

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

FORM 8-K
CURRENT REPORT

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

Date of Report (date of earliest event reported):
February 20, 2007

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

Delaware	1-8351	31-0791746
(State or other jurisdiction of incorporation)	(Commission File Number)	(I.R.S. Employer Identification Number)

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

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

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 230.425)
- Pre-commencement communications pursuant to Rule 14d-2(b) under Exchange Act (17 CFR 230.425)
- Pre-commencement communications pursuant to Rule 13e-4 (c) under Exchange Act (17 CFR 230.425)

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Item 2.02 Results of Operations and Financial Condition

On February 20, 2007 Chemed Corporation issued a press release announcing its financial results for the quarter ended December 31, 2006. A copy of the release is furnished herewith as Exhibit 99.

Item 9.01 Financial Statements and Exhibits

c) Exhibit

(99) Registrant's press release dated February 20, 2007

SIGNATURES

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

hereunto duly authorized.

CHEMED CORPORATION

Dated: February 20, 2007

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

Arthur V. Tucker, Jr.
Vice President and Controller

Chemed Reports Record Fourth-Quarter and Full-Year 2006 Results; VITAS and Roto-Rooter Segments Report Record Revenue and Profitability

CINCINNATI--(BUSINESS WIRE)--Feb. 20, 2007--Chemed Corporation (Chemed) (NYSE:CHE), which operates VITAS Healthcare Corporation (VITAS), the nation's largest provider of end-of-life care, and Roto-Rooter, the nation's largest commercial and residential plumbing and drain cleaning services provider, today reported financial results for its fourth quarter ended December 31, 2006, versus the comparable prior-year period, as follows:

Consolidated operating results from Continuing Operations:

- Revenue increased 10.6% to \$272 million
- Diluted EPS from Continuing Operations of \$.73

VITAS segment operating results from Continuing Operations:

- Net Patient Revenue of \$186 million, up 11.8%
- Average Daily Census (ADC) of 11,174, up 9.4%
- Admissions of 13,291, an increase of 7.4%
- Average Length of Stay in the quarter was 75.7 days
- Net income of \$15.1 million, an increase of 397%
- Adjusted EBITDA of \$25.7 million, an increase of 5.4%

Roto-Rooter segment operating results:

- Revenue of \$86 million, an increase of 8.2%
- Job count of 210,839, up 0.5%
- Net Income of \$9.7 million, up 32.3%
- Adjusted EBITDA of \$17.2 million, an increase of 18.4%

In the fourth quarter of 2006, VITAS recorded a Medicare contractual billing adjustment (Medicare Cap), which netted to \$0.7 million. Two programs recorded an estimated Medicare Cap billing limitation of approximately \$1.1 million, which was partially offset by reversing a portion of the estimated 2005 Medicare Cap accrued in the third quarter. These are the same two hospice programs noted in the third quarter of 2006.

The third-quarter 2006 Medicare Cap accrual included \$1.0 million for programs with potential prior-year billing limitations resulting from the Fiscal Intermediary reallocating admissions for deceased Medicare patients who received hospice care from multiple providers. VITAS has received notice from its Fiscal Intermediary that only one program had a retroactive Medicare liability of \$0.5 million. This program is one of the two programs with a fourth-quarter 2006 billing limitation. The remaining portion of the prior-year billing limitation accrual was reversed in the fourth quarter of 2006.

With the exception of the two programs noted above, all of VITAS' Medicare provider numbers have a calculated cap cushion of greater than ten percent on a trailing twelve-month basis. VITAS defines cap cushion as the difference between the maximum Medicare billing potential based upon total first-time Medicare hospice admissions less the actual Medicare billings in a program. Billing limitations are calculated on a twelve-month basis ending October 31.

Typically, VITAS hospice programs with the lowest median length of stay (MLOS) also have the largest cap cushion. In most of VITAS' base programs, the MLOS, average daily census, admissions and discharges are relatively stable and predictable quarter to quarter. However, programs experiencing exceptionally strong growth rates are inherently more volatile and will have significant fluctuations in these metrics. This volatility increases the potential for a sudden shift in metrics in any given quarter. A severe decline in admissions and/or discharges could result in the program having a less optimal patient mix and potentially having Medicare billing limitations. To the extent the program has a predictable level of high acuity patient admissions, the program's patient mix has a reasonable probability of being rebalanced

and continuing to contractually bill Medicare for 100% of services provided. From a business model perspective, hospice programs that are slightly above or below the Medicare Cap are essentially optimizing revenue, profitability and operating margin for that program.

Given the industry trend to longer lengths of stay, it is highly probable that VITAS' hospice programs will continue to expand Medicare billings on a per patient basis. As this trend of revenue growth continues, certain hospice programs have increased potential of being in a Medicare contractual billing limitation situation. The Company believes its relatively low MLOS in the majority of its hospice programs provides a competitive advantage to minimize the financial impact of Medicare Cap as well as limit the duration the program remains in a Medicare Cap situation.

VITAS

VITAS generated net revenue of \$186 million in the fourth quarter of 2006, which was an increase of 11.8% over the prior-year period. Net income from continuing operations for the fourth quarter was \$15.1 million. Medicare Cap accruals negatively impacted revenue by \$0.7 million and reduced net income by \$0.4 million. ADC increased 9.4% to 11,174 and admissions increased 7.4% to 13,291.

Gross margins in the quarter, before the impact of Medicare Cap, were 22.8%. This compares to 22.9% in the prior-year quarter. This 10 basis point decline in margin is primarily a result of VITAS carrying more field staffing relative to ADC than the prior year, substantially offset by a realignment of certain expenses incurred between cost of services and central support.

Staffing levels had been running at a level above normal relative to ADC prior to the fourth quarter. Given the inherent difficulty in hiring and retaining qualified healthcare professionals, management elected to retain current field-based personnel and to allow normal attrition and overall growth in ADC to adjust staffing ratios and related gross margins to more historical levels. This approach resulted in December 2006 gross margins improving 350 basis points over the October 2006 gross margin.

Effective October 1, 2006, management realigned certain field-based processes and expenses related to hospice program support such as recruiting and information technology. These processes and related expenses were centralized effective the beginning of the fourth quarter and are now incurred and controlled at VITAS corporate and classified as selling, general and administrative expenses. This resulted in approximately \$1.8 million of fourth-quarter 2006 expense being reclassified from cost of services that positively impacted gross margins by 95 basis points.

Central support costs for VITAS, which are classified as selling, general and administrative expenses in the Consolidating Statement of Income, totaled \$16.4 million, which is an increase of 18.1% over the prior year and 20.6% sequentially. Adjusting for the reclassification of expenses noted above, fourth-quarter 2006 central support costs increased 5.4% over the prior year and 7.6% sequentially.

VITAS' average length of stay (ALOS) for patients discharged in the quarter was 75.7 days and median length of stay (MLOS) was 14 days. This compares to an ALOS of 71.0 days in the third quarter of 2006 and 70.0 days in the fourth quarter of 2005.

Roto-Rooter

Roto-Rooter's plumbing and drain cleaning business generated sales of \$86 million for the fourth quarter of 2006, 8.2% higher than the \$79 million reported in the comparable prior-year quarter. Net income for the quarter was \$9.7 million, an increase of 32.3% over the prior year. Adjusted EBITDA in the fourth quarter of 2006 totaled \$17.2 million, an increase of 18.4% over the fourth quarter of 2005 and equated to an adjusted EBITDA margin of 20.1%, an increase of 173 basis points over the prior-year period.

Job count in the fourth quarter of 2006 increased 0.5% over the prior-year period. Commercial jobs decreased 4.8% and residential jobs increased 3.1%. Commercial plumbing job count decreased 5.4% and commercial drain cleaning decreased 4.1% over the prior-year quarter. Residential plumbing jobs increased 4.2% and residential drain cleaning jobs expanded 2.5% when compared to the fourth quarter of 2005. For the full-year 2006, commercial jobs decreased 0.3% and residential jobs increased 1.1%.

Guidance for 2007

VITAS is estimated to generate full-year revenue growth from continuing operations, prior to Medicare Cap, of 11% to 13%, increased admissions of 5% to 7%, increased ADC of 8% to 10% and adjusted EBITDA margins, prior to Medicare Cap, of 13% to 14%. This guidance assumes a Medicare price increase that will average 3.8% in the first three quarters of 2007 and that hospice receives a full Medicare basket price increase of 3.5% in the fourth quarter of 2007.

Full-year Medicare contractual billing limitations are estimated at \$10 million. Two programs are currently at cap. In addition, VITAS is closely monitoring three additional programs that have greater than 10% cap cushion on a trailing twelve-month basis but less than 10% cap cushion based upon the first two months of the Medicare cap year commencing November 1, 2006.

Roto-Rooter is estimated to generate a 7% to 8% increase in revenue in 2007, job count growth between 0.5% and 1.0% and adjusted EBITDA margins approximating 17%.

Based upon these factors, an effective tax rate of 39% and average diluted share count of 26.1 million, our estimate is that full-year 2007 earnings per diluted share from continuing operations, excluding any charges or credits not indicative of ongoing operations, and excluding expense for stock options, will be in the range of \$2.45 to \$2.60.

Conference Call

Chemed will host a conference call and webcast at 11 a.m., EST, on Wednesday, February 21, 2007, to discuss the Company's quarterly results and provide an update on its business. The dial-in number for the conference call is (800) 510-0178 for U.S. and Canadian participants and (617) 614-3450 for international participants. The participant passcode is 19818676. A live webcast of the call can be accessed on Chemed's website at www.chemed.com by clicking on Investor Relations Home.

A taped replay of the conference call will be available beginning approximately two hours after the call's conclusion. It can be accessed by dialing (888) 286-8010 for U.S. and Canadian callers and (617) 801-6888 for international callers and will be available for one week following the live call. The replay passcode is 44173260. An archived webcast will also be available at www.chemed.com and will remain available for 14 days following the live call.

Chemed Corporation operates in the healthcare field through its VITAS Healthcare Corporation subsidiary. VITAS provides daily hospice services to over 11,000 patients with severe, life-limiting illnesses. This type of care is focused on making the terminally ill patient's final days as comfortable and pain free as possible.

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

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

Forward-Looking Statements

Certain statements contained in this press release and the accompanying tables are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. The

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

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

	For the Three Months Ended December 31,		For the Years Ended December 31,	
	2006	2005 (aa)	2006	2005 (aa)
Continuing Operations				
Service revenues and sales	\$271,903	\$245,739	\$1,018,587	\$915,970
Cost of services provided and goods sold (bb)	189,586	170,598	730,123	644,476
Selling, general and administrative expenses (bb)	44,969	42,356	161,183	157,262
Depreciation	4,390	4,231	16,775	16,150
Amortization	1,287	1,251	5,255	4,922
Other expenses--net (bb)	-	17,192	272	16,391
Total costs and expenses	240,232	235,628	913,608	839,201
Income from operations	31,671	10,111	104,979	76,769
Interest expense	(3,742)	(5,243)	(17,468)	(21,264)
Loss from impairment of investment (bb)	-	-	(1,445)	-
Loss on extinguishment of debt (bb)	-	-	(430)	(3,971)
Other income--net	1,914	479	4,648	3,122
Income before income taxes	29,843	5,347	90,284	54,656
Income taxes (bb)	(10,584)	(1,347)	(32,562)	(18,428)
Income from continuing operations	19,259	4,000	57,722	36,228
Discontinued Operations (bb)	(1,626)	184	(7,071)	(411)
Net Income	\$ 17,633	\$ 4,184	\$ 50,651	\$ 35,817
Earnings Per Share				
Income from continuing operations (bb)	\$ 0.74	\$ 0.15	\$ 2.21	\$ 1.42
Net Income	\$ 0.68	\$ 0.16	\$ 1.94	\$ 1.40
Average number of shares outstanding	26,030	25,858	26,118	25,552
Diluted Earnings Per Share				

Income from continuing operations (bb)	\$ 0.73	\$ 0.15	\$ 2.16	\$ 1.38
	=====	=====	=====	=====
Net Income	\$ 0.67	\$ 0.16	\$ 1.90	\$ 1.36
	=====	=====	=====	=====
Average number of shares outstanding	26,411	26,590	26,669	26,299
	=====	=====	=====	=====

(aa) Amounts for 2005 have been reclassified for operations discontinued in 2006.

(bb) Included in the consolidated statement of income are the following significant credits/(charges) which may not be indicative of ongoing operations (in thousands):

	For the Three Months Ended December 31,		For the Years Ended December 31,	
	2006	2005	2006	2005
	-----	-----	-----	-----
Continuing Operations				
Cost of services provided and goods sold				
Favorable adjustment to casualty insurance accruals related to prior years' experience	\$ -	\$ -	\$ -	\$ 1,663
Selling, general and administrative expenses				
Stock option expense	(596)	-	(1,211)	(215)
Costs associated with OIG investigation	(250)	(73)	(1,068)	(637)
Long-term incentive compensation	-	(2,531)	-	(5,477)
Other	467	-	467	-
Other expenses -- net				
Adjustments to transaction-related costs of the VITAS acquisition	-	158	-	959
Costs related to class action litigation	-	(17,350)	(272)	(17,350)
Loss from impairment of investment	-	-	(1,445)	-
Loss on extinguishment of debt	-	-	(430)	(3,971)
	-----	-----	-----	-----
Pretax impact on earnings	(379)	(19,796)	(3,959)	(25,028)
Income tax benefit/(charge) on the above	142	7,565	1,464	9,753
Income tax benefit from finalizing prior years' returns	324	174	2,115	1,961
	-----	-----	-----	-----
Aftertax impact on continuing operations	\$ 87	\$ (12,057)	\$ (380)	\$ (13,314)
	=====	=====	=====	=====
Discontinued Operations				
VITAS' Phoenix operation, discontinued in 2006	\$ (1,653)	\$ 57	\$ (4,872)	\$ 1,477
Patient Care, discontinued in 2002	53	-	(1,426)	-
Service America, discontinued in 2004	(25)	202	(32)	(1,813)
Adjustments related to other discontinued operations	(1)	(75)	(741)	(75)
	-----	-----	-----	-----
Total discontinued operations	\$ (1,626)	\$ 184	\$ (7,071)	\$ (411)
	=====	=====	=====	=====

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

	December 31,	
	2006	2005 (cc)
Assets		
Current assets		
Cash and cash equivalents	\$ 29,274	\$ 57,133
Accounts receivable less allowances	93,086	91,094
Inventories	6,578	6,499
Prepaid income taxes	-	8,151
Current deferred income taxes	17,789	26,727
Current assets of discontinued operations	5,418	5,189
Prepaid expenses and other current assets	9,968	9,767
	-----	-----
Total current assets	162,113	204,560
Investments of deferred compensation plans held in trust	25,713	21,105
Other investments	-	1,445
Note receivable	14,701	12,500
Properties and equipment, at cost less accumulated depreciation	70,140	65,155
Identifiable intangible assets less accumulated amortization	69,215	72,888
Goodwill	435,050	432,596
Noncurrent assets of discontinued operations	287	7,632
Other assets	16,068	21,222
	-----	-----
Total Assets	\$793,287	\$839,103
	=====	=====
Liabilities		
Current liabilities		
Accounts payable	\$ 49,744	\$ 43,437
Current portion of long-term debt	209	1,045
Income taxes	6,765	4,189
Accrued insurance	38,457	38,409
Accrued compensation	35,990	32,963
Current liabilities of discontinued operations	12,215	3,339
Other current liabilities	22,684	45,823
	-----	-----
Total current liabilities	166,064	169,205
Deferred income taxes	26,301	26,012
Long-term debt	150,331	234,058
Deferred compensation liabilities	25,514	21,275
Noncurrent liabilities of discontinued operations	-	4
Other liabilities	3,716	4,374
	-----	-----
Total Liabilities	371,926	454,928
	-----	-----
Stockholders' Equity		
Capital stock	28,850	28,374
Paid-in capital	252,639	234,910
Retained earnings	215,517	171,188
Treasury stock, at cost	(78,064)	(52,127)
Deferred compensation payable in Company stock	2,419	2,379
Notes receivable for shares sold	-	(549)
	-----	-----
Total Stockholders' Equity	421,361	384,175
	-----	-----
Total Liabilities and Stockholders' Equity	\$793,287	\$839,103
	=====	=====
Book Value Per Share	\$ 16.32	\$ 14.79
	=====	=====

(cc)Amounts for 2005 have been reclassified for operations discontinued in 2006.

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

	For the Years Ended December 31,	
	2006	2005
Cash Flows from Operating Activities		
Net income	\$ 50,651	\$ 35,817
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	22,030	21,072
Provision for uncollectible accounts receivable	8,169	7,126
Provision for deferred income taxes	7,408	(5,055)
Discontinued operations	7,071	411
Amortization of debt issuance costs	1,774	1,834
Loss on impairment of investment	1,445	-
Write off unamortized debt issuance costs	430	2,871
Noncash long-term incentive compensation	-	4,813
Changes in operating assets and liabilities, excluding amounts acquired in business combinations:		
Increase in accounts receivable	(12,527)	(34,145)
Decrease/(increase) in inventories	(78)	520
Decrease/(increase) in prepaid expenses and other current assets	(2,188)	76
Increase/(decrease) in accounts payable and other current liabilities	(13,017)	32,431
Increase in income taxes	18,726	15,359
Increase in other assets	(722)	(2,003)
Increase/(decrease) in other liabilities	3,788	(1,146)
Excess tax benefit on share-based compensation	(5,600)	-
Noncash expense of internally financed ESOPs	-	1,060
Other sources/(uses)	2,109	912
	89,469	81,953
Net cash provided by continuing operations		
Net cash provided/(used) by discontinued operations	9,120	(1,940)
	98,589	80,013
Net cash provided by operating activities		
Cash Flows from Investing Activities		
Capital expenditures	(21,987)	(25,734)
Business combinations, net of cash acquired	(4,145)	(6,165)
Net uses from disposals of discontinued operations	(922)	(9,367)
Proceeds from sales of property and equipment	347	157
Other uses	(1,025)	(633)
	(27,732)	(41,742)
Net cash used by investing activities		
Cash Flows from Financing Activities		
Repayment of long-term debt	(84,563)	(141,592)
Purchases of treasury stock	(19,885)	(7,401)
Dividends paid	(6,322)	(6,172)
Proceeds from exercise of stock options	3,861	12,327
Excess tax benefit on share-based compensation	5,600	-
Increase in cash overdraft payable	2,571	6,752
Debt issuance costs	(154)	(1,755)
Proceeds from issuance of long-term debt	-	85,000
Other sources	176	255
	(98,716)	(52,586)
Net cash used by financing activities		
Decrease in Cash and Cash Equivalents	(27,859)	(14,315)
Cash and cash equivalents at beginning of year	57,133	71,448
	\$ 29,274	\$ 57,133
Cash and cash equivalents at end of year		

CHEMED CORPORATION AND SUBSIDIARY COMPANIES
CONSOLIDATING STATEMENT OF INCOME
FOR THE THREE MONTHS ENDED DECEMBER 31, 2006 AND 2005
(in thousands)(unaudited)

	VITAS	Roto-Rooter	Corporate	Chemed Consolidated
2006				
Service revenues and sales	\$186,219	\$85,684	\$ -	\$271,903
Cost of services provided and goods sold	144,347	45,239	-	189,586
Selling, general and administrative expenses (a)	16,426	25,345	3,198	44,969
Depreciation	2,421	1,882	87	4,390
Amortization	964	16	307	1,287
Total costs and expenses	164,158	72,482	3,592	240,232
Income/(loss) from operations	22,061	13,202	(3,592)	31,671
Interest expense	(35)	(87)	(3,620)	(3,742)
Intercompany interest income/(expense)	1,583	1,108	(2,691)	-
Other income--net	(7)	721	1,200	1,914
Income/(loss) before income taxes	23,602	14,944	(8,703)	29,843
Income taxes (a)	(8,457)	(5,203)	3,076	(10,584)
Income/(loss) from continuing operations	15,145	9,741	(5,627)	19,259
Discontinued operations	(1,653)	-	27	(1,626)
Net income/(loss)	\$ 13,492	\$ 9,741	\$ (5,600)	\$ 17,633
2005				
Service revenues and sales	\$166,530	\$79,209	\$ -	\$245,739
Cost of services provided and goods sold	128,329	42,269	-	170,598
Selling, general and administrative expenses	13,904	24,076	4,376	42,356
Depreciation	2,095	2,032	104	4,231
Amortization	984	20	247	1,251
Other expenses (b)	17,350	-	(158)	17,192
Total costs and expenses	162,662	68,397	4,569	235,628
Income/(loss) from operations	3,868	10,812	(4,569)	10,111
Interest expense	(49)	(155)	(5,039)	(5,243)
Intercompany interest income/(expense)	785	731	(1,516)	-
Other income--net	38	38	403	479
Income/(loss) before income taxes	4,642	11,426	(10,721)	5,347
Income taxes	(1,593)	(4,065)	4,311	(1,347)
Income/(loss) from continuing operations	3,049	7,361	(6,410)	4,000

Discontinued operations	57	-	127	184
Net income/(loss)	\$ 3,106	\$ 7,361	\$ (6,283)	\$ 4,184

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

CHEMED CORPORATION AND SUBSIDIARY COMPANIES
CONSOLIDATING STATEMENT OF INCOME
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005
(in thousands)(unaudited)

	VITAS	Roto-Rooter	Corporate	Chemed Consolidated
2006				

Service revenues and sales	\$699,092	\$319,495	\$ -	\$1,018,587
Cost of services provided and goods sold	557,260	172,863	-	730,123
Selling, general and administrative expenses (a)	56,961	92,495	11,727	161,183
Depreciation	8,753	7,665	357	16,775
Amortization	3,916	72	1,267	5,255
Other expenses - net (a)	272	-	-	272
Total costs and expenses	627,162	273,095	13,351	913,608
Income/(loss) from operations	71,930	46,400	(13,351)	104,979
Interest expense	(191)	(368)	(16,909)	(17,468)
Intercompany interest income/(expense)	5,329	3,997	(9,326)	-
Loss from impairment of investment (a)	-	-	(1,445)	(1,445)
Loss on extinguishment of debt	-	-	(430)	(430)
Other income--net	55	1,173	3,420	4,648
Income/(loss) before income taxes	77,123	51,202	(38,041)	90,284
Income taxes (a)	(28,705)	(18,748)	14,891	(32,562)
Income/(loss) from continuing operations	48,418	32,454	(23,150)	57,722
Discontinued operations	(4,872)	-	(2,199)	(7,071)
Net income/(loss)	\$ 43,546	\$ 32,454	\$ (25,349)	\$ 50,651

2005				

Service revenues and sales	\$618,633	\$297,337	\$ -	\$ 915,970
Cost of services provided and goods sold (b)	484,609	159,867	-	644,476
Selling, general and administrative expenses (b)	54,141	87,968	15,153	157,262
Depreciation	7,557	8,271	322	16,150
Amortization	3,947	90	885	4,922
Other expenses - net (b)	17,350	-	(959)	16,391
Total costs and				

expenses	567,604	256,196	15,401	839,201
Income/(loss) from operations	51,029	41,141	(15,401)	76,769
Interest expense	(153)	(563)	(20,548)	(21,264)
Intercompany interest income/(expense)	2,554	2,236	(4,790)	-
Loss on extinguishment of debt (b)	-	-	(3,971)	(3,971)
Other income--net	172	860	2,090	3,122
Income/(loss) before income taxes	53,602	43,674	(42,620)	54,656
Income taxes (b)	(20,097)	(16,048)	17,717	(18,428)
Income/(loss) from continuing operations	33,505	27,626	(24,903)	36,228
Discontinued operations	1,477	-	(1,888)	(411)
Net income/(loss)	\$ 34,982	\$ 27,626	\$(26,791)	\$ 35,817

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

CHEMED CORPORATION AND SUBSIDIARY COMPANIES
CONSOLIDATING SUMMARY OF EBITDA
FOR THE THREE MONTHS ENDED DECEMBER 31, 2006 AND 2005
(in thousands)(unaudited)

	VITAS	Roto-Rooter	Corporate	Chemed Consolidated
2006				
Net income/(loss)	\$13,492	\$ 9,741	\$(5,600)	\$17,633
Add/(deduct):				
Discontinued operations	1,653	-	(27)	1,626
Interest expense	35	87	3,620	3,742
Income taxes	8,457	5,203	(3,076)	10,584
Depreciation	2,421	1,882	87	4,390
Amortization	964	16	307	1,287
EBITDA	27,022	16,929	(4,689)	39,262
Add/(deduct):				
Legal expenses of OIG investigation	250	-	-	250
Stock option expense	-	-	596	596
Advertising cost adjustment (c)	-	1,395	-	1,395
Interest income	(14)	(16)	(684)	(714)
Intercompany interest income/(expense)	(1,583)	(1,108)	2,691	-
Other	-	-	(467)	(467)
Adjusted EBITDA	\$25,675	\$17,200	\$(2,553)	\$40,322
2005				
Net income/(loss)	\$ 3,106	\$ 7,361	\$(6,283)	\$ 4,184
Add/(deduct):				
Discontinued operations	(57)	-	(127)	(184)
Interest expense	49	155	5,039	5,243
Income taxes	1,593	4,065	(4,311)	1,347
Depreciation	2,095	2,032	104	4,231
Amortization	984	20	247	1,251
EBITDA	7,770	13,633	(5,331)	16,072
Add/(deduct):				
Long-term incentive compensation	-	-	2,531	2,531

Lawsuit settlement	17,350	-	-	17,350
Prior-period insurance adjustment	-	-	-	-
Legal expenses of OIG Investigation	73	-	-	73
VITAS transaction expense adjustment	-	-	(158)	(158)
Advertising cost adjustment (c)	-	1,660	-	1,660
Interest income	(45)	(38)	(671)	(754)
Intercompany interest income/(expense)	(785)	(731)	1,516	-
Adjusted EBITDA	<u>\$24,363</u>	<u>\$14,524</u>	<u>\$(2,113)</u>	<u>\$36,774</u>

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

CHEMED CORPORATION AND SUBSIDIARY COMPANIES
CONSOLIDATING SUMMARY OF EBITDA
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005
(in thousands)(unaudited)

	VITAS	Roto-Rooter	Corporate	Chemed Consolidated
2006				
Net income/(loss)	\$43,546	\$32,454	\$(25,349)	\$ 50,651
Add/(deduct):				
Discontinued operations	4,872	-	2,199	7,071
Interest expense	191	368	16,909	17,468
Income taxes	28,705	18,748	(14,891)	32,562
Depreciation	8,753	7,665	357	16,775
Amortization	3,916	72	1,267	5,255
EBITDA	89,983	59,307	(19,508)	129,782
Add/(deduct):				
Loss from impairment of investment	-	-	1,445	1,445
Lawsuit settlement	272	-	-	272
Legal expenses of OIG investigation	1,068	-	-	1,068
Stock option expense	-	-	1,211	1,211
Advertising cost adjustment (c)	-	323	-	323
Interest income	(114)	(85)	(2,492)	(2,691)
Intercompany interest income/(expense)	(5,329)	(3,997)	9,326	-
Other	-	-	(467)	(467)
Loss on extinguishment of debt	-	-	430	430
Adjusted EBITDA	<u>\$85,880</u>	<u>\$55,548</u>	<u>\$(10,055)</u>	<u>\$131,373</u>

2005				
Net income/(loss)	\$34,982	\$27,626	\$(26,791)	\$ 35,817
Add/(deduct):				
Discontinued operations	(1,477)	-	1,888	411
Interest expense	153	563	20,548	21,264
Income taxes	20,097	16,048	(17,717)	18,428
Depreciation	7,557	8,271	322	16,150
Amortization	3,947	90	885	4,922
EBITDA	65,259	52,598	(20,865)	96,992
Add/(deduct):				
Long-term incentive				

compensation	-	-	5,692	5,692
Lawsuit settlement	17,350	-	-	17,350
Prior-period insurance adjustment	-	(1,663)	-	(1,663)
Legal expenses of OIG Investigation	637	-	-	637
VITAS transaction expense adjustment	-	-	(959)	(959)
Advertising cost adjustment (c)	-	691	-	691
Interest income	(237)	(156)	(1,805)	(2,198)
Intercompany interest income/(expense)	(2,554)	(2,236)	4,790	-
Loss on extinguishment of debt	-	-	3,971	3,971
Adjusted EBITDA	<u>\$80,455</u>	<u>\$49,234</u>	<u>\$ (9,176)</u>	<u>\$120,513</u>

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

CHEMED CORPORATION AND SUBSIDIARY COMPANIES
RECONCILIATION OF ADJUSTED NET INCOME
FOR THE THREE MONTHS AND YEARS ENDED DECEMBER 31, 2006 AND 2005
(in thousands, except per share data)(unaudited)

	Three Months Ended December 31,		Years Ended December 31,	
	2006	2005	2006	2005
Net income/(loss) as reported	\$17,633	\$ 4,184	\$50,651	\$35,817
Add/(deduct):				
Discontinued operations	1,626	(184)	7,071	411
Aftertax loss on impairment of investment	-	-	918	-
Aftertax lawsuit settlement	-	10,757	169	10,757
Prior-period tax adjustments	(324)	(174)	(2,115)	(1,961)
Aftertax prior period insurance adjustment	-	-	-	(1,014)
Aftertax cost of long-term incentive compensation	-	1,587	-	3,434
Aftertax cost of legal expenses of OIG investigation	155	45	662	397
Aftertax stock option expense	378	-	769	137
Aftertax VITAS transaction expense adjustment	-	(158)	-	(959)
Aftertax other	(296)	-	(296)	-
Aftertax cost of loss on extinguishment of debt	-	-	273	2,523
Adjusted income from continuing operations	<u>\$19,172</u>	<u>\$16,057</u>	<u>\$58,102</u>	<u>\$49,542</u>
Earnings/(Loss) Per Share As Reported				
Net income/(loss)	<u>\$ 0.68</u>	<u>\$ 0.16</u>	<u>\$ 1.94</u>	<u>\$ 1.40</u>
Average number of shares outstanding	<u>26,030</u>	<u>25,858</u>	<u>26,118</u>	<u>25,552</u>
Diluted Earnings/(Loss) Per Share As Reported				
Net income/(loss)	<u>\$ 0.67</u>	<u>\$ 0.16</u>	<u>\$ 1.90</u>	<u>\$ 1.36</u>
Average number of shares outstanding	<u>26,411</u>	<u>26,590</u>	<u>26,669</u>	<u>26,299</u>

Adjusted Earnings Per Share				
Income from continuing operations	\$ 0.74	\$ 0.62	\$ 2.22	\$ 1.94
Average number of shares outstanding	26,030	25,858	26,118	25,552
Adjusted Diluted Earnings Per Share				
Income from continuing operations	\$ 0.73	\$ 0.60	\$ 2.18	\$ 1.88
Average number of shares outstanding	26,411	26,590	26,669	26,299

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

CHEMED CORPORATION AND SUBSIDIARY COMPANIES
OPERATING STATISTICS FOR VITAS SEGMENT
FOR THE THREE MONTHS AND YEARS ENDED DECEMBER 31, 2006 AND 2005
(unaudited)

	Three Months Ended December 31,		Years Ended December 31,	
	2006	2005	2006	2005
OPERATING STATISTICS				
Net revenue (\$000) (d)				
Homecare	\$132,082	\$114,805	\$492,012	\$426,380
Inpatient	23,316	22,713	89,882	85,836
Continuous care	31,509	29,012	121,096	106,417
Total before Medicare cap allowance	186,907	166,530	702,990	618,633
Medicare cap allowance	(688)	-	(3,898)	-
Total	\$186,219	\$166,530	\$699,092	\$618,633
Net revenue as a percent of total before Medicare cap allowance				
Homecare	70.6 %	69.0 %	70.0 %	68.9 %
Inpatient	12.5	13.6	12.8	13.9
Continuous care	16.9	17.4	17.2	17.2
Total before Medicare cap allowance	100.0	100.0	100.0	100.0
Medicare cap allowance	(0.4)	-	(0.6)	-
Total	99.6 %	100.0 %	99.4 %	100.0 %
Average daily census ("ADC") (days)				
Homecare	6,636	5,834	6,333	5,578
Nursing home	3,567	3,413	3,501	3,308
Routine homecare	10,203	9,247	9,834	8,886
Inpatient	411	419	411	407
Continuous care	560	544	555	513
Total	11,174	10,210	10,800	9,806
Total Admissions	13,291	12,380	52,736	49,985
Total Discharges	13,199	12,482	51,552	48,876
Average length of stay (days)	75.7	70.0	71.9	67.4
Median length of stay (days)	14.0	13.0	13.0	12.0
ADC by major diagnosis				
Neurological	33.7 %	32.5 %	33.4 %	32.1 %
Cancer	19.7	21.0	20.2	21.3
Cardio	14.7	14.9	14.8	15.0
Respiratory	7.0	7.0	7.1	7.1

Other	24.9	24.6	24.5	24.5
Total	100.0 %	100.0 %	100.0 %	100.0 %
Admissions by major diagnosis				
Neurological	19.8 %	19.3 %	19.8 %	18.9 %
Cancer	35.3	37.5	35.5	36.8
Cardio	12.7	12.4	13.1	13.2
Respiratory	7.2	6.7	7.3	7.1
Other	25.0	24.1	24.3	24.0
Total	100.0 %	100.0 %	100.0 %	100.0 %
Direct patient care margins (e)				
Routine homecare	49.7 %	50.9 %	49.0 %	50.2 %
Inpatient	19.4	23.6	20.0	22.7
Continuous care	17.0	20.4	18.2	18.9
Homecare margin drivers (dollars per patient day)				
Labor costs	\$ 49.72	\$ 47.15	\$ 49.38	\$ 46.12
Drug costs	8.17	7.25	8.12	7.55
Home medical equipment	5.81	5.44	5.63	5.47
Medical supplies	2.28	2.11	2.17	2.15
Inpatient margin drivers (dollars per patient day)				
Labor costs	\$ 261.55	\$ 239.50	\$ 259.25	\$ 240.89
Continuous care margin drivers (dollars per patient day)				
Labor costs	\$ 486.46	\$ 442.28	\$ 468.13	\$ 441.95
Bad debt expense as a percent of revenues				
Accounts receivable -- days of revenue outstanding	1.0 %	0.9 %	0.9 %	0.9 %
	38.7	41.8	N/A	N/A

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

CHEMED CORPORATION AND SUBSIDIARY COMPANIES
FOOTNOTES TO FINANCIAL STATEMENTS
FOR THE THREE MONTHS AND YEARS ENDED DECEMBER 31, 2006 AND 2005
(unaudited)

(a) Included in the results of operations for the three months and years ended December 31, 2006 are the following significant credits/(charges) which may not be indicative of ongoing operations (in thousands):

	Three Months Ended December 31, 2006			
	VITAS	Roto-Rooter	Corporate	Consolidated
Selling, general and administrative expenses				
Costs associated with OIG investigation	\$ (250)	\$ -	\$ -	\$ (250)
Stock option expense	-	-	(596)	(596)
Other	-	-	467	467
Pretax impact on earnings	(250)	-	(129)	(379)
Income tax benefit on the above	95		47	142
Income tax benefit from finalizing prior years' returns	-	324	-	324
Aftertax impact on earnings	\$ (155)	\$ 324	\$ (82)	\$ 87

Year Ended December 31, 2006

	VITAS	Roto-Rooter	Corporate	Consolidated
Selling, general and administrative expenses				
Costs associated with OIG investigation	\$ (1,068)	\$ -	\$ -	\$ (1,068)
Stock option expense	-	-	(1,211)	(1,211)
Other	-	-	467	467
Other expenses - net				
Lawsuit settlement	(272)	-	-	(272)
Loss from impairment of investment	-	-	(1,445)	(1,445)
Loss on extinguishment of debt	-	-	(430)	(430)
Pretax impact on earnings	(1,340)	-	(2,619)	(3,959)
Income tax benefit on the above	509	-	955	1,464
Income tax benefit from finalizing prior years' returns	-	1,251	864	2,115
Aftertax impact on earnings	\$ (831)	\$1,251	\$ (800)	\$ (380)

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

	VITAS	Roto-Rooter	Corporate	Consolidated
Selling, general and administrative expenses				
Long-term incentive compensation	\$ -	\$ -	\$(2,531)	\$ (2,531)
Costs associated with OIG investigation	(73)	-	-	(73)
Other expenses - net				
Adjustments to transaction-related costs of the VITAS acquisition	-	-	158	158
Lawsuit settlement	(17,350)	-	-	(17,350)
Pretax impact on earnings	(17,423)	-	(2,373)	(19,796)
Income tax benefit on the above	6,621	-	944	7,565
Income tax benefit from finalizing prior years' returns	-	174	-	174
Aftertax impact on earnings	\$ (10,802)	\$ 174	\$ (1,429)	\$ (12,057)

Year Ended December 31, 2005

	VITAS	Roto-Rooter	Corporate	Consolidated
Cost of services provided and goods sold				
Favorable adjustment to casualty insurance accruals related to prior years' experience	\$ -	\$1,663	\$ -	\$ 1,663
Selling, general and administrative expenses				
Long-term incentive compensation	-	-	(5,477)	(5,477)
Costs associated with OIG investigation	(637)	-	-	(637)
Stock option expense	-	-	(215)	(215)
Other expenses - net				
Adjustments to transaction-related costs of the VITAS acquisition	-	-	959	959
Lawsuit settlement	(17,350)			(17,350)
Loss on extinguishment of debt	-	-	(3,971)	(3,971)
Pretax impact on earnings	(17,987)	1,663	(8,704)	(25,028)
Income tax benefit on the above	6,833	(649)	3,569	9,753
Income tax benefit from finalizing prior years' returns	-	1,126	835	1,961
Aftertax impact on earnings	\$(11,154)	\$2,140	\$(4,300)	\$(13,314)

(c) Under Generally Accepted Accounting Principles ("GAAP"), the Roto-Rooter segment expenses all advertising, including the cost of telephone directories, immediately upon the initial release of the advertising. Telephone directories are generally in circulation 12 months. If a directory is in circulation for a time period greater or less than 12 months, the publisher adjusts the directory billing for the change in billing period. The timing of when a telephone directory is published can and does fluctuate significantly on a quarterly basis. This "direct expensing" results in significant fluctuations in quarterly advertising expense. In the fourth quarters of 2006 and 2005, GAAP advertising expense for Roto-Rooter totaled \$6,579,000 and \$6,378,000, respectively. If the expense of the telephone directories were spread over the periods they are in circulation, advertising expense for the fourth quarters of 2006 and 2005 would total \$5,184,000 and \$4,718,000, respectively. For the years ended December 31, 2006 and 2005, GAAP advertising expense for Roto-Rooter totaled \$20,563,000 and \$19,063,000, respectively. If the expense of the telephone directories were spread over the periods they are in circulation, advertising expense for the years ended December 31, 2006 and 2005 would total \$20,240,000 and \$18,372,000, respectively.

(d) VITAS has 6 large (greater than 450 ADC), 15 medium (greater than 200 but less than 450 ADC) and 20 small (less than 200 ADC) hospice programs. As of December 31, 2006, there were 2 programs with a Medicare Cap liability. There were no other programs with less than 10% cap cushion measured for the period from January 1,

2006 through December 31, 2006.

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

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