SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

Quarterly Report Under Section 13 or 15 (d)
of the Securities Exchange Act of 1934

For Quarter Ended June 30, 2004

Commission File Number 1-8351

CHEMED CORPORATION

(Exact name of registrant as specified in its charter)

Delaware	31-0791746
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)

2600 Chemed Center, 255 E. Fifth Street, Cincinnati, Ohio	45202
(Address of principal executive offices)	(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 [X]   No [ ]

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Act). Yes [X]   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	12,439,418 Shares	June 30, 2004

CHEMED CORPORATION AND
SUBSIDIARY COMPANIES

INDEX

	PAGE NO.
PART I. FINANCIAL INFORMATION:	
Item 1. Financial Statements	
Consolidated Balance Sheet - June 30, 2004 and December 31, 2003	3
Consolidated Statement of Operations - Three and six months ended June 30, 2004 and 2003	4
Consolidated Statement of Cash Flows - Six months ended June 30, 2004 and 2003	5
Notes to Unaudited Financial Statements	6
Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations	18
Item 3. Quantitative and Qualitative Disclosures about Market Risk	31
Item 4. Controls and Procedures	31
PART II. OTHER INFORMATION	
Item 4. Submission of matters to a vote of security holders	32
Item 6. Exhibits and Reports on Form 8-K	33

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)

	JUNE 30, 2004	DECEMBER 31, 2003
ASSETS		
Current assets		
Cash and cash equivalents	$ 52,644	$ 50,587
Accounts receivable, less allowances of $10,918 (2003-$2,919)	59,032	13,592
Inventories	8,336	8,256
Statutory deposits	8,418	9,358
Prepaid income taxes	14,730	3,625
Current deferred income taxes	24,368	10,056
Prepaid expenses and other current assets	10,277	6,611
Total current assets	177,805	102,085
Investments of deferred compensation plans held in trust	19,623	17,743
Other investments	1,445	25,081
Note receivable	12,500	12,500
Properties and equipment, at cost less accumulated depreciation of $65,477 (2003-$62,646)	62,601	41,004
Identifiable intangible assets less accumulated amortization of $2,903 (2003-$1,704)	24,392	592
Goodwill	450,988	105,335
Other assets	26,497	24,729
Total Assets	$ 775,851	$ 329,069
LIABILITIES		
Current liabilities		
Accounts payable	$ 43,143	$ 7,120
Current portion of long-term debt	5,552	448
Income taxes	259	26
Deferred contract revenue	16,060	14,362
Accrued insurance	21,366	16,013
Other current liabilities	56,351	21,123
Total current liabilities	142,731	59,092
Convertible junior subordinated debentures	-	14,126
Other long-term debt	289,551	25,931
Deferred compensation liabilities	19,622	17,733
Other liabilities	19,362	19,494
Total Liabilities	471,266	136,376
STOCKHOLDERS' EQUITY		
Capital stock-authorized 40,000,000 shares $1 par; issued 13,406,397 shares (2003-13,452,907 shares)	13,406	13,453
Paid-in capital	207,916	170,501
Retained earnings	118,248	119,746
Treasury stock - 966,979 shares (2003-3,508,663 shares), at cost	(32,702)	(109,427)
Unearned compensation	(4,081)	(2,954)
Deferred compensation payable in company stock	2,337	2,308
Notes receivable for shares sold	(539)	(934)
Total Stockholders' Equity	304,585	192,693
Total Liabilities and Stockholders' Equity	$ 775,851	$ 329,069

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 JUNE 30,		SIX MONTHS ENDED JUNE 30,	
	2004	2003	2004	2003
Service revenues and sales	$208,994	$ 77,271	$340,042	$154,916
Cost of services provided and goods sold (excluding depreciation)	147,206	45,611	233,430	91,763
Selling, general and administrative expenses	37,913	25,090	68,936	51,147
Depreciation	4,570	2,990	8,159	6,042
Long-term incentive compensation	-	-	9,058	-
Total costs and expenses	189,689	73,691	319,583	148,952
Income from operations	19,305	3,580	20,459	5,964
Interest expense	(6,206)	(867)	(9,111)	(1,674)
Loss on extinguishment of debt	-	-	(3,330)	-
Other income - net	231	2,455	1,810	6,717
Income before income taxes	13,330	5,168	9,828	11,007
Income taxes	(5,833)	(1,868)	(5,336)	(4,150)
Equity in income/(loss) of affiliate (Vitas)	821	-	(3,284)	-
Net Income	$ 8,318	$ 3,300	$ 1,208	$ 6,857
Earnings Per Share				
Net income	$ .67	$ .33	$ .10	$ .69
Average number of shares outstanding	12,325	9,908	11,619	9,899
Diluted Earnings Per Share				
Net income	$ .66	$ .33	$ .10	$ .69
Average number of shares outstanding	12,677	9,942	11,848	9,922
Cash Dividends Per Share	$ .12	$ .12	$ .24	$ .24

See accompanying notes to unaudited financial statements.

CHEMED CORPORATION AND SUBSIDIARY COMPANIES
UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS
(IN THOUSANDS)

	SIX MONTHS ENDED JUNE 30, 2004	SIX MONTHS ENDED JUNE 30, 2003
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$ 1,208	$ 6,857
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	10,498	6,399
Gains on sales of available-for-sale investments	-	(3,544)
Provision for deferred income taxes	(611)	288
Provision for uncollectible accounts receivable	2,470	106
Noncash long-term incentive compensation	5,808	-
Changes in operating assets and liabilities, excluding amounts acquired in business combinations		
Decrease/(increase) in accounts receivable	(102)	1,156
Decrease/(increase) in inventories	(80)	794
Decrease in statutory deposits	940	2,228
Decrease/(increase) in prepaid expenses and other current assets	13,580	(1,090)
Decrease in accounts payable, deferred contract revenue and other current liabilities	(7,337)	(3,943)
Increase in income taxes	5,364	1,037
Decrease/(increase) in other assets	4,386	(1,935)
Increase in other liabilities	783	2,377
Equity in loss of affiliate	3,284	-
Noncash expense of internally financed ESOPs	947	870
Other sources/(uses)	224	(101)
Net cash provided by operating activities	41,362	11,499
CASH FLOWS FROM INVESTING ACTIVITIES		
Business combinations, net of cash acquired	(326,059)	(1,538)
Return of merger deposit	10,000	-
Capital expenditures	(7,649)	(4,846)
Net uses from discontinued operations	(1,082)	(993)
Proceeds from sales of property and equipment	303	296
Proceeds from sales of available-for-sale investments	-	4,493
Other sources/(uses)	42	(293)
Net cash used by investing activities	(324,445)	(2,881)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of long-term debt	295,000	-
Issuance of capital stock, net of issuance costs	97,054	1,320
Repayment of long-term debt	(93,602)	(230)
Debt issuance costs	(13,837)	-
Repayment of stock subscriptions note receivable	8,053	-
Redemption of convertible trust preferred securities	(2,736)	-
Dividends paid	(2,707)	(2,376)
Purchases of treasury stock	(2,228)	(255)
Other sources	143	534
Net cash provided/(used) by financing activities	285,140	(1,007)
INCREASE IN CASH AND CASH EQUIVALENTS	2,057	7,611
Cash and cash equivalents at beginning of year	50,587	37,731
Cash and cash equivalents at end of period	$ 52,644	$ 45,342

See accompanying notes to unaudited financial statements.

CHEMED CORPORATION AND SUBSIDIARY COMPANIES
Notes to Unaudited Financial Statements

1. STOCKHOLDERS' MEETING

On May 17, 2004, stockholders of Roto-Rooter, Inc. approved the following:

(a) changing the company's name to Chemed Corporation. As used herein, the terms "We", "Company" and "Chemed" refer to Chemed Corporation or Chemed Corporation and its consolidated subsidiaries.

(b) increasing the number of authorized shares of Capital Stock from 15,000,000 shares to 40,000,000 shares.

2. BASIS OF PRESENTATION

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 for complete financial statements. However, in our opinion, the financial statements presented herein contain all adjustments, consisting only of normal recurring adjustments, necessary to present fairly the financial position, results of operations and cash flows of the Company. These financial statements should be read in conjunction with the Consolidated Financial Statements and related notes included in the Company's Annual Report on Form 10-K for the year ended December 31, 2003. Certain 2003 amounts have been reclassified to conform with the current period presentation.

We use Accounting Principles Board Opinion No. 25 ("APB 25"), Accounting for Stock Issued to Employees, to account for stock-based compensation. Since the Company's stock options qualify as fixed options under APB 25 and since the option price equals the market price on the date of grant, there is no compensation expense for stock options. Stock awards are expensed during the period the related services are provided.

The following table illustrates the effect on net income and earnings per share if the Company had applied the fair-value-recognition provisions of Financial Accounting Standards Board ("FASB") Statement No. 123, Accounting for Stock-Based Compensation (as amended) (in thousands, except per share data):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2004	2003	2004	2003
Net Income as reported	$ 8,318	$ 3,300	$ 1,208	$ 6,857
Add: stock-based compensation expense included in net income as reported, net of income tax effects	23	11	3,823	45
Deduct: total stock-based employee compensation determined under a fair-value-based method for all stock options and awards, net of income tax effects	(1,001)	(234)	(5,020)	(459)
Pro Forma net income	$ 7,340	$ 3,077	$ 11	$ 6,443
Earning Per Share				
As reported	$ 0.67	$ 0.33	$ 0.10	$ 0.69
Pro forma	$ 0.60	$ 0.31	$ -	$ 0.65
Diluted earning per share				
As reported	$ 0.66	$ 0.33	$ 0.10	$ 0.69
Pro forma	$ 0.59	$ 0.31	$ -	$ 0.65

We calculated the above data using the Black-Scholes option-valuation method to value the Company's options granted in 2004 and prior years.

3. SEGMENTS

Due to the significant impact of our acquisition of Vitas Healthcare Corporation ("Vitas") in February 2004, we re-evaluated the Company's segment reporting of administrative expenses of the Corporate Office headquarters. Previously, we included such expenses in the Plumbing and Drain Cleaning segment because it comprised in excess of 80% of our business. Currently, Roto-Rooter comprises 32% of Chemed's consolidated revenues and sales and 45% of its operating profit. Accordingly, we now report corporate administrative expenses and unallocated investing and financing income and expense not directly related to any one segment as "Corporate." Corporate administrative expenses include the stewardship, accounting and reporting, legal, tax and other costs of operating a publicly-held corporation. Corporate investing and financing income and expenses include the costs and income associated with corporate debt and investment arrangements.

The Company's segments now comprise Vitas (palliative medical care and related services to terminally ill patients through state-licensed and federally-certified hospice programs), Roto-Rooter (sewer and drain cleaning and plumbing repair and maintenance services to residential and commercial accounts) and Service America (heating, ventilating and air conditioning ("HVAC") repair, maintenance and replacement services to residential customers through service contracts and retail sales). Prior period data have been reclassified to maintain comparability.

Service revenues and sales and aftertax earnings by business segment follow (in thousands):

	Three Month Ended June 30,		Six Month Ended June 30,	
	2004	2003	2004	2003
Service Revenue and Sales				
Vitas (a)	$ 130,240	$ -	$ 181,352	$ -
Roto-Rooter	68,894	64,592	138,122	129,317
Service America	9,860	12,679	20,568	25,599
Total	$ 208,994	$ 77,271	$ 340,042	$ 154,916
Aftertax Earnings				
Vitas (a)	$ 7,907	$ -	$ 10,504	$ -
Roto-Rooter	5,150	3,882	9,387 (b)	8,313
Service America	(18)	49	119 (c)	103
Total segment earnings	13,039	3,931	20,010	8,416
Corporate	(5,542)	(631)	(15,518)(d)	(1,559) (e)
Equity in income/(loss) of affiliate (Vitas)(f)	821	-	(3,284)	-
Net Income	$ 8,318	$ 3,300	$ 1,208	$ 6,857

- ----------

(a) Amounts include consolidated operations of Vitas beginning on February 24, 2004, the date the Company acquired the controlling interest in Vitas.

(b) Amount includes $982,000 aftertax cost of payout under the Company's Executive Long-Term Incentive Plan ("LTIP").

(c) Amount includes $170,000 aftertax cost of payout under the LTIP.

(d) Amount includes $4,742,000 aftertax cost of payout under the LTIP and $2,164,000 aftertax loss on extinguishment of debt.

(e) Amount includes aftertax severance charges of $2,358,000 and $2,151,000 aftertax gain on sales of investments.

(f) Amount for 2004 represents the Company's 37% equity in the loss of Vitas through February 23, 2004, including adjustments to the equity interest occurring later in 2004. During the period January 1, 2004 through

February 23, 2004, Vitas incurred the following aftertax expenses related to the sale of its business to the Company (in thousands):

Accrual for potential severance costs under key employee employment agreements	$ 10,975
Legal and valuation costs	6,665
Loss on write off of Vitas' deferred debt costs	2,698
Other	592
Total	$ 20,930

These charges reduced the Company's equity in Vitas by approximately $4,621 during the first quarter of 2004. Subsequent adjustment to the estimated severance accrual in the second quarter of 2004 increased the Company's equity earnings in Vitas by $821.

4. DILUTED EARNINGS PER SHARE

Earnings per common share are computed using the weighted average number of shares of capital stock outstanding. Diluted earnings per share for 2004 and 2003 are computed as follows (in thousands, except per share data):

	Income (Numerator)	Shares (Denominator)	Income Per Share
For the Three Months Ended June 30,			
2004			
Net income	$ 8,318	12,325	$ 0.67
Impact of convertible junior subordinated debentures	94	168	
Dilutive stock options	-	183	
Nonvested stock awards	-	1	
Diluted income	$ 8,412	$12,677	$ 0.66
2003 (a)			
Net income	$ 3,300	$ 9,908	$ 0.33
Dilutive stock options	-	34	
Diluted income	$ 3,300	$ 9,942	$ 0.33
For the Six Months Ended June 30,			
2004			
Net income	$ 1,208	11,619	$ 0.10
Dilutive stock options	-	228	
Nonvested stock awards	-	1	
Diluted income	$ 1,208	$11,848	$ 0.10
2003 (a)			
Net income	$ 6,857	$ 9,899	$ 0.69
Dilutive stock options	-	23	
Diluted income	$ 6,857	$ 9,922	$ 0.69

- ----------

(a) The impact of the convertible junior subordinated debentures has been excluded from these computations because it is antidilutive to earnings per share.

Due to the Company's level of earnings for the second quarter of 2003 and for the first six months of 2004 and 2003, the Convertible Junior Subordinated Debentures were anti-dilutive in those periods, and, therefore, were excluded from the computation of diluted earnings per share. The debentures were convertible into an average of 384,000 shares of capital stock during the second quarter and first six months of 2003, and into 275,000 shares during the first six months of 2004.

5. OTHER INCOME-NET

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

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2004	2003	2004	2003

Interest income	$ 551	$ 704	$ 1,112	$ 1,519
Market valuation gain/(loss) trading securities	(211)	1,217	785	565
Gain/(loss) on disposal of properties and equipment	(95)	(129)	(146)	(199)
Dividend income	-	607	-	1,223
Gain/(loss) on disposal of investments	-	-	-	3,544
All other	(14)	56	59	65
Total	$ 231	$ 2,455	$ 1,810	$ 6,717

6. COMPREHENSIVE INCOME

We had total comprehensive income of $3,232,000 and $4,389,000, respectively, for the three-month and six-month periods ended June 30, 2003. The difference between our net income and our comprehensive income in 2003 relates to the cumulative unrealized appreciation/depreciation on available-for-sale investments. For the 2004 periods, our total comprehensive income equals our net income.

7. BUSINESS COMBINATIONS

On February 24, 2004, we completed the acquisition of the 63% of Vitas Healthcare Corporation ("Vitas") common stock we did not previously own for cash consideration of $322.9 million ("Acquisition"). In addition, we paid the former chairman and chief executive officer of Vitas $25.0 million pursuant to a noncompetition and consulting agreement and made severance payments totaling $2.3 million to two other officers of Vitas. The total purchase price, including $3.0 million of estimated expenses and the Company's $18.2 million prior investment in Vitas, was $360.2 million.

The preliminary allocation of the purchase price to Vitas' assets and liabilities is (in thousands):

Cash and cash equivalents	$ 24,377
Other current assets	96,621
Property and equipment	22,332
Noncompetition agreement	18,000
Consulting agreement	7,000
Goodwill	342,794
Other assets	11,127
Current liabilities(including severance of $15,062	(98,291)
Long-term debt	(59,571)
Other liabilities	(4,186)
Subtotal	360,203
Less: investment in Vitas on February 23, 2004	(18,162)
Total purchase price	342,041
Plus: subsequent payments of acquisition related accruals	5,211
Less: cash and cash equivalents acquired	(24,377)
Net cash outlay	$ 322,875

We began including the consolidated Vitas results of operations in the Company's financial statements as of February 24, 2004.

Vitas is the nation's largest provider of hospice services for patients with severe, life-limiting illnesses. This type of care is aimed at making the terminally ill patient's final days as comfortable and pain free as possible. Vitas provides a comprehensive range of hospice services through 27 operating programs covering many of the large population areas in the U.S. including Florida, California, Texas and Illinois. Vitas has over 6,000 employees, including approximately 2,400 nurses and 1,500 home health aides.

To fund the Acquisition and retire Vitas' and the Company's long-term debt, we completed the following transactions ("Financing") on February 24, 2004:

- We borrowed $75.0 million under a new $135 million revolving credit/term loan agreement at an initial weighted average interest rate of 4.50%. Principal payments of $1.25 million are due quarterly under the term loan beginning June 2004. The credit agreement matures in February 2009.

- We sold 2 million shares of the Company's capital stock in a private placement at a price of $50 per share, before expenses.

- We issued $110 million principal amount of floating rate senior secured notes due February 2010 at an initial interest rate of 4.88%.

- We issued $150 million principal amount of 8.75% fixed rate senior notes due February 2011.

- We incurred estimated financing and transaction fees and expenses of approximately $15.9 million.

We are recording the Acquisition using the purchase method of accounting using preliminary estimates of the fair values of Vitas' assets and liabilities as of the date of the Acquisition. We engaged a professional valuation firm to conduct a formal appraisal of Vitas' assets and liabilities and to assist us in determining the fair values of Vitas' assets and liabilities, including the identification and valuation of intangible assets acquired. We may identify additional intangible assets, including customer contracts and related customer relationships and other contract-based intangibles such as lease agreements and service contracts. If we identify and value other intangible assets, goodwill may be reduced. In addition, such additional intangible assets may have finite lives and be subject to amortization. The final allocation of the Acquisition consideration may result in significant differences from the preliminary amounts reflected in the Company's financial statements as of and for the three and six month periods ended June 30, 2004.

On a preliminary basis the noncompetition agreement and the consulting agreement have been assigned lives equal to their contractual lives of eight years and seven years, respectively. None of the goodwill associated with the acquisition of Vitas is deductible for tax purposes. Goodwill is assumed to have an indefinite life.

The unaudited pro forma operating data of the Company for the three months ended June 30, 2003 and for the six months ended June 30, 2004 and 2003, giving effect to the Acquisition and Financing as if they had occurred on January 1 of the respective periods follow (in thousands, except per share amounts):

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2004	2003	2004	2003
Service revenues and sales	$ 208,994	$ 183,516	$ 412,912	$ 361,343
Cost of services provided and goods sold (excluding depreciation)	147,206	128,295	292,278	255,366
Selling, general and administrative expenses	37,913	39,459	77,598	77,914 (c)
Depreciation	4,570	4,973	9,287	9,953
Long-term incentive compensation	-	-	9,058 (a)	-
Total costs and expenses	189,689	172,727	388,221	343,233
Income from operations	19,305	10,789	24,691	18,110
Interest expense	(6,206)	(6,437)	(12,513)	(12,727)
Loss on extinguishment of debt	-	-	(3,330)(b)	(3,330)(b)
Other income - net	231	1,946	1,851	5,646
Income before income taxes	13,330	6,298	10,699	7,699
Income taxes	(5,833)	(2,801)	(5,734)	(3,943)
Net income/(loss)	$ 7,497	$ 3,497	$ 4,965	$ 3,756
Earnings Per Share				
Net income	$ 0.61	$ 0.29	$ 0.41	$ 0.32
Average shares outstanding	12,325	11,908	12,168	11,899
Diluted Earnings Per Share				
Net income	$ 0.60	$ 0.29	$ 0.40	$ 0.32
Average shares outstanding	12,677	11,942	12,397	11,922

- ----------

(a) Amounts represent payouts under the Company's 2002 Executive Long-term Incentive Plan. The aftertax costs of these payouts was $5,894,000 ($.48 per share).

(b) Amount represents the prepayment penalty incurred on the early extinguishment of the Company's debt ($2,164,000 aftertax or $.18 per share and $.17 per diluted share).

(c) Amount includes pretax charges of $3,627,000 ($2,358,000 aftertax, or $.20 per share) for severance charges.

(d) Amount includes a pretax gain of $3,544,000 ($2,151,000 aftertax, or $.18 per share) from the sales of available-for-sale investments.

We acquired the 63% of Vitas we did not previously own to enhance our minority investment in Vitas, the nation's largest provider of hospice services. We believe the investment will be financially advantageous to our shareholders because the hospice market is fragmented and Vitas has the infrastructure to capitalize on the growing hospice services market.

During the first six months of 2004, we completed two business combinations within the Roto-Rooter segment for an aggregate purchase price of $2,991,000 in cash. The acquired businesses provide drain cleaning and plumbing services under the Roto-Rooter name. The results of operations of these businesses are not material to the Company's results of operations.

We allocated the purchase price of these businesses as follows (in thousands):

Goodwill	$2,918
Other	266

Total	$3,184
	======

8. 2002 EXECUTIVE LONG-TERM INCENTIVE PLAN

During January 2004, the price of the Company's stock exceeded $50 per share for more than 10 consecutive trading days, fulfilling one of the performance targets of the 2002 Executive Long-Term Incentive Plan ("LTIP"). In February the Compensation/Incentive Committee of the Board of Directors ("CIC")approved a payout under the LTIP in the aggregate amount of $7.8 million ($2.8 million in cash and 84,633 shares of capital stock). The pretax expense of this award, including payroll taxes and benefit costs, was $9,058,000 ($5,894,000 aftertax or $.54 per share).

During June, the CIC approved guidelines covering the establishment of a pool of 125,000 capital shares ("2004 LTIP Pool") to be distributed to eligible members of management upon attainment of the following hurdles during the period January 1, 2004 through December 31, 2007:

- 44,000 shares will be awarded if Chemed's cumulative pro forma adjusted EBITDA (including the results of Vitas beginning on January 1, 2004) reaches $365 million within the four year period.

- 44,000 shares will be awarded if Chemed's stock price reaches the following hurdles during any 30 trading days out of any 60-trading day period during the four-year period:

    - 11,000 shares for a stock price of $70.00

    - an additional 16,500 shares for a stock price of $77.50

    - an additional 16,550 shares for a stock price of $85.00.

- 22,000 shares represent a retention element, subject to a four-year, time based vesting.

- 15,000 shares may be awarded at the discretion of the CIC.

On June 22, 2004, the CIC awarded 22,000 restricted shares of stock to key employees of management under the retention component of the 2004 LTIP Pool. These shares vest on December 31, 2007 for all participants still employed by the Company. The cost of these awards, based on the fair value of the stock on June 22, 2004, ($1,071,000) is being amortized on a straight line basis over the 42-month period ending December 31, 2007.

As of June 30, 2004, no accrual for awards under the remaining components of the 2004 LTIP Pool was made since it is not probable that any of the awards will be earned and paid.

9. PREPAID INCOME TAXES

Prepaid income taxes at June 30, 2004 totals $14,730,000, and includes the estimated benefit on the loss that will be carried back to prior periods' returns.

10. OTHER CURRENT LIABILITIES

Other current liabilities include the following (in thousands):

	June 30, 2004	December 31, 2003
Accrued salaries and wages	$20,923	$ 1,945
Accrued severance	9,922	1,462
Other	25,506	17,716
Total	$56,351	$21,123

Accrued severance includes $ 8,569,000 for potential costs under employment contracts for eighteen employees of Vitas. Under the contracts these key employees have the right, during the two-year period following the Company's acquisition of Vitas, to terminate their employment and receive up to two years' compensation as severance pay. As of July 31, 2004, six employees exercised their rights under the employment contracts and are entitled to estimated payouts aggregating $4,736,000, of which $3,416,000 has been paid as of June 30, 2004.

We have offered the remaining key employees replacement employment contracts ("REC"). Under the REC's the key employees will receive stock awards and stock options and may not be terminated without cause, but will forego the unilateral right to voluntarily terminate their employment and receive severance pay. As of July 31, 2004, seven Vitas employees, who previously held employment contracts with Vitas, signed REC's and received restricted stock awards covering 26,430 shares of Chemed capital stock ($1,150,744). These awards vest during the seven-year period ending May 2011 at the annual rates of 5%, 5%, 10%, 10%, 20%, 25% and 25%, respectively. Due to the graded vesting, the expense of the awards will be recognized, in accordance with FASB interpretation No. 28, over the seven year period at the rate of 25%, 20%, 18%, 14%, 12%, 8% and 3%, respectively.

At the present time it is not possible to estimate how many additional Vitas employees will elect to receive payments under their current employment contracts.

11. 2003 SEVERANCE CHARGES

In March 2003, the Company and a corporate officer reached agreement providing for termination of the officer's employment in exchange for payment under her employment contract. The payments comprise a $1,000,000 lump sum payment made in March 2003 and monthly payments of $52,788 beginning March 2003 and ending May 2007. The present value of these payments ($3,627,000) is include in general and administrative expenses.

12. CONVERTIBLE JUNIOR SUBORDINATED DEBENTURES

We adopted the provisions of FASB Interpretation No. 46R ("FIN 46R"), Consolidation of Variable Interest Entities - an interpretation of Accounting Research Bulletin No. 51 (revised), effective January 1, 2004. Under FIN 46R, the Company is not the primary beneficiary of the Chemed Capital Trust ("CCT") and is not permitted to consolidate the accounts of the CCT. As a result, we deconsolidated the

Mandatorily Redeemable Preferred Securities of the Chemed Capital Trust ("Preferred Securities") and replaced them in the Company's consolidated balance sheet with the Convertible Junior Subordinated Debentures ("CJSD"), which are the sole assets of the CCT. The CJSD matured March 15, 2030 and bore interest at the rate of $2.00 per annum per $27.00 principal amount, the same rate as distributions on the Preferred Securities. Distributions on the Preferred Securities have been reclassified as interest expense in the consolidated statement of income. Other than the change in account captions, this change in accounting has no impact on the Company's financial statements.

On April 7, 2004, we announced the calling of all Preferred Securities outstanding as of May 18, 2004, at face value ($27.00 per security) plus accrued dividends ($.35 per security). As a result, during the second quarter of 2004, 417,256 Preferred Securities were converted into 304,597 shares of capital stock and 101,282 Preferred Securities were redeemed for $2,735,000 in cash. At June 30, 2004 there are no CJSD's or Preferred Securities outstanding.

13. OTHER LONG-TERM DEBT

In conjunction with the Vitas acquisition the Company retired its senior notes due 2005 through 2009 and canceled its revolving credit agreement with Bank One, N.A. ("Bank One"). To fund the Acquisition, the Company issued two million shares of capital stock in a private placement and borrowed $335 million as follows:

- $75 million drawn down under a $135 million secured revolving credit/term loan facility ("New Credit Facility") with Bank One. The facility comprises a $35 million term loan ("TL") and $100 million revolving credit facility ("RCF"), including up to $40 million in letters of credit. For the TL, principal payments of $1,250,000 plus interest (LIBOR plus 3.50%) are due quarterly beginning in June 2004. For the RCF, interest payments (LIBOR plus 3.25%) are due at the end of the interest period (30, 60 or 90 days as selected by the Company). The current rate of interest on the TL is 4.60% per annum. Payment of unpaid principal and interest is due February 2009. At June 30, 2004, $5 million of the TL is included in current liabilities.

- $110 million from the issuance of privately placed floating rate senior secured notes ("Floating Rate Notes") due 2010. Interest payments (LIBOR plus 3.75%) are due quarterly beginning in May 2004 and payment of unpaid principal and interest is due February 2010. The current rate of interest on the Floating Rate Notes is 5.00% per annum.

- $150 million from the issuance of privately placed 8.75% senior notes ("Original Fixed Rate Notes") due 2011. Quarterly interest payments are due beginning in May 2004 and payment of unpaid principal and interest is due February 2011.

In the second quarter of 2004, we filed a registration statement covering up to $150 million principal amount of new 8.75% senior notes due 2011 ("New Fixed Rate Notes"). Except for the lack of transfer restrictions, the terms of the New Fixed Rate Notes are substantially identical to those of the Original Fixed Rate Notes. Pursuant to the Company's exchange offer, all holders of the Original Fixed Rate Notes exchanged their notes for like principal amounts of the New Fixed Rate Notes.

At June 30, 2004, long-term debt comprises the following (in thousands):

New Credit Facility	
Term Loan	$ 33,750
Floating Rate Notes	110,000
New Fixed Rate Notes	150,000
Other	1,353
Subtotal	295,103
Less: current portion	(5,552)
Long-term debt	$ 289,551

At June 30, 2004, the Company has drawn down $31.4 million of letters of credit ("LOC") under the New Credit Facility. At June 30, 2004, the Company has $68.6 million of unused lines of credit under the New Credit Facility. Fees for the New Credit Facility comprise an annual fee of $100,000 plus .5% per annum for the unused portion of the RCF.

Bank One anticipates creating a borrowing syndicate to support the New Credit Facility later in 2004. Should credit conditions change, Bank One, after consultation with us, may change the terms of the New Credit Facility, including the rates of interest payable and the required leverage and other financial ratios.

Collectively, the New Credit Facility, the Floating Rate Notes and the New Fixed Rate Notes provide for significant affirmative and restrictive covenants including, without limitation, requirements or restrictions (subject to exceptions) related to the following:

- use of proceeds of loans,
- restricted payments, including payments of dividends and retirement of stock (permitting $.48 per share dividends so long as the aggregate amount of dividends in any fiscal year does not exceed $7.0 million and providing for additional principal prepayments on the TL to the extent dividends exceed $5.0 million in any fiscal year), with exceptions for existing employee benefit plans and stock incentive plans,
- mergers and dissolutions,
- sales of assets,
- investments and acquisitions, liens, transactions with affiliates, hedging and other financial contracts,
- restrictions on subsidiaries,
- contingent obligations, operating leases,
- guarantors,

- collateral,

- sale and leaseback transactions,

- prepayments of indebtedness, and

- maximum annual capital expenditures of $20 million subject to one-year carry-forwards on amounts not used during the previous year.

In addition, the credit agreements provide that the Company will be required to meet the following financial covenants, to be tested quarterly, beginning with the quarter ending June 30, 2004:

- a minimum net worth requirement, which requires a net worth of at least (i) $232 million plus (ii) 50% of consolidated net income (if positive) beginning with the quarter ending June 30, 2004, plus (iii) the net cash proceeds from issuance of the Company's capital stock or capital stock of the Company's subsidiaries;

- a maximum leverage ratio, calculated quarterly, based upon the ratio of consolidated funded debt to consolidated EBITDA, which will require maintenance of a ratio of 5.5 to 1.00 through December 31, 2004, a ratio of 4.75 to 1.00 from January 1 through December 31, 2005, and 4.25 to 1.00 thereafter;

- a maximum senior leverage ratio, calculated quarterly, based upon the ratio of senior consolidated funded debt to consolidated EBITDA (which ratio excludes indebtedness in respect of the Fixed Rate Notes), which will require maintenance of a ratio of 3.375 to 1.00 through December 31, 2004, a ratio of 2.875 to 1.00 from January 1 through December 31, 2005, and 2.625 to 1.00 thereafter; and

- a minimum fixed charge coverage ratio, based upon the ratio of consolidated EBITDA minus capital expenditures to consolidated interest expense plus consolidated current maturities (including capitalized lease obligations) plus cash dividends paid on equity securities plus expenses for taxes, which will require maintenance of a ratio of 1.15 to 1.00 through December 31, 2004, a ratio of 1.375 to 1.00 from January 1 through December 31, 2005, and 1.50 to 1.00 thereafter.

Our calculations and projections indicate that we are in compliance with all financial and debt covenants as of June 30, 2004, and will be in compliance for the foreseeable future.

All of the borrowings under the New Credit Facility and the Floating Rate Notes are guaranteed by the assets of and secured by the securities of substantially all of the Company's subsidiaries.

Pursuant to the terms of the Floating Rate Notes, we filed a preliminary registration statement registering the Floating Rate Notes within 90 days of February 24, 2004. We are also required to file an effective registration statement within 180 days of February 24, 2004. Should we fail to do so, the interest rate on the Floating Rate Notes is increased .25% (up to a maximum of 1% per annum) for each quarter the required registration statement remains unfiled.

14. LOANS RECEIVABLE FROM INDEPENDENT CONTRACTORS

The Plumbing and Drain Cleaning segment sublicenses with independent contractors to operate certain plumbing repair and drain cleaning businesses in lesser-populated areas of the United States and Canada. At June 30, 2004, the Company had notes receivable from its independent contractors totaling $2,984,000 (December 31, 2003 - $2,599,000). In most cases these loans are fully or partially secured by equipment owned by the contractor. The interest rates on the loans range from 5% to 8% per annum and the remaining terms of the loans range from one month to 6.0 years at June 30, 2004. During the quarter ended June 30, 2004, we recorded revenues of $3,932,000 (2003 - $3,364,000) and pretax profits of $986,000 (2003 - $1,110,000) from our independent contractors. During the six months ended June 30, 2004, we recorded revenues of $8,023,000 (2003 - $6,821,000) and pretax profits of $2,538,000 (2003 - $2,305,000) from our independent contractors.

Effective January 1, 2004, we adopted the provisions of FIN 46R relative to the Company's contractual relationships with its independent contractors. FIN 46R 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 guidance provided in FIN 46R and have concluded that many of the contractors who have loans payable to us may be VIE's. Due to the limited financial data available from these independent entities we have not been able to perform the required analysis to determine which, if any, of these relationships are VIE's or the primary beneficiary of these potential VIE relationships. We are continuing to request potential VIE relationship. We believe consolidation, if required, of the accounts of any VIE's for which the Company might be the primary beneficiary would not materially impact the Company's financial position and results of operations.

15. LITIGATION

The Company is party to a class action lawsuit filed in the Third Judicial Circuit Court of Madison County, Illinois, in June of 2000 by Robert Harris, alleging certain Roto-Rooter plumbing was performed by unlicensed employees. The Company contests these allegations and believes them without merit. Plaintiff moved for a certification of a class of customers in 32 states who allegedly paid for plumbing work performed by unlicensed employees. Plaintiff also moved for a partial summary judgment on grounds the licensed apprentice plumber who installed his faucet did not work under the direct personal supervision of a licensed plumber. On June 19, 2002, the trial judge certified an Illinois-only plaintiffs class and granted summary judgment for the named party Plaintiff on the issue of liability, finding violation of the Illinois Plumbing License Act and the Illinois Consumer Fraud Act, through Roto-Rooter's representation of the licensed apprentice as a plumber. The court has not yet ruled on certification of a class in the remaining 31 states. Due to complex legal and other issues involved, it is not presently possible to estimate the amount of liability, if any, related to this matter.

On April 5, 2002, Michael Linn, an attorney, filed a class action complaint against the Company in the Court of Common Pleas, Cuyahoga County, Ohio. He alleged Roto-Rooter Services Company's miscellaneous parts charge, ranging from $4.95 to $12.95 per job, violates the Ohio Consumer Sales Practices Act. The Company contends that this charge, which is included within the estimate approved by its customers, is a fully disclosed component of its pricing. On February 25, 2003, the trial court certified a class of customers who paid the charge from October 1999 to July 2002. The Company appealed this order and on May 20, 2004 the Eight District Court of Appeals of Ohio overturned the certification of this class action. Mr. Linn has sought review of the decertification by the Ohio Supreme Court; the Company plans to oppose any such review.

However, management cannot provide assurance the Company will ultimately prevail in either of the above two cases. Regardless of outcome, such litigation can adversely affect the Company through defense costs, diversion of management's time, and related publicity.

The District Attorney of Suffolk County, New York is contemplating legal proceedings against Roto-Rooter Services Company, an indirect subsidiary of the Company, arising out of the disposal of restaurant grease trap waste, originating in adjacent Nassau County, in Suffolk County disposal sites. The Company believes the disposition of this matter will not have a material effect on its financial position.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

FINANCIAL CONDITION

LIQUIDITY AND CAPITAL RESOURCES

The changes in most of the balance sheet accounts from December 31, 2003 to June 30, 2004 are due primarily to the acquisition of Vitas in February 2004. Explanations for other changes in the balance sheet since December 31, 2003 include:

- The increase in prepaid income taxes from $3.6 million at December 31, 2003 to $14.7 million at June 30, 2004 is attributable to the tax benefits recorded by Vitas on transaction costs of the merger and to tax benefit on the Company's losses recorded in the first quarter of 2004.

- The decline in other investments from $25.1 million at December 31, 2003 to $1.4 million at June 30, 2004, is attributable to reclassifying our investment in Vitas from an equity-method investment to an investment in a consolidated subsidiary, which is now eliminated in consolidation.

- The current portion of long-term debt increased from $448,000 at December 31, 2003 to $5.6 million at June 30, 2004 due to the Company's borrowing under the term loan provisions of its New Credit Facility, under which principal payments of $1.25 million are payable quarterly.

- The convertible junior subordinated debentures decreased from $14.1 million at December 31, 2003 to nil at June 30, 2004, due to our calling these securities in April 2004. As a result, $11.3 million of the debentures were converted into 304,597 shares of capital stock and $2.7 million were redeemed for cash.

- Other long-term debt increased from $25.9 million at December 31, 2003 to $289.6 million at June 30, 2004 due to the Company's borrowing under the New Credit Facility ($28.8 million), the Floating Rate Notes ($110.0 million) and the Fixed Rate Notes ($150.0 million). Proceeds from these loans were used to finance the purchase of Vitas, retire Vitas' debt ($67.0 million including current portion) and retire the Company's senior debt due 2005 to 2009 ($28.3 million including a prepayment penalty of $3.3 million).

- From December 31, 2003 to June 30, 2004, paid in capital increased $37.4 million and treasury stock declined $76.7 million largely due to the issuance of 2 million shares of capital stock from treasury at $50 per share to finance the purchase of Vitas.

At June 30, 2004, we had approximately $68.6 million available borrowing capacity under our revolving credit agreement with Bank One. 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 the credit agreements provide that the Company is required to meet various financial covenants, to be tested quarterly, beginning with the quarter ending June 30, 2004. In connection therewith, we are in compliance with all financial and other debt covenants as of June 30, 2004.

Under the New Credit Facility we are limited to investing a maximum of $3 million on acquisitions of businesses during the term of the agreement. For the period beginning February 24, 2004 and ending July 31, 2004, we have spent $1.6 million on a business combination in the Roto-Rooter segment, leaving $1.4 million available spending for the period ending February 24, 2007. Should we desire to complete an acquisition whose purchase price exceeds this unused allowance, we would request a waiver of this covenant from the lender. There can be no assurance that it would grant such waiver.

Bank One, as administrative agent for the Company's New Credit Facility, is entitled, after consultation with us, to change certain aspects of the New Credit Facility, to ensure a successful syndication of the facility. Because the syndication is not yet complete, it is possible that Bank One may request changes in the terms of the New Credit Facility. We cannot presently estimate the financial impact of possible changes, if any, on our financial statements.

At June 30, 2004, we have current accounts receivable from Patient Care ("PC"), a former subsidiary, aggregating $2,487,000. This amount comprises $1,251,000 for the estimated post-closing balance sheet adjustment due us and $1,236,000 for reimbursement for expenses we have paid on behalf of PC. In addition, we have an investment in a common stock warrant of PC ($1,445,000) and a long-term note receivable due in

2007 ($12.5 million). PC is current on its interest payments on the long-term note, but is in arrears with respect to accounts receivable balances. During the second quarter of 2004, we filed suit for collection of the balances due from PC and in July, PC filed a counterclaim and third-party complaint alleging violation of certain non-compete provisions of Chemed's Stock Purchase Agreement with PC related to Chemed's acquisition of Vitas. We believe PC's counterclaim is without merit. PC's business has been adversely impacted by a difficult Medicaid reimbursement climate. As of February, 2004, PC has reduced its bank debt and was in compliance with its debt covenants.

Should PC's business deteriorate significantly during the remainder of 2004, we may be required to record an impairment loss on our investments in or receivables due from PC. At the present time we believe the balances are fully collectible.

RESULTS OF OPERATIONS

SECOND QUARTER 2004 VERSUS SECOND QUARTER 2003-CONSOLIDATED RESULTS

The Company's service revenues and sales for the second quarter of 2004 increased 170% versus revenues for the second quarter of 2003. This $131.7 million increase was attributable to the following (dollar amounts in thousands):

	Increase/(Decrease)	
	Amount	Percent
Vitas	$ 130,240	n.a.%
Plumbing and Drain Cleaning		
Drain cleaning	1,636	6.3
Plumbing	1,554	6.1
Other	1,112	8.5
Service America		
Service contracts	(1,836)	(19.9)
Demand services	(983)	(28.7)
Total	$ 131,723	170.5%

Vitas' revenues for the second quarter of 2004 included revenues from the following sources (in thousands):

Routine home care	$ 88,969
Continuous home care	22,637
General inpatient care	18,454
Respite and custodial care	180
Total	$130,240

Approximately 96% of Vitas' revenues for the period was from Medicare and Medicaid.

The increase in the drain cleaning revenues for the second quarter of 2004 versus 2003 comprises a .1% decline in the number of jobs performed and a 6.4% increase in the average price per job. The increase in plumbing revenues for the second quarter of 2004 versus 2003 comprised a 5.7% increase in the number of jobs and a .4% increase in the average price per job. The increase in other revenues for the second quarter of 2004 versus 2003 is attributable primarily to increases in independent contractor operations and product sales.

The decline in Service America's service contract revenues is attributable to selling insufficient new service contracts to replace contracts canceled or not renewed. The average number of contracts in place during the second quarter of 2004 was 17% lower than the 2003 quarter. As revenues from demand services are largely dependent upon service contract customers, the decline in service contracts in place was largely responsible for the decline in demand services in 2004.

The consolidated gross margin was 29.6% in the second quarter of 2004 as compared with 41.0% in the second quarter of 2003, largely due to the acquisition of Vitas in 2004. On a segment basis, Vitas' gross margin was 21.8%, the Roto-Rooter segment's gross margin increased .4% point to 44.4%, largely due to lower training wages as a percentage of revenues, in the second quarter of 2004 versus 2003. Service America's gross margin increased 2.2% points to 27.6% due to reduced material costs as a percent of revenues. The lower material costs, as a percent of revenues, is due primarily to lower inventory shrinkage.

Selling, general and administrative expenses ("SG&A") for the second quarter of 2004 were $37,913,000, an increase of $12,823,000 (51.1%) versus the second quarter of 2003. The increase is attributable to the following (in thousands):

	Increase/ (Decrease)
Vitas SG&A (acquired in 2004)	$ 13,330
Favorable market adjustments to deferred compensation liabilities in 2004 versus unfavorable adjustments in 2003 - related to gains and losses on the assets held in benefit trusts	(1,428)
Higher yellow pages directory advertising costs in 2004	1,075*
All other	(154)
Total	$ 12,823

- ----------
* This increase occurred only within the Roto-Rooter segment.

Approximately half of the increase in yellow pages directory costs is due to the timing of directories placed in service, and the remainder is due to increased spending on yellow pages advertising. The market adjustments on deferred compensation liabilities are entirely offset with equal and opposite gains/(losses) on the assets securing those benefits included in other income - net.

Depreciation expense for the second quarter of 2004 increased $1,580,000 (52.8%) from $2,990,000 in the second quarter of 2003 to $4,570,000 in the 2004 quarter. This increase arises from the following (in thousands):

	Increase/ (Decrease)
Vitas depreciation (acquired in 2004)	$ 1,861
Lower depreciation for Service America due largely to lower asset values in 2004 as a result of writing down assets in the fourth quarter of 2003	(134)
Lower depreciation for the Roto-Rooter segment due to lower depreciation on service vehicles due to declines in capital outlays	(118)
Corporate	(29)
Total	$ 1,580

Income from operations increased $15,725,000 from $3,580,000 in the second quarter of 2003 to $19,305,000 in the second quarter of 2004. The increase comprises (in thousands):

	Increase/ (Decrease)
Income from operations of Vitas (acquired in 2004)	$ 13,260
Higher gross profit of Roto-Rooter segment due primarily to increase in service revenues and gross profit	2,181
Favorable market adjustments to deferred compensation liabilities in 2004 versus unfavorable adjustments in 2003 - related to gains and losses on the assets held in benefit trusts	1,428
Higher yellow pages advertising costs in 2004	(1,075)
All other	(69)
Total	$ 15,725

Interest expense, substantially all of which is incurred at Corporate, increased from $867,000 in the second quarter of 2003 to $6,206,000 in the 2004 quarter. This increase is due to higher debt levels in 2004 as the result of borrowing $335 million to fund the acquisition of Vitas in February 2004.

Other income declined $2,224,000 in the second quarter of 2004 versus the second quarter of 2003. The decline is attributable to (in thousands):

	Increase/ (Decrease)
Positive market adjustments in 2003 to assets held in employee benefit trusts, versus losses in 2004	$(1,428)
Lack of income from Vitas preferred stock in 2004 (redeemed August 2003)	(712)
All other	(84)
Total	$(2,224)

The above increase in market adjustments for assets held in employee benefit trusts in the 2003 quarter is entirely offset by higher expenses in the SG&A category of the statement of income.

Our effective income tax rate increased from 36.1% in the second quarter of 2003 to 43.8% in the second quarter of 2004. This increase is due to higher corporate expenses in 2004 (for which there is no state tax benefit) and to the lack of a domestic dividend exclusion in 2004.

Equity in the loss of Vitas for 2004 represents the Company's 37% share of Vitas' loss for the period from January 1, 2004 through February 23, 2004, prior to our acquiring a controlling interest in Vitas. During the second quarter of 2004, Vitas' liability for pre-acquisition transaction expenses was reduced based on changed circumstances. Of the total adjustment 63% was recorded as a reduction of goodwill and 37% (net of deferred income taxes) was recorded as an adjustment of our equity in the earnings of Vitas ($821,000).

Net income for the second quarter of 2004 was $8,318,000 ($.67 per share and $.66 per diluted share) as compared with $3,300,000 ($.33 per share) in 2003. Net income for 2004 included income of $821,000 ($.07 per share and $.06 per diluted share) from the favorable adjustment to the Company's equity in the income of Vitas.

SECOND QUARTER 2004 VERSUS SECOND QUARTER 2003-SEGMENT RESULTS

The change in aftertax earnings for the second quarter of 2004 versus the first quarter of 2003 is due to (in thousands):

	Increase/ (Decrease)
Earnings of Vitas, acquired in 2004	$ 7,907
Higher earnings of the Roto-Rooter segment in 2004	1,268
Lower earnings/(loss) of the Service America segment in 2004	(67)
Higher aftertax corporate costs in 2004	(4,911)
Favorable adjustment to the equity earnings of Vitas in 2004	821
Increase in net income in 2004	$ 5,018

The higher aftertax earnings of Roto-Rooter in the second quarter of 2004 are attributable to higher service revenues and gross profit in the 2004 period.

Higher aftertax corporate expenses in 2004 are attributable to (in thousands):

	Increase/ (Decrease)
Higher aftertax interest expense in 2004 due to debt incurred to acquire Vitas	$3,490
Lack of income from Vitas preferred stock in 2004	628
Higher aftertax administrative costs in 2004 due largely to professional fees incurred in connection with Sarbanes-Oxley compliance efforts and higher insurance costs in 2004	609
All other	184
Increase in corporate costs in 2004	$4,911

For the second quarter of 2004, the first full quarter of operations under Chemed ownership, Vitas' service revenues and operating profit increased 23% and 22%, respectively, versus results for the second quarter of 2003. Driving these increases was a 19% increase in average daily census ("ADC") of patients from 7,199 in the second quarter of 2003 to 8,582 patients in the second quarter of 2004.

FIRST SIX MONTHS OF 2004 VERSUS
FIRST SIX MONTHS OF 2003 - CONSOLIDATED RESULTS

The Company's service revenues and sales for the first six months of 2004 increased 120% versus revenues for the first six months of 2003. This $185.1 million increase was attributable to the following (dollar amounts in thousands):

	Increase/(Decrease)	
	Amount	Percent
Vitas	$ 181,352	n.a.%
Plumbing and Drain Cleaning		
Drain cleaning	3,261	6.1
Plumbing	2,974	5.9
Other	2,570	8.5
Service America		
Service contracts	(3,005)	(15.9)
Demand services	(2,026)	(30.4)
Total	$ 185,126	119.5%

Vitas' revenues for 2004 (since the date of acquisition) included revenues from the following sources (in thousands):

Routine home care	$123,363
Continuous home care	31,796
General inpatient care	25,956
Respite and custodial care	237
Total	$181,352

Approximately 96% of Vitas' revenues for the period came from Medicare and Medicaid.

The increase in drain cleaning revenues for the first six months of 2004 versus 2003 was due entirely to an increase in the average price per job. The increase in plumbing revenues for the first six months of 2004 versus 2003 comprised a 4.5% increase in the number of jobs and a 1.4% increase in the average price per job. The increase in other revenues for the first six months of 2004 versus 2003 is attributable primarily to increases in independent contractor operations and product sales.

The decline in Service America's service contract revenues is attributable to selling insufficient new service contracts to replace contracts canceled or not renewed. The average number of contracts in place during the second quarter of 2004 was 17% lower than the 2003 quarter. The decline in service contracts in place during 2004 was largely responsible for the decline in demand services in 2004.

The consolidated gross margin was 31.4% in the first six months of 2004 as compared with 40.8% in the first six months of 2003, largely due to the acquisition of Vitas in 2004. On a segment basis, Vitas' gross profit margin was 21.5%, Roto-Rooter's gross profit margin increased .6% point to 44.5%, largely due to lower training wages as a percentage of revenues in the 2004 period. Service America's gross profit margin increased 4.4% points to 29.5% due to reduced material costs as a percent of revenues. The lower material costs, as a percent of revenues, is due primarily to improved inventory and cost control in Service America's warehouse and service trucks.

SG&A for the first six months of 2004 was $68,936,000, an increase of $17,789,000 (34.8%) versus the first six months of 2003. The increase is attributable to the following (in thousands):

	Increase/ (Decrease)
Vitas SG&A (acquired in 2004)	$ 18,720
Higher yellow pages directory advertising costs in 2003	2,953*
Severance costs for a corporate officer in 2003	(3,627)
All other	(257)
Total	$ 17,789

- ----------
* This increase occurred only within the Roto-Rooter segment.

Approximately half of the increase in yellow pages directory costs is due to the timing of directories placed in service, and the remainder is due increased spending on yellow pages advertising.

Depreciation expense for the first six months of 2004 increased $2,117,000 (35.0%) from $6,042,000 in the first six months of 2003 to $8,159,000 in the 2004 period. This increase arises from the following (in thousands):

	Increase/ (Decrease)
Vitas depreciation (acquired in 2004)	$ 2,608
Lower depreciation for Service America due largely to lower asset values in 2004 as a result of writing down assets in the fourth quarter of 2003	(239)
Lower depreciation for the Roto-Rooter segment due to lower depreciation on service vehicles due to recent declines in capital outlays	(204)
Corporate	(48)
Total	$ 2,117

Income from operations increased $14,495,000 from $5,964,000 in the first six months of 2003 to $20,459,000 in the first six months of 2004. The increase comprises (in thousands):

	Increase/ (Decrease)
Income from operations of Vitas (acquired in 2004)	$ 17,748
Cost of LTIP in 2004	(9,058)
Higher gross profit of Roto-Rooter segment due primarily to increase in service revenues	4,758
Severance charges for corporate officer in 2003	3,627
Higher yellow pages advertising costs in 2004	(2,953)
Lower gross profit of Service America segment due primarily to decline in revenues	(376)
All other	749
Total	$ 14,495

Interest expense, substantially all of which is incurred at Corporate, increased from $1,674,000 in the first six months of 2003 to $9,111,000 in the 2004 period. This increase is due to higher debt levels in 2004 to fund the acquisition of Vitas.

Other income declined $4,907,000 in the first six months of 2004 versus the first six months of 2003. The decline is attributable to (in thousands):

	Increase/ (Decrease)
Gains on the sales of available-for-sale investments in 2003	$(3,544)
Lack of income from Vitas preferred stock in 2004 (redeemed August 2003)	(1,423)
All other	60
Total	$(4,907)

Our effective income tax rate increased from 37.7% in the first six months of 2003 to 54.3% in the first six months of 2004. This increase is due to significantly higher corporate expenses in 2004 (for which there is no state tax benefit) and to the lack of a domestic dividend exclusion in 2004.

Equity in the loss of Vitas for 2004 represents the Company's 37% share of Vitas' loss for the period from January 1, 2004 through February 23, 2004, prior to our acquiring a controlling interest in Vitas. During the 2004 period Vitas incurred aftertax expenses aggregating $17,233,000 related to the sale of its business to the Company. The Company's aftertax share of these charges was $3,800,000.

Net income for the first six months of 2004 was $1,208,000 ($.10 per share) as compared with $6,857,000 ($.69 per share) in 2003. Income for 2004 included aftertax charges of $5,894,000 ($.51 per share and $.50 per diluted share) for the cost of the LTIP payout, an aftertax loss of $3,284,000 ($.28 per share) from the Company's equity in the loss of Vitas and an aftertax loss of $2,164,000 ($.19 per share and $.18 per diluted share) on the retirement of the Company's senior debt. Net income in 2003 includes an aftertax charge of $2,358,000 ($.24 per share)of corporate severance charges and aftertax gains on the sales of available-for-sale investments totaling $2,151,000($.22 per share).

FIRST SIX MONTHS OF 2004 VERSUS
FIRST SIX MONTHS OF 2003-SEGMENT RESULTS

The decline in aftertax earnings for the first six months of 2004 versus the first six months of 2003 is due to (in thousands):

	Increase/ (Decrease)
Earnings of Vitas, acquired in 2004	$ 10,504
Higher aftertax corporate costs in 2004	(13,959)
Equity in Vitas' loss (attributable to costs incurred by Vitas in connection with the sale of Vitas to Chemed)	(3,284)
Higher earnings of the Roto-Rooter segment in 2004	1,074
Higher earnings of the Service America segment in 2004	16
Decline in net income in 2004	$ (5,649)

Higher aftertax corporate expenses in 2004 are attributable to (in thousands):

	Increase/ (Decrease)
Higher aftertax interest expense in 2004 due to debt incurred to acquire Vitas	$ 4,841
Aftertax cost of the LTIP in 2004 (corporate office employees)	4,742
Aftertax cost of corporate severance in 2003	(2,358)
Increases in other administrative costs in 2004 due largely to professional fees incurred in connection with Sarbanes-Oxley compliance efforts and higher insurance costs in 2004	877
Loss on extinguishment of debt in 2004	2,164
Capital gains on the sales of available-for-sale investments in 2003	2,151
Lack of income from Vitas preferred stock in 2004	1,423
All other	119
Increase in corporate costs in 2004	$ 13,959

The higher aftertax earnings of Roto-Rooter in the first six months of 2004 are attributable to higher service revenues and gross profit, partially offset by Roto-Rooter's share of the LTIP costs ($982,000 aftertax).

The following data update previously provided historical financial and operating data of Vitas, acquired in February 2004 (in thousands, except percentages, days and dollars per day):

	2003		2004		
	Second Quarter	Year-to-Date June	January 1 to February 23	February 24 to March 31 (a)	Second Quarter
STATEMENT OF OPERATIONS					
Service revenues and sales	$106,245	$206,427	$72,870	$51,112	$ 130,240
Cost of services provided and goods sold (excluding depreciation)	82,684	163,603	58,848	40,486	101,790
Selling, general and administrative expenses	13,557	25,142	8,186	5,391	13,329
Costs related to sate of business	--	--	24,956(b)	--	--
Depreciation	1,483	2,911	836	748	1,861
Total costs and expenses	97,724	191,656	92,826	46,625	116,980
Income/(loss) from operations	8,521	14,771	(19,956)	4,487	13,260
Interest expense	(1,322)	(2,666)	(919)	(28)	(30)
Loss on extinguishment of debt	--	--	(4,497)(b)	--	--
Other income-net	203	353	41	31	176
Income/(loss) before income taxes	7,402	12,458	(25,331)	4,490	13,406
Income taxes	(2,963)	(4,978)	6,996	(1,893)	(5,499)
Net income/(loss)	$ 4,439	$ 7,480	$(18,335)	$ 2,597	$ 7,907
EBITDA (C)					
Net income/(loss)	$ 4,439	$ 7,480	$(18,335)	$ 2,597	$ 7,907
Add/(deduct)					
Interest expense	1,322	2,666	919	28	30
Income taxes	2,963	4,978	(6,996)	1,893	5,499
Depreciation	1,483	2,911	836	748	1,861
Amortization	7	13	4	323	813
EB1TDA	$ 10,214	$ 18,048	$(23,572)	$ 5,589	$ 16,110

(a) We acquired Vitas on February 24,2004 and recorded estimated purchase accounting adjustments to the value of Vitas' assets as of that date. Amortization of such adjustments for the February 24, 2004 to March 31, 2004 period totaled $202,000 for increased depreciation and $327.000 for increased amortization of identifiable irrangable assets.

(b) Costs related to the sale of Vitas totaled $29,453,000 pretax ($20,930,000 aftertax). Such costs include legal and professional fees, severance costs and a loss on writing off deferred debt issuance costs.

(c) EBITDA is income before interest expense, income taxes, depreciation and amortization. We use EBITDA, in additional to net income, income/(loss) from operations and cash flow from operating to assess our performance and believe it is important for investors to be able to evaluate us using the same measures used by management. We believe that EBITDA is an important supplemental measure of operating performance because it provides investors with an indication of our ability to fund our operating capital expenditures and debt service requirements through earnings, We also believe that EBITDA is a supplemental measurement tool used by analysts and investors to help evaluate a company's overall operating performance by including only transactions related to core cash operating business activities. EBITDA as calculated by us is not necessarily comparable to similarly titled measures reported by other companies. In addition EBITDA is not prepared in accordance with accounting principles generally accepted in the United States ("GAAP"). and should not: be considered as alternatives for net income, income from operations, net cash provided by operating activities or our other financial information determined under GAAP, and should not be considered as a measure of our profitability or liquidity. We believe the line on our consolidated statement of income entitled net income/(loss) is the most directly comparable GAAP measure to EBITDA, EBITDA, as calculated above includes interest income, loss on extinguishment of debt and costs related to the sale of Vias to the Company as follows (in thousands):

	2003		2004		
	Second Quarter	Year-to-Date June	January 1 to February 23	February 24 to March 31	Second Quarter
Interest income	$ 203	$ 353	$ 41	$ 31	$ 65
Loss on extinguishment debt	-	-	4,497	-	-
Costs related to sale of business	-	-	24,956	-	

	2003		2004	
	Second Quarter	Year-to-Date June	Second Quarter	Year-to-Date June (e)
OPERATING STATISTICS				
Net revenue				
Homecare	$ 72,457	$139,946	$ 88,967	$171,949
Inpatient	17,307	34,256	18,634	37,412
Continuous care	16,481	32,225	22,639	44,861
Total	$ 106,245	$206,427	$130,240	$254,222
Net revenue as a percent of total				
Homecare	68.2%	67.8%	68.3%	67.6%
Inpatient	16.3	16.6	14.3	14.7
Continuous care	15.5	15.6	17.4	17.7
Total	100.0%	100.0%	100.0%	100.0%
Average daily census ("ADC")				
Homecare	3,764	3,654	4,709	4,525
Nursing home	2,746	2,702	3,048	2,991
Routine homecare	6,510	6,356	7,757	7,516
Inpatient	349	349	369	371
Continuous care	339	334	455	452
Total	7,198	7,039	8,582	8,339
Average length of stay (days)	55.4	54.8	59.9	57.8
Median length of stay (days)	12.0	11.5	12.0	11.5
ADC by major diagnosis				
Neurological	28.4%	28.5%	31.0%	30.6%
Cancer	26.0	26.4	23.3	23.6
Cardio	14.4	14.3	14.4	14.3
Respiratory	7.5	7.4	7.4	7.4
Other	23.7	23.4	23.9	24.1
Total	100.0%	100.0%	100.0%	100.0%
Direct patient care margins (d)				
Routine homecare	50.1%	48.9%	49.9%	49.3%
Inpatient	22.4	22.4	25.9	26.5
Continuous care	21.4	22.5	19.0	19.1
Homecare margin drivers (dollars per patient day)				
Labor costs	$ 39.92	$ 41.67	$ 41.53	$ 42.78
Drug cost	8.93	8.90	9.24	8.94
Home medical equipment	5.64	5.69	5.80	5.76
Medical supplies	1.70	1.78	1.91	1.92
Inpatient margin drivers (dollars per patient day)				
labor costs	$ 188.47	191.25	$ 202.08	$ 200.16
Continuous care margin drivers (dollars per patient day)				
Labor costs	$ 397.23	$ 394.37	$ 421.84	$ 421.79
Bad debt expense as a percent of revenues	1.3%	1.3%	1.1%	1.2%
Accounts receivable -- days of revenue outstanding	37.4	37.4	35.1	35.1

- ----------

(d) Amounts exclude indirect patient care costs.

(e) For the period January 1, 2004 to February 23, 2004, Vitas was 37%-owned by the Company.

SAFE HARBOR STATEMENT UNDER THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995 REGARDING FORWARD-LOOKING INFORMATION

In addition to historical information, this report contains forward-looking statements and performance trends that are based upon assumptions subject to certain known and unknown risks, uncertainties, contingencies and other factors. Variances in any or all of the risks, uncertainties, contingencies, and other factors from the Company's assumptions could cause actual results to differ materially from these forward-looking statements and trends. The Company's ability to deal with the unknown outcomes of these events, many of which are beyond the control of the Company, may affect the reliability of its projections and other financial matters.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISKS

Chemed's primary market risk exposure relates to interest rate risk exposure through its variable interest rate borrowings. At June 30, 2004, we have a total of $143,750,000 of variable rate debt outstanding. Should the interest rate on this debt increase 100 basis points, our annual interest expense would increase $1,437,500. We estimate that the fair values of our variable rate debt and fixed rate debt approximate their book values at June 30, 2004 ($143,750,000 and $151,353,000, respectively).

ITEM 4. CONTROLS AND PROCEDURES

The Company maintains disclosure controls and procedures that are designed to ensure that information required to be disclosed in the Company's Exchange Act reports is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to the Company's management to allow timely decisions regarding required disclosure.

The Company recently carried out an evaluation, under the supervision of the Company's President and Chief Executive Officer, and with the participation of the Vice President and Chief Financial Officer and the Vice President and Controller, of the effectiveness of the design and operation of the Company's disclosure controls and procedures pursuant to Exchange Act Rules 13a-14/15d-14(a). Based upon the foregoing, the Company's President and Chief Executive Officer, Vice President and Chief Financial Officer and Vice President and Controller concluded that as of the date of this report the Company's disclosure controls and procedures are effective in timely alerting them to material information relating to the Company and its consolidated subsidiaries required to be included in the Company's Exchange Act reports. There have been no significant changes in internal control over financial reporting during the first six months of 2004.

PART II OTHER INFORMATION

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS:

(a) The Company held its annual meeting of stockholders on May 17, 2004.

(b) The names of directors elected at this annual meeting are as follows:

Edward L. Hutton	Thomas C. Hutton
Kevin J. McNamara	Sandra E. Laney
Donald Breen, Jr.	Timothy S. O'Toole
Charles H. Erhart, Jr.	Donald E. Saunders
Joel F. Gemunder	George J. Walsh
Patrick P. Grace	Frank E. Wood

(c) The stockholders voted on the approval and adoption of the Company's 2004 Stock Incentive Plan: 4,550,207 votes were cast in favor of the proposal, 1,831,174 votes were cast against it, 212,510 votes abstained, and 2,517,122 were broker non-votes.

(d) The stockholders voted on the approval of an amendment to the Company's 2002 Executive Long-Term Incentive Plan: 6,044,250 votes were cast in favor of the proposal, 335,521 votes were cast against it, 214,120 votes abstained, and 2,517,122 were broker non-votes.

(e) The stockholders voted on the approval of an amendment to the Certificate of Incorporation increasing the number of authorized shares of Capital Stock from 15,000,000 to 40,000,000: 7,568,904 votes were cast in favor of the proposal, 1,527,276 votes were cast against it, 14,835 votes abstained, and there were no broker non-votes.

(f) The stockholders voted on the approval of an amendment to the Certificate of Incorporation changing the Company's name from Roto-Rooter, Inc. to Chemed Corporation: 9,025,179 votes were cast in favor of the proposal, 70,732 votes were cast against it, 15,103 votes abstained, and there were no broker non-votes.

With respect to the election of directors, the number of votes cast for each nominee was as follows:

	For	Withheld
Edward L. Hutton	7,161,260	1,949,754
Kevin J. McNamara	7,434,721	1,676,293
Donald Breen, Jr	8,786,637	324,377
Charles H. Erhart, Jr	8,200,904	910,110
Joel F. Gemunder	8,602,283	508,731
Patrick P. Grace	8,267,600	843,413
Thomas C. Hutton	7,028,766	2,082,248
Sandra E. Laney	7,313,748	1,797,266
Timothy S. O'Toole	7,435,638	1,675,376
Donald E. Saunders	8,218,825	892,189
George J. Walsh, III	7,024,610	2,086,404
Frank E. Wood	8,600,194	510,820

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits

Exhibit No.	Description
10.1	2002 Executive Long-Term Incentive Plan, as amended May 18, 2004.
31.1	Certification by Kevin J. McNamara pursuant to Rule 13A - 14 of the Exchange Act of 1934.
31.2	Certification by David P. Williams pursuant to Rule 13A - 14 of the Exchange Act of 1934.
31.3	Certification by Arthur V. Tucker, Jr. pursuant to Rule 13A - 14 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.

(b) Reports on Form 8-K

- We filed a Current Report on Form 8-K, dated April 7, 2004, on April 7, 2004. The report includes the Company's announcement to optionally redeem its Convertible Junior Subordinated Debentures due 2030 and all shares of Convertible Preferred Trust Securities and Common Securities of the Chemed Capital Trust.

- We filed a Current Report on Form 8-K, dated May 4, 2004, on May 4, 2004. The report includes the Company's earnings announcement for the first quarter.

- We filed a Current Report on Form 8-K, dated May 17, 2004 on May 18, 2004. The report includes the Company's announcement that, effective May 17, 2004, it changed its name to "Chemed Corporation" and increased the number of authorized shares of capital stock from 15 million to 40 million.

- We filed a Current Report on Form 8-K, dated May 17, 2004, on May 27, 2004. The report includes the Company's announcement to optionally redeem its Convertible Junior Subordinated Debentures due 2030 and all shares of Convertible Preferred Trust Securities and Common Securities of the Chemed Capital Trust.

- We filed a Current Report on Form 8-K, July 2, 2004, was filed on July 2, 2004. The report includes the Company's announcement to extend by one week its offer to exchange its 8 3/4% Senior Notes Due 2011, which have been registered under the U.S. Securities Act of 1933, as amended.

- We filed a Current Report on Form 8-K, dated August 3, 2004, on August 3, 2004. The report includes the Company's earnings announcement for the second quarter.

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: August 9, 2004 By Kevin J. McNamara

Kevin J. McNamara
(President and Chief
Executive Officer)

Dated: August 9, 2004 By David P. Williams

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

Dated: August 9, 2004

By Arthur V. Tucker, Jr.

Arthur V. Tucker, Jr.

(Vice President and Controller)

EXHIBIT 10.1

CHEMED CORPORATION
2002 EXECUTIVE LONG-TERM INCENTIVE PLAN

SECTION 1. PURPOSES: The purposes of the Chemed Corporation 2002 Executive Long-Term Incentive Plan are to provide a means to attract and retain officers and other key employees of the Company and its Subsidiaries and to motivate such individuals to improve the long-term performance of the Company.

SECTION 2. DEFINITIONS: As used in this Plan, unless the context otherwise requires, each of the following terms shall have the meaning set forth below.

(a) "Award" shall mean, for any Plan Period, a payment made to a Participant under the terms of this Plan, which can be denominated in either cash or Capital Stock as determined by the Committee in its sole discretion

(b) "Board of Directors" or "Board" shall mean the Board of Directors of the Company.

(c) "CEO" shall mean the Chief Executive Officer of the Company.

(d) "Code" shall mean the Internal Revenue Code of 1986, as amended from time to time, and any references to a particular section of the Code shall be deemed to include any successor provision thereto.

(e) "Committee" shall mean a committee of the Board of Directors, which shall consist solely of two or more "outside directors" within the meaning of Section 162(m) of the Code.

(f) "Capital Stock" shall mean the capital stock of the Company, par value $1.00 per share.

(g) "Company" shall mean Chemed Corporation, a Delaware corporation.

(h) "Covered Employee" shall mean the CEO and each other executive of the Company or a Subsidiary who the Committee determines, in its discretion, is or may be a "covered employee" within the meaning of Section 162(m) of the Code for the Plan Period to which an Award hereunder is related.

(i) "Eligible Employee" shall mean all officers and other key employees of the Company and any of its Subsidiaries, as determined by the Committee in its sole discretion.

(j) "Maximum Amount" shall mean the product of:

    (i) $2,000,000 or 35,000 shares of Capital Stock, depending on whether an Award is denominated in cash or Capital Stock; and

    (ii) The number of full or partial fiscal years in the Plan Period.

(k) "Participant" shall mean an Eligible Employee selected by the Committee to participate in the Plan pursuant to Section 4.

(l) "Performance Goal(s)" shall mean the goal or goals established for a Participant for a Plan Period by the Committee pursuant to Section 5.

(m) "Performance Measures" shall mean any of the following performance criteria, either alone or in any combination, and may be expressed with respect to the Company or one or more operating units or groups or Subsidiaries, as the Committee may determine: cash flow; cash flow from operations; total earnings; earnings per share, diluted or basic; earnings per share from continuing operations, diluted or basic; earnings before interest and taxes; earnings before interest, taxes, depreciation, and amortization; earnings from continuing operations; net asset turnover; inventory turnover; net earnings or net income; operating earnings; operating margin; return on equity; return on net assets; return on total assets; return on capital; return on investment; return on sales; sales; revenues; market share; economic value added; expense reduction levels; stock price; and total shareholder return. For any Plan Period, Performance Measures may be determined on an absolute basis or relative to internal goals or relative to levels attained in a year or years prior to such Plan Period or related to other companies or indices or as ratios expressing relationships between two or more Performance Measures. For any Plan Period, the Committee shall provide how any Performance Measure shall be adjusted to the extent necessary to prevent dilution or enlargement of any Award as a result of extraordinary events or circumstances, as determined by the Committee, or to exclude the effects of extraordinary, unusual, or non-recurring items; changes in applicable laws, regulations, or accounting principles; currency fluctuations; discontinued operations; non-cash items, such as amortization, depreciation, or reserves; or any recapitalization, restructuring, reorganization, merger, acquisition, divestiture, consolidation, spin-off, split-up, combination, liquidation, dissolution, sale of assets, or other similar corporate transaction, or stock dividend, or stock split or combination; provided, however, in the case of a Covered Employee, no such adjustment will be made if the effect of such adjustment would cause the Award to a Covered Employee to fail to qualify as "qualified performance-based compensation" within the meaning of Section 162(m) of the Code.

(n) "Plan" shall mean the Chemed Corporation 2002 Executive Long-Term Incentive Plan, as amended and restated from time to time.

(o) "Plan Period" shall mean a period longer than one fiscal year, as determined by the Committee in its sole discretion.

(p) "Subsidiary" shall mean any corporation, the majority of the outstanding voting stock of which is owned, directly or indirectly, by the Company, and that is not itself a publicly held corporation within the meaning of Section 162(m) of the Code.

SECTION 3. ADMINISTRATION: Subject to the express provisions of this Plan, the Committee shall have 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. In exercising its discretion, the Committee may use such objective or subjective factors as it determines to be appropriate in its sole discretion. The determinations of the Committee pursuant to its authority under the Plan shall be conclusive and binding.

SECTION 4. ELIGIBILITY: The Committee shall designate which Eligible Employees will be Participants in the Plan for a particular Plan Period. Designation of an Eligible Employee as a Participant for any Plan Period shall not require designation of such Eligible Employee for any other Plan Period.

SECTION 5. AWARDS:

(a) The Committee may make Awards to Participants with respect to each Plan Period, subject to the terms and conditions set forth in the Plan. To the extent an Award that is denominated in Capital Stock results in a payment in Capital Stock or an Award that is denominated in cash is paid in Capital Stock, such Capital Stock shall be issued from the authorized reserve of Capital Stock under the 2004 Stock Incentive Plan or other such plan, if such plan has been approved by the holders of a majority of the shares of the Company's Capital Stock actually voting on the matter and has sufficient shares of capital stock remaining for such issuance.

(b) Within 90 days after the commencement of each Plan Period (or such other date as required by Section 162(m) of the Code and the regulations promulgated thereunder), the Committee shall, in writing, select the length of such Plan Period, select which Eligible Employees will be Participants for such Plan Period, and determine for each such Plan Period the following:

    (i) The Performance Goal or Performance Goals applicable to each Participant for the Plan Period based on one or more Performance Measures; and

(ii) The payment schedule detailing the total amount which may be available for payment to each Participant as an Award based upon the relative level of attainment of the Performance Goal or Performance Goals.

(c) Upon completion of a Plan Period, the Committee shall:

(i) Certify, in writing, prior to payment of any Award, whether and to what extent the Performance Goal or Performance Goals for the Plan Period were satisfied;

(ii) Determine the amount available for each Participant's Award pursuant to the payment schedule established in Section 5(b)(ii);

(iii) Determine any increase or reduction in the amount of a Participant's available Award, as determined pursuant to Section 5(c)(ii), (including a reduction to zero) based on any subjective or objective factors that it determines to be appropriate in its sole discretion; provided, however, in the case of a Covered Employee, the Committee may reduce (including a reduction to zero) but may not increase the amount of an Award; and provided further that the exercise of such discretion to reduce an Award with respect to any Participant shall not have the effect of increasing an Award that is payable to a Covered Employee; and

(iv) Authorize payment subject to Section 6 of such amounts determined under Section 5(c)(iii).

(d) Notwithstanding any other provision of this Plan, in no event shall the Award earned by any Participant for a Plan Period exceed the Maximum Amount.

(e) Notwithstanding any other provision of this Plan, a Plan Period shall not commence until any preceding Plan Period has been completed.

SECTION 6. PAYMENT OF AWARDS: Awards under this Plan shall be made in a lump sum payment in cash and/or Capital Stock to the Participant or the Participant's beneficiary, as designated under procedures established by the Committee, as soon as practicable following the Plan Period or to such deferred plan as the Company may have established for such purposes. If all or a portion of a cash-denominated Award is to be paid in Capital Stock or a Capital Stock-denominated Award is to be paid in cash, the Committee shall determine the basis on which such a conversion will occur. The Company may deduct from any payment such amounts as may be required to be withheld under any federal, state, or local tax laws.

SECTION 7. NO CONTINUED EMPLOYMENT: Nothing in this Plan shall give any person any right to continue in the employ of the Company or its Subsidiaries or constitute a contract or agreement of employment or interfere in any way with the right of the Company or its Subsidiaries to terminate or change the conditions of employment.

SECTION 8. NONASSIGNABILITY: Except as otherwise required by applicable law, any rights of a Participant or Participant's beneficiary under this Plan shall not be anticipated, sold, assigned, transferred, encumbered, hypothecated, or pledged nor be subject to any levy or charge and shall not be subject in any manner to the claims of any creditor of a Participant or a Participant's beneficiary; and any attempt to take such action shall be null and void.

SECTION 9. TERMINATION AND AMENDMENT: The Board may at any time and from time to time alter, amend, suspend, or terminate the Plan in whole or in part; provided, however, that no amendment which requires stockholder approval in order for the Plan to continue to comply with Section 162(m) of the Code shall be effective unless such amendment is approved by the stockholders of the Company. Notwithstanding the foregoing, no termination or amendment of the Plan may, without the consent of the Participant to whom an Award has been determined for a completed Plan Period but not yet paid, adversely affect the rights of such Participant in such Award.

SECTION 10. INTERPRETATION: Except with respect to terminations of employment or in connection with a change in control of the Company, as determined by the Committee in its sole discretion, it is the intent of the Company that Awards made to Covered Employees shall constitute "qualified performance-based compensation" satisfying the requirements of Section 162(m) of the Code. Accordingly, the provisions of the Plan shall be interpreted in a manner consistent with Section 162(m) of the Code. If any other provision of the Plan or an Award is intended to but does not comply or is inconsistent with the requirements of Section 162(m) of the Code, such provision shall be construed or deemed amended to the extent necessary to conform to and comply with such requirements.

SECTION 11. UNFUNDED STATUS: Awards 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.

SECTION 12. APPLICABLE LAW: This Plan shall be governed by and construed in accordance with the laws of the State of Delaware, without regard to its principles of conflict of laws.

SECTION 13. EFFECTIVE DATE: This Plan will become effective as of March 6, 2002; provided, however, that no Award will be made under the Plan unless prior to such payment, the holders of a majority of the shares of the Company's Capital Stock actually voting on the matter approve and adopt this Plan at a meeting of the stockholders of the Company.

EXHIBIT 31.1

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 Roto-Rooter Inc. ("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 quarterly 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 report 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: August 9, 2004

Kevin J. McNamara

Kevin J. McNamara
(President and Chief
Executive Officer)

EXHIBIT 31.2

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 Roto-Rooter Inc. ("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 quarterly 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 report 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: August 9, 2004

David P. Williams

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

EXHIBIT 31.3

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 Roto-Rooter Inc. ("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 quarterly 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 report 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: August 9, 2004

Arthur V. Tucker, Jr.

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

EXHIBIT 32.1

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 Roto-Rooter Inc. ("Company"), does hereby certify that:

1) the Company's Quarterly Report of Form 10-Q for the quarter ending June 30, 2004 ("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: August 9, 2004

Kevin J. McNamara

Kevin J. McNamara
(President and Chief
Executive Officer)

EXHIBIT 32.2

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 Vice President and Chief Financial Officer of Roto-Rooter Inc. ("Company"), does hereby certify that:

1) the Company's Quarterly Report of Form 10-Q for the quarter ending June 30, 2004 ("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: August 9, 2004

By David P. Williams

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

EXHIBIT 32.3

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 Roto-Rooter Inc. ("Company"), does hereby certify that:

1) the Company's Quarterly Report of Form 10-Q for the quarter ending June 30, 2004 ("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: August 9, 2004

By Arthur V. Tucker, Jr.

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