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

FORM 8-K
CURRENT REPORT

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

Date of Report (date of earliest event reported):
October 26, 2006

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 (see General Instruction A.2 below):

[_] Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

[_] Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 230.425)

[_] Pre-commencement communications pursuant to Rule 14d-2(b) under Exchange Act (17 CFR 230.425)

[_] Pre-commencement communications pursuant to Rule 13e-4 (c) under Exchange Act (17 CFR 230.425)

Item 2.02 Results of Operations and Financial Condition

On October 26, 2006 Chemed Corporation issued a press release announcing its financial results for the quarter ended September 30, 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 October 26, 2006

SIGNATURES

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

CHEMED CORPORATION

Dated: October 26, 2006

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

Arthur V. Tucker, Jr.
Vice President and Controller

Exhibit 99

Chemed Reports Third-Quarter 2006 Results

CINCINNATI--(BUSINESS WIRE)--Oct. 26, 2006--Chemed Corporation (Chemed) (NYSE:CHE), which operates VITAS Healthcare Corporation (VITAS), the nation's largest provider of end-of-life care, and Roto-Rooter, the nation's largest commercial and residential plumbing and drain cleaning services provider, today reported financial results for its third quarter ended September 30, 2006, versus the comparable prior-year period, as follows:

Consolidated operating results from Continuing Operations:

-- Revenue increased 8.5% to $253 million

-- Diluted EPS from Continuing Operations of $.38

-- Adjusted diluted EPS from Continuing Operations, excluding certain items, of $.48

VITAS segment operating results:

-- Net Patient Revenue of $175 million, up 9.0%, including $5.5 million of Medicare Cap accrual

-- Average Daily Census (ADC) of 11,213, up 9.3%

-- Admissions of 12,753, an increase of 3.1%

-- Average Length of Stay in the quarter was 71.0 days

-- Net income of $7.8 million, a decline of 33.1%

-- Adjusted EBITDA of $19.4 million, a decline of 6.1%

Roto-Rooter segment operating results:

-- Revenue of $78 million, an increase of 7.5%

-- Job count of 198,394, up 0.4%

-- Net Income of $8.5 million, up 20.2%

-- Adjusted EBITDA of $12.9 million, an increase of 11.4%

In the third quarter of 2006, VITAS recorded a Medicare contractual billing adjustment (Medicare Cap). This accrual reduced revenues by $5.5 million and negatively impacted diluted EPS in the quarter by $0.13 per share.

Medicare Cap is currently impacting three hospice programs in the third quarter of 2006. The Phoenix program, acquired in December 2004, recorded an estimated Medicare Cap billing limitation of $2.9 million. The remaining two programs recorded $1.6 million of Medicare Cap in the third quarter of 2006.

The third-quarter 2006 Medicare Cap accrual includes an additional $1.0 million for estimated prior-year billing limitations resulting from the Fiscal Intermediary reallocating admissions for deceased Medicare patients who received hospice care from multiple providers. Of this prior-year billing, $0.5 million is for one of the programs noted above and $0.5 million is estimated for a program not anticipated to have a billing restriction in calendar year 2006.

VITAS is in the process of exiting the hospice market in Phoenix, Arizona. VITAS has been successful in growing admissions of terminally ill patients who reside primarily in assisted living settings within the Phoenix community. Patients residing in these types of facilities tend to exit curative care and enter into hospice early on into their terminal illness diagnosis. The current Medicare hospice reimbursement program limits payment for hospice care when a significant portion of the patient census enters into hospice in the early stage of their terminal diagnosis. Although VITAS, on average, has relatively short average and median lengths of stay in the majority of its programs, each program is measured separately and cannot be considered in the aggregate of its hospice programs under common control and ownership.

The Phoenix program had an average daily census of approximately 200 patients in the third quarter of 2006. Revenue and operating losses for Phoenix in the third quarter of 2006 were a negative $0.5 million and $4.8 million, respectively. Included in this operating loss is a $2.4 million charge for asset impairment. On a year-to-date basis, revenue and operating losses aggregated $2.5 million and $5.8 million, respectively, including $4.6 million of revenue reduction for Medicare billing limitations and $2.4 million for asset impairment.

Historically, VITAS' operating model has been able to avoid any Medicare billing limitations. This had been achieved by admitting a significant number of high acuity patients, those patients in the later stage of their terminal illness. High acuity intakes are reflected in VITAS' overall median length of stay (MLOS), which is typically 14 days or less. MLOS means that half of all patients admitted to VITAS are discharged in 14 days or less of entering the program. This compares to the National Hospice and Palliative Care Organization's (NHPCO) industry MLOS estimate of 22 days.

Typically, VITAS hospice programs with the lowest MLOS also have the highest percentage of cap cushion. VITAS defines cap cushion as the difference between the maximum Medicare billing potential based upon total first-time Medicare hospice admissions and the actual Medicare billings in a program.

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 high 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 maximizing 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 of time the program remains in a Medicare Cap situation.

VITAS

VITAS generated net revenue growth of 9.0% over the prior-year period. Net income for the quarter was $7.8 million. Medicare cap accruals negatively impacted revenue by $5.5 million and reduced net income by $3.5 million. ADC increased 9.3% to 11,213 and admissions increased 3.1% to 12,753.

Admissions for VITAS have been abnormally low in the second and third quarters of 2006. This has resulted in a slowing of overall ADC growth over the past six months. The lower than anticipated ADC growth negatively impacted gross margins in the quarter. Routine home care direct gross margins, before the reduction in revenue from contractual billing limitations, were 49.1%, a decline of 130 basis points over the prior year. Continuous care direct gross margins were 17.5%, a decline of 60 basis points when compared to the prior year and inpatient direct care margins were 16.5% in the quarter, which are 480 basis points below the prior-year period. These margin declines are primarily the result of increased manpower and labor capacity relative to ADC. Given the inherent difficulty in hiring and retaining qualified healthcare professionals, management continued to build manpower in anticipation of an increase in admissions and overall census in the majority of its programs in the fourth quarter of 2006.

Central support costs for VITAS, which are classified as selling, general and administrative expenses in the Consolidating Statement of Income, totaled $13.6 million, including $0.3 million in OIG investigation legal expenses. Excluding the OIG expense, central support costs decreased 172 basis points when compared to the prior-year quarter and decreased 66 basis points sequentially.

VITAS' average length of stay (ALOS) for patients discharged in the quarter was 71.0 days and median length of stay was 14 days. This compares to an ALOS of 68.0 days in the second quarter of 2006 and 66.5 days in the third quarter of 2005.

Roto-Rooter

Roto-Rooter's plumbing and drain cleaning business generated sales of $78 million for the third quarter of 2006, 7.5% higher than the $73 million reported in the comparable prior-year quarter. Net income for the quarter was $8.5 million, an increase of 20.2% over the prior year. Adjusted EBITDA in the third quarter of 2006 totaled $12.9 million, an increase of 11.4% over the third quarter of 2005 and an adjusted EBITDA margin of 16.5%, an increase of 57 basis points over the prior-year period.

Job count in the third quarter of 2006 decreased 0.4% over the prior-year period. Commercial plumbing job count decreased 2.7% and commercial drain cleaning decreased 2.6% over the prior-year quarter. Residential plumbing jobs increased 0.7% and residential drain cleaning jobs expanded 0.7% when compared to the third quarter of 2005. Overall, commercial jobs decreased 2.6% and residential jobs increased 0.7%. Year to date, commercial jobs increased 1.3% and residential jobs increased 0.5%.

Guidance for 2006

VITAS is estimated to generate full-year revenue growth from continuing operations, prior to Medicare Cap, of 14.0% to 14.5%, increased admissions of 5.0% to 5.5%, increased ADC of 10.0% to 11.0% and adjusted EBITDA margins, prior to Medicare Cap, of 12.9% to 13.2%. This guidance assumes a Medicare price increase that will average 3.8% in the fourth quarter of 2006.

Full-year Medicare contractual billing limitations, excluding Phoenix, which is anticipated to be classified as a discontinued operation in the fourth quarter of 2006, are estimated to range from $5.7 million to $8.6 million, which equates to revenue reduction of 80 to 120 basis points.

Roto-Rooter is estimated to generate a 6.0% to 7.0% increase in revenue in 2006, job count growth between 0.5% and 1.0% and adjusted EBITDA margins averaging between 16.5% and 17.0%.

Based upon these factors, an effective tax rate of 39% and average diluted share count of 26.7 million in the second half of 2006, our expectation is that full-year 2006 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 $2.00 to $2.10. This earnings per share guidance includes $.13 to $.20 for the after-tax impact of Medicare Cap related to continuing operations.

Conference Call

Chemed will host a conference call and webcast at 11 a.m., ET, on Friday, October 27, 2006, to discuss the company's quarterly results and provide an update on its business. The dial-in number for the conference call is (866) 314-4865 for U.S. and Canadian participants and (617) 213-8050 for international participants. The participant passcode is 37819056. 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 21945810. 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, Mexico and the Philippines.

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

Forward-Looking Statements

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

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2006	2005	2006	2005
Continuing Operations (aa)				
Service revenues and sales	$253,202	$233,328	$749,223	$678,274
Cost of services provided and goods sold (bb)	187,190	165,229	546,012	479,301
Selling, general and administrative expenses (bb)	39,160	38,423	116,279	114,981
Depreciation	4,200	4,086	12,465	11,934
Amortization	1,421	1,248	4,234	3,671
Other expenses -- net (bb)	2,692	(130)	2,692	(801)
Total costs and expenses	234,663	208,856	681,682	609,086
Income from operations	18,539	24,472	67,541	69,188
Interest expense	(4,081)	(5,147)	(13,726)	(16,021)
Loss from impairment of investment	(1,445)	-	(1,445)	-
Loss on extinguishment of debt	-	-	(430)	(3,971)
Other income--net	715	1,317	2,734	2,644
Income before income taxes	13,728	20,642	54,674	51,840
Income taxes	(3,541)	(6,010)	(19,430)	(18,192)
Income from continuing operations	10,187	14,632	35,244	33,648
Discontinued Operations (cc)	(2,226)	-	(2,226)	(2,015)
Net Income	$ 7,961	$ 14,632	$ 33,018	$ 31,633
Earnings Per Share				
Income from continuing operations	$ 0.39	$ 0.57	$ 1.35	$ 1.32
Net income	$ 0.30	$ 0.57	$ 1.26	$ 1.24
Average number of shares outstanding	26,190	25,719	26,147	25,453
Diluted Earnings Per Share				
Income from continuing operations	$ 0.38	$ 0.55	$ 1.32	$ 1.28

Net income	$ 0.30	$ 0.55	$ 1.23	$ 1.21
Average number of shares outstanding	26,633	26,401	26,750	26,202

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(aa) Amounts include the operating results of the VITAS Phoenix business, which will be sold or closed in the next several months (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2006	2005	2006	2005
Service revenues	$ (493)	$ 2,436	$ 2,539	$ 8,043
Income/(loss) before income taxes	(2,401)	592	(3,348)	2,530
Income/(loss) from continuing operations	(1,333)	336	(1,864)	1,420

Service revenues include Medicare cap reductions of $2,891,000 and $4,632,000, respectively, for the three- and nine-month periods ended September 30, 2006. The above income/(loss) amounts exclude the asset impairment charges related to VITAS Phoenix, shown in note (bb), below.

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2006	2005	2006	2005
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	(597)	-	(615)	(215)
Costs associated with OIG investigation	(344)	(310)	(818)	(564)
Long-term incentive compensation	-	-	-	(2,946)
Other expenses -- net				
Asset impairment charges related to selling or closing VITAS' Phoenix operation	(2,419)	-	(2,419)	-
Costs related to class action litigation	(273)	-	(273)	-
Adjustments to transaction-related costs of the VITAS acquisition	-	130	-	801
Loss from impairment of investment	(1,445)	-	(1,445)	-
Loss on extinguishment of debt	-	-	(430)	(3,971)
Pretax impact on earnings	(5,078)	(180)	(6,000)	(5,232)
Income tax benefit/(charge) on the above	2,044	118	2,387	2,188
Income tax benefit from finalizing prior years' returns	1,791	1,787	1,791	1,787
Aftertax impact on earnings	$ (1,243)	$ 1,725	$ (1,822)	$ (1,257)

(cc) Discontinued operations for 2006 included accrual adjustments for expenses related to the sale of Patient Care in 2002 ($1,466,000) and DuBois Chemicals in 1991 ($760,000). For 2005, discontinued operations represent the results of operations and loss on disposal of Service America.

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

	September 30, 2006	September 30, 2005 (cc)
Assets		
Current assets		
Cash and cash equivalents	$ 5,414	$ 37,575
Accounts receivable less allowances	104,240	84,472
Inventories	6,381	7,252
Current deferred income taxes	25,461	21,486
Prepaid income taxes	5,642	8,112
Current assets of discontinued operations	-	3,112
Prepaid expenses and other current assets	5,844	7,186
Total current assets	152,982	169,195
Investments of deferred compensation plans held in trust	24,278	21,072
Other investments	-	1,445
Note receivable	12,500	12,500
Properties and equipment, at cost less accumulated depreciation	68,616	62,687
Identifiable intangible assets less accumulated amortization	69,880	73,892
Goodwill	434,066	434,559
Noncurrent assets of discontinued operations	-	287
Other assets	19,459	22,111
Total Assets	$781,781	$797,748
Liabilities		
Current liabilities		
Accounts payable	$ 45,745	$ 45,401
Current portion of long-term debt	207	1,123
Income taxes	4,903	5,830
Accrued insurance	41,368	28,634
Accrued compensation	32,429	28,988
Current liabilities of discontinued operations	-	6,301
Other current liabilities	27,460	24,270
Total current liabilities	152,112	140,547
Deferred income taxes	20,570	18,880
Long-term debt	165,796	234,327
Deferred compensation liabilities	23,932	20,991
Noncurrent liabilities of discontinued operations	-	411
Other liabilities	3,929	7,044
Total Liabilities	366,339	422,200
Stockholders' Equity		
Capital stock	28,810	28,021
Paid-in capital	250,373	223,114
Retained earnings	199,467	168,564
Treasury stock, at cost	(65,555)	(45,757)
Unearned compensation	-	(202)
Deferred compensation payable in Company stock	2,402	2,354
Notes receivable for shares sold	(55)	(546)
Total Stockholders' Equity	415,442	375,548
Total Liabilities and Stockholders' Equity	$781,781	$797,748
Book Value Per Share	$ 15.89	$ 14.58

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(cc) Reclassified to conform to 2006 presentation.

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

	Nine Months Ended September 30, 2006	Nine Months Ended September 30, 2005
Cash Flows from Operating Activities		
Net income	$ 33,018	$ 31,633
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	16,699	15,605
Provision for uncollectible accounts receivable	6,003	5,352
Losses on asset impairments	3,864	-
Discontinued operations	2,226	2,015
Amortization of debt issuance costs	1,325	1,395
Provision for deferred income taxes	(1,233)	(1,176)
Write off unamortized debt issuance costs	430	2,871
Noncash long-term incentive compensation	-	2,574
Changes in operating assets and liabilities, excluding amounts acquired in business combinations:		
Increase in accounts receivable	(17,545)	(25,264)
Decrease/(increase) in inventories	118	(233)
Decrease in prepaid expenses and other current assets	2,673	2,656
Decrease in accounts payable and other current liabilities	(16,147)	(3,584)
Increase in income taxes	10,636	11,827
Increase in other assets	(248)	(2,876)
Increase in other liabilities	2,403	1,464
Excess tax benefit on share-based compensation	(4,943)	-
Noncash expense of internally financed ESOP	-	858
Other sources	1,374	479
Net cash provided by continuing operations	40,653	45,596
Net cash used by discontinued operations	-	(1,559)
Net cash provided by operating activities	40,653	44,037
Cash Flows from Investing Activities		
Capital expenditures	(16,207)	(18,874)
Net uses from disposals of discontinued operations	(3,360)	(7,145)
Business combinations, net of cash acquired	(1,489)	(5,680)
Proceeds from sales of property and equipment	287	125
Other uses	(553)	(232)
Net cash used by investing activities	(21,322)	(31,806)
Cash Flows from Financing Activities		
Repayment of long-term debt	(84,500)	(141,245)
Net increase in revolving line of credit	15,400	-
Purchases of treasury stock	(8,253)	(4,390)
Excess tax benefit on share-based compensation	4,943	-
Dividends paid	(4,739)	(4,611)
Issuance of capital stock, net of issuance costs	3,854	10,009
Increase in cash overdraft payable	2,145	10,684
Debt issuance costs	(154)	(1,755)
Proceeds from issuance of long-term debt	-	85,000
Other sources	254	204
Net cash used by financing activities	(71,050)	(46,104)
Decreasein Cash and Cash Equivalents	(51,719)	(33,873)
Cash and cash equivalents at beginning of year	57,133	71,448
Cash and cash equivalents at end of period	$ 5,414	$ 37,575

CHEMED CORPORATION AND SUBSIDIARY COMPANIES
CONSOLIDATING STATEMENT OF INCOME
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2006 AND 2005
(in thousands)(unaudited)

	VITAS	Roto-Rooter	Corporate	Chemed Consolidated
2006				
Service revenues and sales	$174,795	$ 78,407	$ -	$ 253,202
Cost of services provided and goods sold	144,410	42,780	-	187,190
Selling, general and administrative expenses(a)	13,639	22,376	3,145	39,160
Depreciation	2,217	1,900	83	4,200
Amortization	1,050	16	355	1,421
Other expenses - net(a)	2,692	-	-	2,692
Total costs and expenses	164,008	67,072	3,583	234,663
Income/(loss) from operations	10,787	11,335	(3,583)	18,539
Interest expense	(87)	1	(3,995)	(4,081)
Intercompany interest income/(expense)	1,397	1,088	(2,485)	-
Loss from impairment of investment(a)	-	-	(1,445)	(1,445)
Other income--net	5	179	531	715
Income/(loss) before income taxes	12,102	12,603	(10,977)	13,728
Income taxes(a)	(4,304)	(4,094)	4,857	(3,541)
Income/(loss) from continuing operations	7,798	8,509	(6,120)	10,187
Discontinued operations	-	-	(2,226)	(2,226)
Net income/(loss)	$ 7,798	$ 8,509	$ (8,346)	$ 7,961
2005				
Service revenues and sales	$160,408	$ 72,920	$ -	$ 233,328
Cost of services provided and goods sold	125,629	39,600	-	165,229
Selling, general and administrative expenses(b)	13,837	21,738	2,848	38,423
Depreciation	1,922	2,091	73	4,086
Amortization	984	21	243	1,248
Other expenses - net(b)	-	-	(130)	(130)
Total costs and expenses	142,372	63,450	3,034	208,856
Income/(loss) from operations	18,036	9,470	(3,034)	24,472
Interest expense	(33)	(129)	(4,985)	(5,147)
Intercompany interest income/(expense)	579	565	(1,144)	-
Other income--net	12	380	925	1,317
Income/(loss) before income taxes	18,594	10,286	(8,238)	20,642
Income taxes(b)	(6,931)	(3,206)	4,127	(6,010)

Net income/(loss)	$ 11,663	$ 7,080	$ (4,111)	$ 14,632

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

CHEMED CORPORATION AND SUBSIDIARY COMPANIES
CONSOLIDATING STATEMENT OF INCOME
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2006 AND 2005
(in thousands)(unaudited)

	VITAS	Roto-Rooter	Corporate	Chemed Consolidated
2006				
Service revenues and sales	$515,411	$ 233,812	$ -	$ 749,223
Cost of services provided and goods sold	418,387	127,625	-	546,012
Selling, general and administrative expenses(a)	40,600	67,150	8,529	116,279
Depreciation	6,412	5,783	270	12,465
Amortization	3,218	56	960	4,234
Other expenses - net(a)	2,692	-	-	2,692
Total costs and expenses	471,309	200,614	9,759	681,682
Income/(loss) from operations	44,102	33,198	(9,759)	67,541
Interest expense	(156)	(281)	(13,289)	(13,726)
Intercompany interest income/(expense)	3,746	2,889	(6,635)	-
Loss from impairment of investment(a)	-	-	(1,445)	(1,445)
Loss on extinguishment of debt	-	-	(430)	(430)
Other income--net	62	452	2,220	2,734
Income/(loss) before income taxes	47,754	36,258	(29,338)	54,674
Income taxes(a)	(17,700)	(13,545)	11,815	(19,430)
Income/(loss) from continuing operations	30,054	22,713	(17,523)	35,244
Discontinued operations	-	-	(2,226)	(2,226)
Net income/(loss)	$ 30,054	$ 22,713	$ (19,749)	$ 33,018
2005				
Service revenues and sales	$460,146	$ 218,128	$ -	$ 678,274
Cost of services provided and goods sold(b)	361,703	117,598	-	479,301
Selling, general and administrative expenses(b)	40,312	63,892	10,777	114,981
Depreciation	5,477	6,239	218	11,934
Amortization	2,963	70	638	3,671
Other expenses - net(b)	-	-	(801)	(801)
Total costs and expenses	410,455	187,799	10,832	609,086
Income/(loss) from operations	49,691	30,329	(10,832)	69,188
Interest expense	(104)	(408)	(15,509)	(16,021)

Intercompany interest income/(expense)	1,769	1,505	(3,274)	-
Loss on extinguishment of debt(b)	-	-	(3,971)	(3,971)
Other income--net	134	822	1,688	2,644
Income/(loss) before income taxes	51,490	32,248	(31,898)	51,840
Income taxes(b)	(19,614)	(11,983)	13,405	(18,192)
Income/(loss) from continuing operations	31,876	20,265	(18,493)	33,648
Discontinued operations	-	-	(2,015)	(2,015)
Net income/(loss)	$ 31,876	$ 20,265	$ (20,508)	$ 31,633

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

CHEMED CORPORATION AND SUBSIDIARY COMPANIES
CONSOLIDATING SUMMARY OF EBITDA
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2006 AND 2005
(in thousands)(unaudited)

	VITAS	Roto-Rooter	Corporate	Chemed Consolidated
2006				
Net income/(loss)	$ 7,798	$ 8,509	$ (8,346)	$ 7,961
Add/(deduct):				
Discontinued operations	-	-	2,226	2,226
Interest expense	87	(1)	3,995	4,081
Income taxes	4,304	4,094	(4,857)	3,541
Depreciation	2,217	1,900	83	4,200
Amortization	1,050	16	355	1,421
EBITDA	15,456	14,518	(6,544)	23,430
Add/(deduct):				
EBITDA of VITAS' Phoenix operation	2,306	-	-	2,306
Asset impairment - VITAS' Phoenix operation	2,419	-	-	2,419
Loss from impairment of investment	-	-	1,445	1,445
Lawsuit settlement	273	-	-	273
Legal expenses of OIG investigation	344	-	-	344
Stock option expense	-	-	597	597
Advertising cost adjustment (c)	-	(491)	-	(491)
Interest income	(24)	(29)	(373)	(426)
Intercompany interest income/(expense)	(1,397)	(1,088)	2,485	-
Adjusted EBITDA	$19,377	$ 12,910	$ (2,390)	$ 29,897
2005				
Net income/(loss)	$11,663	$ 7,080	$ (4,111)	$ 14,632
Add/(deduct):				
Interest expense	33	129	4,985	5,147
Income taxes	6,931	3,206	(4,127)	6,010
Depreciation	1,922	2,091	73	4,086
Amortization	984	21	243	1,248
EBITDA	21,533	12,527	(2,937)	31,123
Add/(deduct):				
EBITDA of VITAS' Phoenix operation	(601)	-	-	(601)
Legal expenses of				

OIG Investigation	310	-	-	310
VITAS transaction expense adjustment	-	-	(130)	(130)
Advertising cost adjustment (c)	-	(340)	-	(340)
Interest income	(33)	(30)	(469)	(532)
Intercompany interest income/(expense)	(579)	(565)	1,144	-
Adjusted EBITDA	$20,630	$ 11,592	$ (2,392)	$ 29,830

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

CHEMED CORPORATION AND SUBSIDIARY COMPANIES
CONSOLIDATING SUMMARY OF EBITDA
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2006 AND 2005
(in thousands)(unaudited)

	VITAS	Roto-Rooter	Corporate	Chemed Consolidated
2006				
Net income/(loss)	$30,054	$ 22,713	$ (19,749)	$ 33,018
Add/(deduct):				
Discontinued operations	-	-	2,226	2,226
Interest expense	156	281	13,289	13,726
Income taxes	17,700	13,545	(11,815)	19,430
Depreciation	6,412	5,783	270	12,465
Amortization	3,218	56	960	4,234
EBITDA	57,540	42,378	(14,819)	85,099
Add/(deduct):				
EBITDA of VITAS' Phoenix operation	3,001	-	-	3,001
Asset impairment - VITAS' Phoenix operation	2,419	-	-	2,419
Loss from impairment of investment	-	-	1,445	1,445
Lawsuit settlement	273	-	-	273
Legal expenses of OIG investigation	818	-	-	818
Stock option expense	-	-	615	615
Advertising cost adjustment (c)	-	(1,072)	-	(1,072)
Interest income	(100)	(69)	(1,808)	(1,977)
Intercompany interest income/(expense)	(3,746)	(2,889)	6,635	-
Loss on extinguishment of debt	-	-	430	430
Adjusted EBITDA	$60,205	$ 38,348	$ (7,502)	$ 91,051
2005				
Net income/(loss)	$31,876	$ 20,265	$ (20,508)	$ 31,633
Add/(deduct):				
Discontinued operations	-	-	2,015	2,015
Interest expense	104	408	15,509	16,021
Income taxes	19,614	11,983	(13,405)	18,192
Depreciation	5,477	6,239	218	11,934
Amortization	2,963	70	638	3,671
EBITDA	60,034	38,965	(15,533)	83,466
Add/(deduct):				
EBITDA of VITAS' Phoenix operation	(2,545)	-	-	(2,545)
Long-term incentive compensation	-	-	2,946	2,946
Stock option expense	-	-	215	215
Prior-period insurance adjustment	-	(1,663)	-	(1,663)
Legal expenses of OIG				

Investigation	564	-	-	564
VITAS transaction expense adjustment	-	-	(801)	(801)
Advertising cost adjustment (c)	-	(969)	-	(969)
Interest income	(192)	(118)	(1,134)	(1,444)
Intercompany interest income/(expense)	(1,769)	(1,505)	3,274	-
Loss on extinguishment of debt	-	-	3,971	3,971
Adjusted EBITDA	$56,092	$ 34,710	$ (7,062)	$ 83,740

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

CHEMED CORPORATION AND SUBSIDIARY COMPANIES
RECONCILIATION OF ADJUSTED NET INCOME
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2006 AND 2005
(in thousands, except per share data)(unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2006	2005	2006	2005
Net income/(loss) as reported	$ 7,961	$14,632	$33,018	$31,633
Add/(deduct):				
Discontinued operations	2,226	-	2,226	2,015
Net (income)/loss of VITAS' Phoenix operation	1,333	(336)	1,864	(1,420)
Asset impairment VITAS' Phoenix Operation	1,355	-	1,355	-
Loss on impairment of investment	918	-	918	-
Lawsuit settlement	169	-	169	-
Prior-period tax adjustments	(1,791)	(1,787)	(1,791)	(1,787)
Aftertax prior period insurance adjustment	-	-	-	(1,014)
Aftertax cost of long-term incentive compensation	-	-	-	1,847
Aftertax cost of legal expenses of OIG investigation	213	192	507	352
Aftertax stock option expense	379	-	391	137
Aftertax VITAS transaction expense adjustment	-	(130)	-	(801)
Aftertax cost of loss on extinguishment of debt	-	-	273	2,523
Adjusted income from continuing operations	$12,763	$12,571	$38,930	$33,485
Earnings/(Loss) Per Share As Reported				
Net income/(loss)	$ 0.30	$ 0.57	$ 1.26	$ 1.24
Average number of shares outstanding	26,190	25,719	26,147	25,453
Diluted Earnings/(Loss) Per Share As Reported				
Net income/(loss)	$ 0.30	$ 0.55	$ 1.23	$ 1.21
Average number of shares outstanding	26,633	26,401	26,750	26,202
Adjusted Earnings Per Share				
Income from continuing operations	$ 0.49	$ 0.49	$ 1.49	$ 1.32
Average number of shares outstanding	26,190	25,719	26,147	25,453

Adjusted Diluted Earnings Per Share				
Income from continuing operations	$ 0.48	$ 0.48	$ 1.46	$ 1.28
Average number of shares outstanding	26,633	26,401	26,750	26,202

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

CHEMED CORPORATION AND SUBSIDIARY COMPANIES
OPERATING STATISTICS FOR VITAS SEGMENT
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2006 AND 2005
(unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2006	2005	2006	2005
OPERATING STATISTICS				
Net revenue ($000) (d)				
Homecare	$128,268	$111,959	$366,888	$319,441
Inpatient	21,890	21,321	66,779	63,300
Continuous care	30,140	27,128	89,587	77,405
Total before Medicare cap allowance	180,298	160,408	523,254	460,146
Medicare cap allowance	(5,503)	-	(7,843)	-
Total	$174,795	$160,408	$515,411	$460,146
Net revenue as a percent of total before Medicare cap allowance				
Homecare	71.2 %	69.8 %	70.1 %	69.4 %
Inpatient	12.1	13.3	12.8	13.8
Continuous care	16.7	16.9	17.1	16.8
Total before Medicare cap allowance	100.0	100.0	100.0	100.0
Medicare cap allowance	(3.1)	-	(1.5)	-
Total	96.9 %	100.0 %	98.5 %	100.0 %
Average daily census ("ADC") (days)				
Homecare	6,670	5,972	6,419	5,719
Nursing home	3,590	3,366	3,484	3,276
Routine homecare	10,260	9,338	9,903	8,995
Inpatient	401	404	413	404
Continuous care	552	517	553	502
Total	11,213	10,259	10,869	9,901
Total Admissions	12,753	12,375	39,718	37,969
Total Discharges	12,621	12,025	38,640	36,766
Average length of stay (days)	71.0	66.5	70.5	66.8
Median length of stay (days)	14.0	13.0	13.0	12.0
ADC by major diagnosis				
Neurological	33.6 %	32.1 %	33.4 %	32.0 %
Cancer	20.1	21.3	20.1	21.4
Cardio	14.7	14.9	14.9	15.1
Respiratory	6.9	7.1	7.1	7.1
Other	24.7	24.6	24.5	24.4
Total	100.0 %	100.0 %	100.0 %	100.0 %
Admissions by major diagnosis				
Neurological	19.3 %	18.0 %	19.9 %	18.8 %
Cancer	37.0	38.3	35.4	36.6
Cardio	12.4	12.4	13.2	13.5

Respiratory	6.7	6.3	7.2	7.2
Other	24.6	25.0	24.3	23.9
Total	100.0 %	100.0 %	100.0 %	100.0 %
Direct patient care margins(e)				
Routine homecare	49.1 %	50.4 %	48.8 %	49.9 %
Inpatient	16.5	21.3	20.2	22.4
Continuous care	17.5	18.1	18.7	18.4
Homecare margin drivers (dollars per patient day)				
Labor costs	$ 48.21	$ 45.04	$ 49.15	$ 45.58
Drug costs	8.46	7.66	8.12	7.71
Home medical equipment	5.66	5.45	5.58	5.48
Medical supplies	2.21	2.23	2.15	2.18
Inpatient margin drivers (dollars per patient day)				
Labor costs	$ 269.72	$ 242.70	$ 257.82	$ 240.61
Continuous care margin drivers (dollars per patient day)				
Labor costs	$ 467.65	$ 447.99	$ 461.89	$ 441.83
Bad debt expense as a percent of revenues	0.9 %	0.9 %	0.9 %	0.9 %
Accounts receivable -- days of revenue outstanding	42.1	42.1	N/A	N/A

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

CHEMED CORPORATION AND SUBSIDIARY COMPANIES
FOOTNOTES TO FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2006 AND 2005
(unaudited)

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

	Three Months Ended September 30, 2006			
	VITAS	Roto-Rooter	Corporate	Consolidated
Selling, general and administrative expenses				
Costs associated with OIG investigation	$ (344)	$ -	$ -	$ (344)
Stock option expense	-	-	(597)	(597)
Other expenses - net				
Asset impairment - VITAS' Phoenix operation	(2,419)	-	-	(2,419)
Lawsuit settlement	(273)	-	-	(273)
Loss from impairment of investment	-	-	(1,445)	(1,445)
Pretax impact on earnings	(3,036)	-	(2,042)	(5,078)
Income tax benefit on the above	1,299	927	1,609	3,835
Aftertax impact on earnings	$(1,737)	$ 927	$ (433)	$ (1,243)

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

	VITAS	Roto-Rooter	Corporate	Consolidated
expenses				
Costs associated with OIG investigation	$ (818)	$ -	$ -	$ (818)
Stock option expense	-	-	(615)	(615)
Other expenses - net				
Asset impairment - VITAS' Phoenix operation	(2,419)	-	-	(2,419)
Lawsuit settlement	(273)	-	-	(273)
Loss from impairment of investment	-	-	(1,445)	(1,445)
Loss on extinguishment of debt	-	-	(430)	(430)
Pretax impact on earnings	(3,510)	-	(2,490)	(6,000)
Income tax benefit on the above	1,479	927	1,772	4,178
Aftertax impact on earnings	$(2,031)	$ 927	$ (718)	$ (1,822)

(b) Included in the results of operations for the three and nine months ended September 30, 2005 are the following significant credits/(charges) which may not be indicative of ongoing operations (in thousands):

	Three Months Ended September 30, 2005			
	VITAS	Roto-Rooter	Corporate	Consolidated
Selling, general and administrative expenses				
Costs associated with OIG investigation	$ (310)	$ -	$ -	$ (310)
Adjustments to transaction-related costs of the VITAS acquisition	-	-	130	130
Pretax impact on earnings	(310)	-	130	(180)
Income tax benefit on the above	118	952	835	1,905
Aftertax impact on earnings	$ (192)	$ 952	$ 965	$ 1,725

	Nine Months Ended September 30, 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	-	-	(2,946)	(2,946)
Costs associated with OIG				

investigation	(564)	-	-	(564)
Stock option expense	-	-	(215)	(215)
Adjustments to transaction-related costs of the VITAS acquisition	-	-	801	801
Loss on extinguishment of debt	-	-	(3,971)	(3,971)
Pretax impact on earnings	(564)	1,663	(6,331)	(5,232)
Income tax benefit on the above	212	303	3,460	3,975
Aftertax impact on earnings	$ (352)	$ 1,966	$ (2,871)	$ (1,257)

(c) Under Generally Accepted Accounting Principles ("GAAP"), the Roto-Rooter segment expenses all advertising, including the cost of telephone directories, immediately upon the initial release of the advertising. Telephone directories are generally in circulation 12 months. If a directory is in circulation for a time period greater or less than 12 months, the publisher adjusts the directory billing for the change in billing period. The timing of when a telephone directory is published can and does fluctuate significantly on a quarterly basis. This "direct expensing" results in significant fluctuations in quarterly advertising expense. In the third quarters of 2006 and 2005, GAAP advertising expense for Roto-Rooter totaled $4,646,000 and $4,362,000, respectively. If the expense of the telephone directories were spread over the periods they are in circulation, advertising expense for the third quarters of 2006 and 2005 would total $5,137,000 and $4,702,000, respectively. For the nine months ended September 30, 2006 and 2005, GAAP advertising expense for Roto-Rooter totaled $13,984,000 and $12,685,000, respectively. If the expense of the telephone directories were spread over the periods they are in circulation, advertising expense for the first nine months of 2006 and 2005 would total $15,056,000 and $13,654,000, respectively.

(d) VITAS has 6 large (greater than 450 ADC), 15 medium (greater than 200 but less than 450 ADC) and 21 small (less than 200 ADC) hospice programs. There are three programs with estimated Medicare Cap billing limitations for the 2006 measurement period. There is one other program with Medicare Cap cushion of less than 10% for the 2006 measurement period. No other programs have an estimated Medicare Cap cushion of less than 10% for the 2006 measurement period

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

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