compensation earned by a Participant as a result of employment by another employer, except with respect to the welfare benefits as provided under Section 6.2(c).

ARTICLE VII SUCCESSOR TO COMPANY

This Plan shall bind any successor of the Company, its assets, or its businesses (whether direct or indirect, by purchase, merger, consolidation, or otherwise), in the same manner and to the same extent that the Company would be obligated under this Plan if no succession had taken place. In the case of any transaction in which a successor would not, by the foregoing provision or by operation of law, be bound by this Plan, the Company shall require such successor expressly and unconditionally to assume and agree to perform the Company's obligations under this Plan, in the same manner and to the same extent that the Company would be required to perform if no such succession had taken place. The term "Company," as used in this Plan, shall mean the Company as hereinbefore defined and any successor or assignee to the business or assets which by reason hereof becomes bound by this Plan.

ARTICLE VIII AMENDMENT, AND TERMINATION

8.1 Amendment and Termination. The Plan may be terminated or amended in any respect by resolution adopted by a majority of the Administrative Committee, unless a Change in Control has previously occurred. However, after the Administrative Committee has knowledge of a transaction or event that, if consummated, would constitute a Change in Control, this Plan may not be terminated or amended in any manner which would adversely affect the rights or potential rights of Participants, unless and until the Administrative Committee has determined that such potential Change in Control has been abandoned and will not be consummated, and the Administrative Committee does not have knowledge of another transaction or event that, if consummated, would constitute a Change in Control. If a Change in Control occurs, the Plan shall no longer be subject to amendment or termination in any respect which adversely affects the rights of Participants.

8.2 Form of Amendment. The form of any amendment or termination of the Plan shall be a written instrument signed by a duly authorized officer or officers of the Company, certifying that the amendment or termination has been approved by the Administrative Committee. An amendment of the Plan in accordance with the terms hereof shall automatically effect a corresponding amendment to all Participants' rights hereunder. A termination of the Plan, subject to the terms hereof, shall automatically effect a termination of all Participants' rights and benefits hereunder.

ARTICLE IX MISCELLANEOUS

9.1 Legal Fees and Expenses, Arbitration. Each party shall pay their own legal fees incurred in connection with any enforcement of rights under this Plan. Disputes arising under this Plan shall be subject to arbitration according to the rules of the American Arbitration Association. The Company and Participant shall share equally any third party costs of such arbitration.

9.2 Employment Status. This Plan does not constitute a contract of employment or impose on a Participant's Employer any obligation to retain the Participant as an Employee, to change the status of the Participant's employment, or to change the Company's policies or those of its Affiliates regarding termination of employment.

9.3 Validity and Severability. The invalidity or unenforceability of any provision of the Plan shall not affect the validity or enforceability of any other provision of the Plan, which shall remain in full force and effect, and any prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

9.4 Waiver. The Company's or a Participant's failure to insist upon strict compliance with any provision of this Plan or the failure to assert any right the Company or a Participant may have hereunder shall not be deemed to be a waiver of such provision or right or any other provision or right of this Plan.

9.5 Governing Law. The validity, interpretation, construction, and performance of the Plan shall in all respects be governed by the laws of the State of Ohio, without reference to its principles of conflict of law.

9.6 Claims Procedure. If an Employee or former Employee makes a written request alleging a right to receive benefits under the Plan or alleging a right to receive an adjustment in benefits being paid under the Plan, the Company shall treat it as a claim for benefits. All claims for Severance Benefits under the Plan shall be sent to the Legal Department of the Company and must be received within 30 days after the Date of Termination. If the Company determines that any individual who has claimed a right to receive Severance Benefits under the Plan is not entitled to receive all or any part of the benefits claimed, it will inform the claimant in writing of its determination and the reasons therefor in terms calculated to be understood by the claimant. The notice will be sent within 30 days of the written request, unless the Company determines additional time, not exceeding 45 days, is needed. The notice shall make specific reference to the pertinent Plan provisions on which the denial is based, and describe any additional material or information that is necessary. Such notice shall, in addition, inform the claimant what procedure the claimant should follow to take advantage of the review procedures set forth below in the event the claimant desires to contest the denial of the claim. The claimant may, within 90 days thereafter, submit in writing to the Company a notice that the claimant contests the denial of his or her claim by the Company and desires a further review. The Company shall, within 30 days thereafter, review the claim and authorize the claimant to appear personally and review pertinent documents and submit issues and comments relating to the claim to the persons responsible for making the determination on behalf of the Company. The Company will render its final decision with specific reasons therefor in writing and will transmit it to the claimant within 30 days of the written request for review, unless the Company determines additional time, not exceeding 45 days, is needed, and so notifies the Participant. If the Company fails to respond to a claim filed in accordance with the foregoing within 30 days or any such extended period, the Company shall be deemed to have denied the claim.

9.7 Indemnification of Administrative Committee. No member or agent of the Administrative Committee shall be personally liable for any action, determination, or interpretation made with respect to the Plan, and each member of the Administrative Committee shall be indemnified by the Company to the fullest extent permitted by applicable law and the governing instruments of the Company.

9.8 Unfunded Plan Status. This Plan is intended to be an unfunded plan. All payments pursuant to the Plan shall be made from the general funds of the Company, and no special or separate fund shall be established or other segregation of assets made to assure payment. No Participant or other person shall have under any circumstances any interest in any particular property or assets of the Company as a result of participating in the Plan. Notwithstanding the foregoing, the Company may (but shall not be obligated to) create one or more grantor trusts, the assets of which are subject to the claims of the Company's creditors, to assist it in accumulating funds to pay its obligations under the Plan.

9.9 Tax Withholding. Any payment provided for hereunder shall be paid net of any applicable tax withholding required under federal, state, local, or foreign law.

9.10 Nonalienation of Benefits. Except as otherwise specifically provided herein, amounts payable under the Plan shall not be subject to any manner of anticipation, alienation, sale, transfer, assignment, pledge, encumbrance, charge, garnishment, execution, or levy of any kind, either voluntary or involuntary, including any liability which is for alimony or other payments for the support of a spouse or former spouse, or for any other relative of a Participant, prior to actually being received by the person entitled to payment under the terms of the Plan. Any attempt to anticipate, alienate, sell, transfer, assign, pledge, encumber, charge, garnish, execute, or levy upon, otherwise dispose of any right to amounts payable hereunder, shall be null and void.

9.11 Facility of Payment.

(a) If a Participant is declared an incompetent, and a conservator, guardian, or other person legally charged with his or her care has been appointed, any Severance Benefits to which such Participant is entitled may be paid to such conservator, guardian, or other person legally charged with his or her care;

(b) If a Participant is declared an incompetent and a conservator, guardian, or other person charged with his or her care has not been appointed, the Administrative Committee may: (i) require the appointment of a conservator or guardian; (ii) distribute any Severance Benefits to which such Participant is entitled to his or her spouse, with respect to a Participant who is married, or to such other relative of an unmarried Participant for the benefit of such Participant; or (iii) distribute any Severance Benefits to which such Participant is entitled directly to or for the benefit of such Participant.

9.12 Gender and Number. Except when the context indicates to the contrary, when used herein masculine terms shall be deemed to include the feminine, and the plural shall be deemed to include the singular.

9.13 Headings. The headings of Articles and Sections are included solely for convenience of reference and are not to be used in the interpretation of the provisions of the Plan.

9.14 Equity-Based Plans. No provision hereunder is intended to restrict acceleration of any interests granted under equity-based plans of the Company, in accordance with the terms of said plans.

Appendix A to Chemed Corporation
Change in Control Severance Plan
Participant Designation

Tier 1

1. K. J. McNamara
2. D. P. Williams
3. T. S. O'Toole

Tier 2

4. T. C. Hutton
5. N. C. Dallob
6. A. V. Tucker
7. T. J. Reilly
8. L. A. Dittman
9. S. S. Lee
10. R. L. Arquilla
11. G. H. Sander
12. R. P. Goldschmidt
13. D. Lawe
14. P. Pettit
15. D. A. Wester

CERTIFICATION PURSUANT TO RULES 13a-14(a)/15d-14(a) OF THE EXCHANGE ACT OF 1934

I, Kevin J. McNamara, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Chemed Corporation ("registrant");
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations, and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rule 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors
 - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: October 30, 2009

/s/ Kevin J. McNamara
Kevin J. McNamara
(President and Chief
Executive Officer)

CERTIFICATION PURSUANT TO RULES 13a-14(a)/15d-14(a) OF THE EXCHANGE ACT OF 1934

I, David P. Williams, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Chemed Corporation ("registrant");
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations, and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rule 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors:
 - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: October 30, 2009

/s/ David P. Williams
David P. Williams
(Executive Vice President and Chief Financial
Officer)

CERTIFICATION PURSUANT TO RULES 13a-14(a)/15d-14(a) OF THE EXCHANGE ACT OF 1934

I, Arthur V. Tucker, Jr., certify that:

1. I have reviewed this quarterly report on Form 10-Q of Chemed Corporation ("registrant");
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations, and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rule 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles,
 - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors:
 - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: October 30, 2009

/s/ Arthur V. Tucker, Jr.
Arthur V. Tucker, Jr.
(Vice President and
Controller)

CERTIFICATION BY KEVIN J. MCNAMARA
PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002.

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned, as President and Chief Executive Officer of Chemed Corporation ("Company"), does hereby certify that:

- 1) the Company's Quarterly Report on Form 10-Q for the quarter ending September 30, 2009 ("Report"), fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- 2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: October 30, 2009

/s/ Kevin J. McNamara
Kevin J. McNamara
(President and Chief
Executive Officer)

CERTIFICATION BY DAVID P. WILLIAMS
PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002.

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned, as Executive Vice President and Chief Financial Officer of Chemed Corporation ("Company"), does hereby certify that:

- 1) the Company's Quarterly Report on Form 10-Q for the quarter ending September 30, 2009 ("Report"), fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- 2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: October 30, 2009

/s/ David P. Williams
David P. Williams
(Executive Vice President and Chief Financial
Officer)

CERTIFICATION BY ARTHUR V. TUCKER, JR.
PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002.

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned, as Vice President and Controller of Chemed Corporation ("Company"), does hereby certify that:

- 1) the Company's Quarterly Report on Form 10-Q for the quarter ending September 30, 2009 ("Report"), fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- 2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: October 30, 2009

/s/ Arthur V. Tucker, Jr.
Arthur V. Tucker, Jr.
(Vice President and Controller)