



# CHEMED

CHEMED CORPORATION

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*Annual Shareholders' Meeting*  
*May 29, 2009*

Innovative  
Hospice Care®  
**VITAS**®





# CHEMED

CHEMED CORPORATION

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***Kevin J. McNamara***  
***President and CEO***



# Accomplishments in 2008

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**In an incredibly difficult economic environment...**

- **Chemed**

- **Reported record service revenue and sales of \$1,149,000,000**
- **Reported record adjusted diluted earnings per share of \$3.38**
- **Continued to pay down debt and repurchase shares**



# Accomplishments in 2008 (cont.)

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## ■ VITAS

- Management of labor was significant in 2008
- Record
  - Revenue of \$808,000,000
  - Adj. EBITDA of \$115,000,000
  - Adj. EBITDA of 14.3%



## Accomplishments in 2008 (cont.)

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### ■ Roto-Router

- **Second-best year ever**
  - **Adj. EBITDA of \$60,000,000**
  - **Adj. EBITDA of 17.6%**
- **Completed two acquisitions in Q4 2008**

# Cumulative Results Since the VITAS Acquisition\*

For the years ended December 31, 2003 through 2008

	(1)	(2)	(3)
	<b>CAGR</b>		
	<b>One</b>	<b>Three</b>	<b>Five</b>
	<b>Year</b>	<b>Year</b>	<b>Year</b>
<b>(1) Service revenues and sales</b>	<b>4.4%</b>	<b>7.8%</b>	<b>10.4%</b>
<b>(2) Income from continuing operations</b>	<b>14.9%</b>	<b>25.8%</b>	<b>41.8%</b>
<b>(3) Diluted EPS from continuing operations</b>	<b>23.2%</b>	<b>30.7%</b>	<b>42.4%</b>

\* Include VITAS results as if VITAS were purchased on January 1, 2003

# Chemed – Consolidated Summary of Operations

For the years ended December 31, 2003 through 2008  
(in thousands, except per share data)

	(1)	(2)	(3)	(4)	(5)	(6)	(7)
	2003	2004	2005	2006	2007	2008	Average Annual Inc./(Dec.)
(1) Service Revenues and Sales (a)	\$ 260,776	\$ 734,877	\$ 915,970	\$ 1,018,587	\$ 1,100,058	\$ 1,148,941	34.5%
(2) EBITDA (c)	30,366	72,310	96,992	129,782	138,470	155,032	38.6%
(3) Adj. EBITDA (c)	25,118	91,950	120,513	131,373	161,846	161,754	45.1%
(4) Net Income/(Loss) (GAAP)	(3,435)	27,512	35,817	50,651	61,641 (b)	67,281 (b)	n.a.
(5) Adj. Net Income (c)	7,894	31,893	49,542	58,102	79,277	78,900	58.5%
(6) Diluted EPS (GAAP)	(0.17)	1.12	1.36	1.90	2.46	2.88	n.a.
(7) Adj. Diluted EPS (c) (d)	0.40	1.29	1.88	2.18	3.16	3.38	53.2%
(8) Diluted Average Shares Outstanding	19,908	24,636	26,299	26,669	25,077	23,374	3.3%

(a) Continuing operations

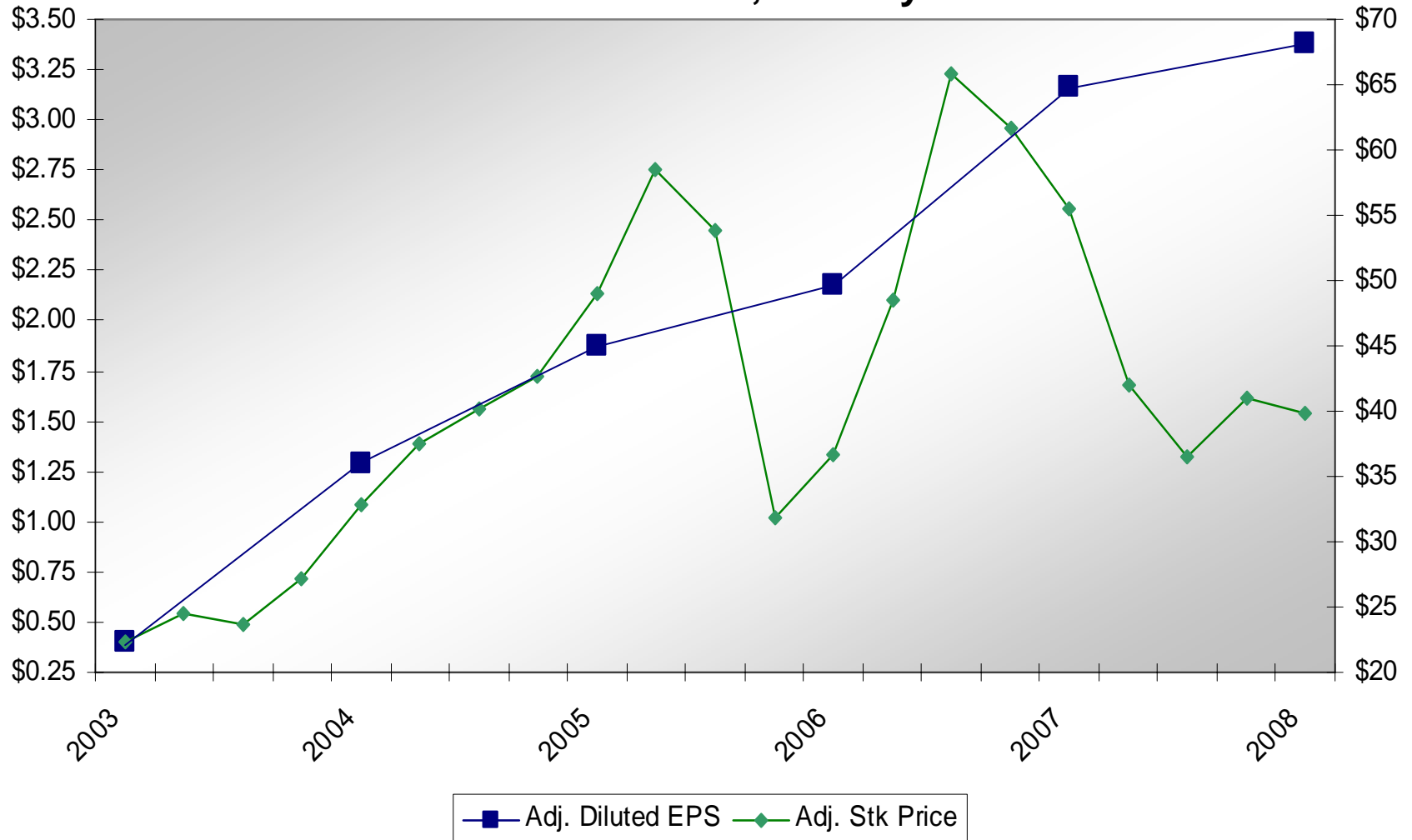
(b) Restated for the retrospective adoption of FASB Staff Position No. APB 14-1, "Accounting for Convertible Debt Instruments That May Be Settled in Cash upon Conversion (Including Partial Cash Settlement)," effective January 1, 2009

(c) See footnote (d) below and the Appendix at the back of this presentation for reconciliation from GAAP reported results to adjusted (non-GAAP) results

(d) Adj. Diluted EPS is calculated by dividing Adj. Net Income by Diluted Average Shares Outstanding, and Diluted EPS is calculated by dividing Net Income by Diluted Average Shares Outstanding

# EPS<sup>(1)</sup> and Stock Price<sup>(2)</sup> History

**Chemed has delivered strong and consistent EPS to stockholders since 2003, 53% 5-year CAGR**



(1) Adjusted Diluted EPS; see Appendix at the back of this presentation for reconciliation from GAAP reported results to adjusted (non-GAAP) results  
(2) Adjusted for stock splits





# Future of VITAS

## Short-term

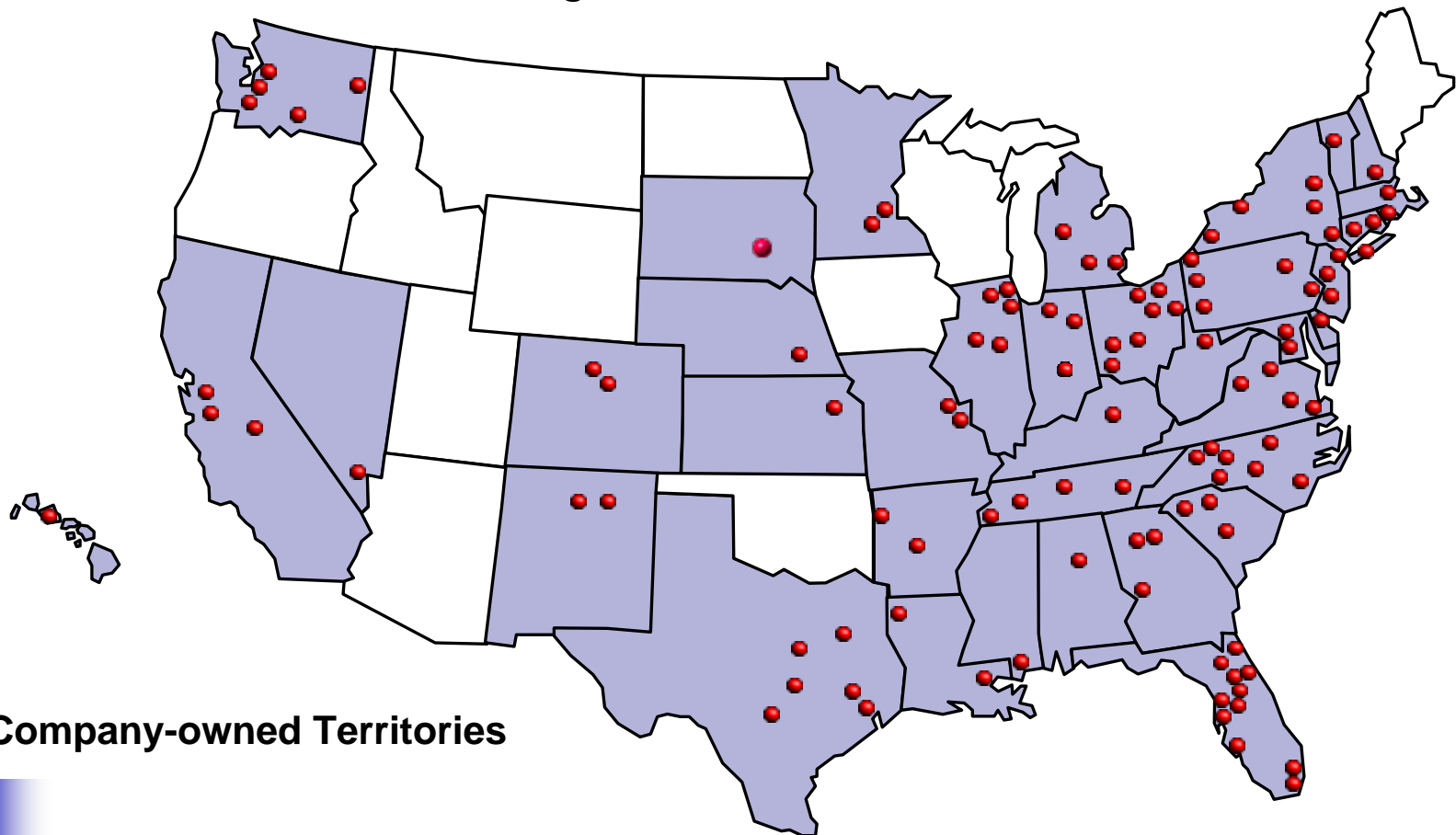
- Continue organic growth
- Acquisitions
  - Fragmented industry
  - Dominated by “Mom & Pop” not-for-profits
  - Average operating margin in hospice is 4%\*
  - 50% of hospices have negative margin\*
  - Economies of scale
- Access to reasonably priced capital critical to expansion

## Long-term

- Government reimbursement structure will drive VITAS' future
- Consolidation
  - Will “pure play” dominate industry? → Consolidation continues
  - Will continuum of care dominate? → Acquire other healthcare providers
    - Self referral
    - Control of patient

# Chemed Growth Strategy – Roto-Rooter

- Continue to increase efficiency
- Acquire franchisee territories at reasonable valuations
  - \$175 - \$200 million in franchise street sales
  - Purchase at 4-5 times EBITDA
  - Minimal capital expenditure
- Focus on earnings and cash flow





# Future of Roto-Rooter

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- **Continue to Consolidate Franchises**
  - Purchase at reasonable multiples
  - Avoid over-paying for current acquisitions
    - Inflates expectations/demands of remaining franchisees
  
- **Utilize Cash Flow for:**
  - Purchase of franchises
  - Acquisition of hospices
  - Debt pay-down, share buy-back, increased dividends



# CHEMED

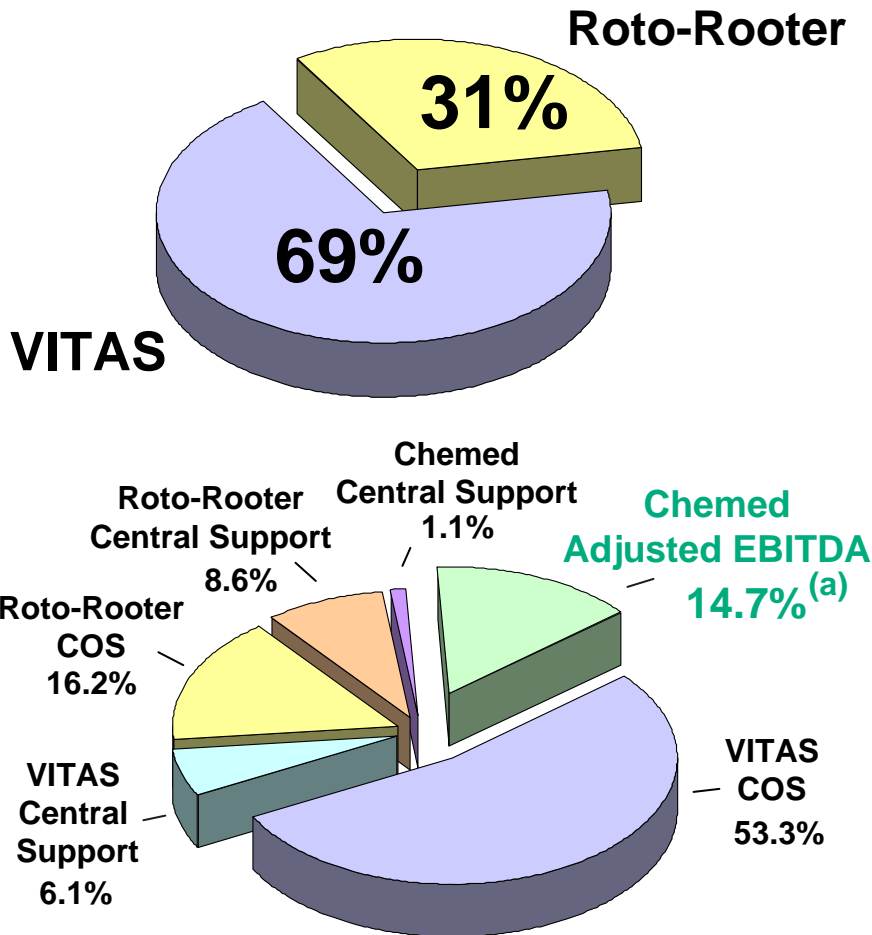
CHEMED CORPORATION

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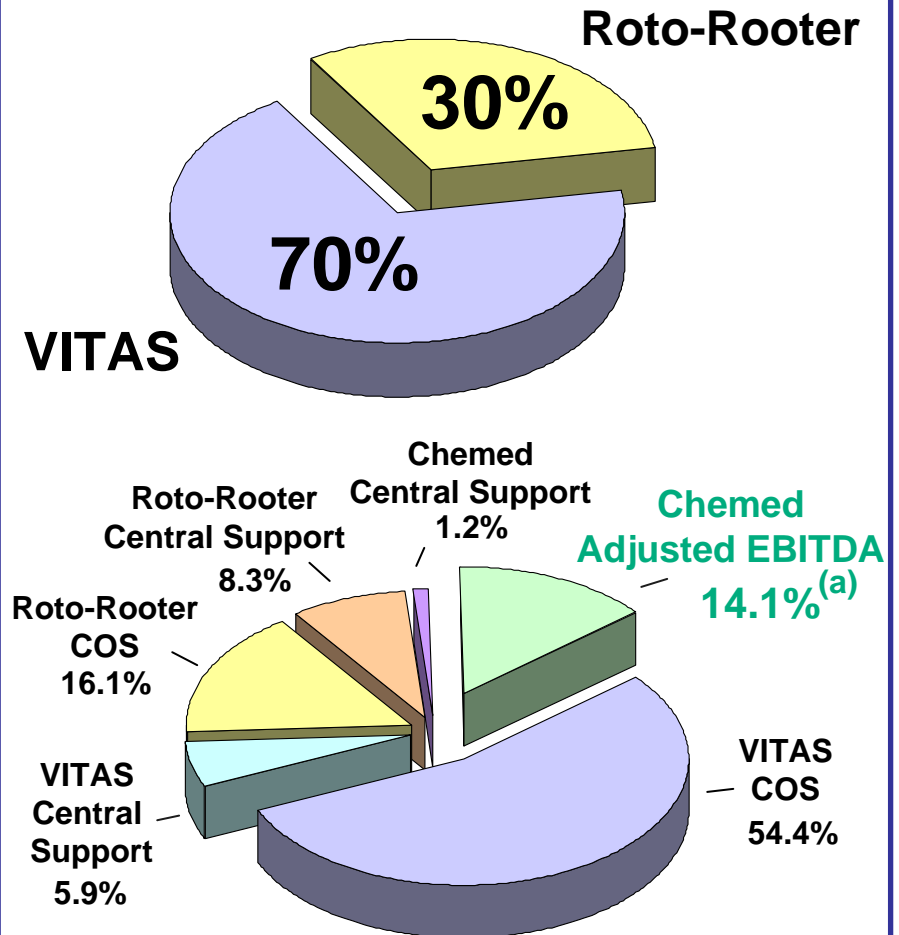
*David P. Williams*  
*Executive VP and CFO*

# Chemed Corporation Revenue

## 2007



## 2008



(a) See Appendix at the back of this presentation for reconciliation of EBITDA and Adjusted EBITDA to Net Income

# Chemed - Results from Continuing Operations

(in thousands, except per share data)

	(1)	(2)	(3)	(4)	(5)	(6)
	Full Year Results			Three Months Ended March 31,		
	2007	2008	Fav/(Unfav) % Growth	2008	2009	Fav/(Unfav) % Growth
(1) Service Revenues and Sales	\$1,100,058	\$1,148,941	4.4%	\$285,268	\$294,938	3.4%
(2) Net Income	61,641	67,281	9.1%	15,860	19,339	21.9%
(3) Diluted EPS (b)	2.46	2.88	17.1%	0.65	0.85	30.8%
(4) Adj. EBITDA (a)	161,846	161,754	(0.1%)	36,606	42,224	15.4%
(5) Adj. EBITDA Margin (a)	14.7%	14.1%	(0.6) pts.	12.8%	14.3%	1.5 pts.
(6) Adj. Net Income (a)	79,277	78,900	(0.5%)	17,731	21,216	19.7%
(7) Adj. Diluted EPS (a) (b)	3.16	3.38	7.0%	0.73	0.94	28.8%
(8) Capital Expenditures	26,640	26,094	2.1%	3,891	3,376	13.2%

(a) See footnote (b) below and the Appendix at the back of this presentation for reconciliation from GAAP reported results to adjusted (non-GAAP) results

(b) Adj. Diluted EPS is calculated by dividing Adj. Net Income by Diluted Average Shares Outstanding, and Diluted EPS is calculated by dividing Net Income by Diluted Average Shares Outstanding

# Chemed – Consolidated Balance Sheets

(\$000)

Assets	March 31, 2009	Dec. 31, 2008	Liabilities & Stockholder Equity	March 31, 2009	Dec. 31, 2008
Cash and cash equivalents	\$11,859	\$3,628	Total current liabilities	\$148,379	\$143,906
Accounts receivable, net	107,364	98,076	Other liabilities	49,511	50,506
Other current assets	33,821	34,229	Long-term debt	<u>159,192</u>	<u>168,379</u>
Fixed assets, net	73,631	76,962	Total Liabilities	\$357,082	\$362,791
Non current assets	<u>547,550</u>	<u>546,727</u>	Total Stockholders' Equity	<u>\$417,143</u>	<u>\$396,831</u>
Total Assets	<u><u>\$774,225</u></u>	<u><u>\$759,622</u></u>	Total Liabilities & Stockholders' Equity	<u><u>\$774,225</u></u>	<u><u>\$759,622</u></u>



# Chemed – Consolidated Leverage Summary

(in thousands, except leverage ratio)

	(1) March 31, 2004	(2) 2004	(3) 2005	(4) December 31, 2006	(5) 2007	(6) 2008	(7) March 31, 2009
(1) Annualized Interest Expense	\$ 11,600	\$ 21,158	\$ 21,264	\$ 17,468	\$ 11,244	\$ 5,147	(a) \$ 3,755 (a)
(2) Total Debt	335,435	291,695	235,103	150,540	224,831	209,825	199,086 (b)
(3) Adjusted EBITDA (TTM)	34,165	92,101	120,513	131,373	161,846	161,754	167,372
(4) Leverage Ratio (Total Debt/Adjusted EBITDA)	9.82	3.17	1.95	1.15	1.39	1.30	1.19

(a) Each period excludes approximately \$6 million for the restatement of interest expense pursuant to the adoption of FASB Staff Position No. APB 14-1

(b) Amount includes approximately \$39.8 million of principal (which has been recorded in equity) due to the requirements of FASB Staff Position No. APB 14-1

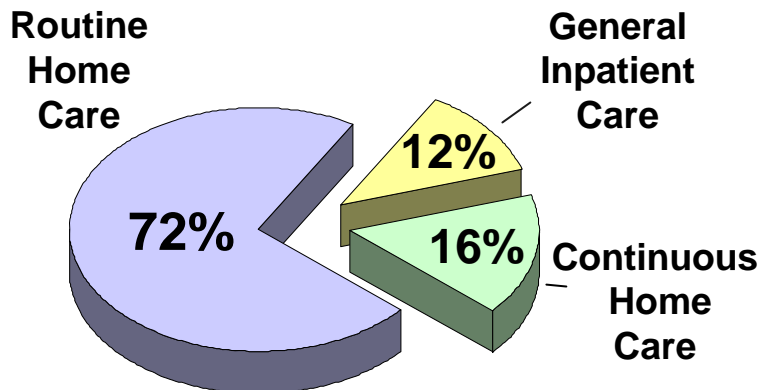


***Timothy S. O'Toole***  
***CEO***

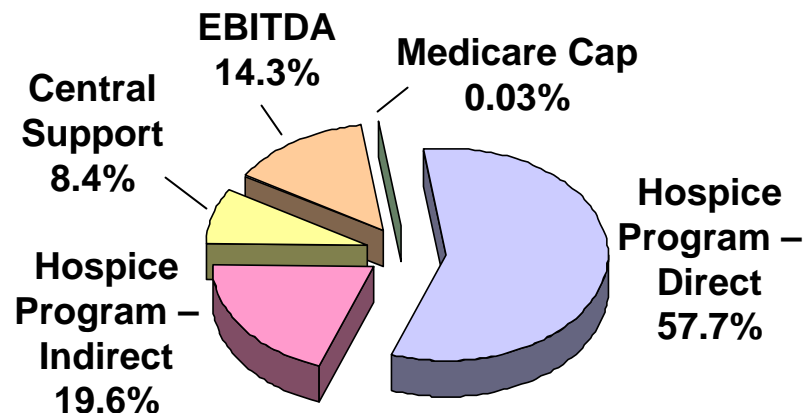
# VITAS Healthcare Company Overview

- Largest provider of hospice services for patients with severe, life-limiting illnesses with approximately 8% of the U.S. market share
- Operates a comprehensive range of hospice services through 45 operating programs in 15 states and the District of Columbia
- Utilizes a standardized model for patient care which is intended to maximize quality and enhance patient satisfaction
- Operating statistics:
  - Service revenues and sales: \$208 million (Q1 2009)
  - Average daily census per established program: approximately 280 ADC, largest approximately 1,300 (Q1 2009)
  - Average length of stay: 76.6 days (Q1 2009)
- Total of 9,200 employees, including approximately 3,800 nurses and more than 3,200 home health aides and other direct caregivers (Q1 2009)

## Revenues 2008 (Before Cap)



## Adjusted EBITDA<sup>(a)</sup> 2008



# VITAS – Summary of Operations<sup>(a)</sup>

For The Years Ended December 31, 2003 through 2008  
(in thousands, except percentages)

	(1)	(2)	(3)	(4)	(5)	(6)	(7)
	2003	2004	2005	2006	2007	2008	Average Annual Inc./ (Dec.)
(1) Service Revenues and Sales	\$ 441,017	\$ 531,136	\$ 618,613	\$ 699,092	\$ 755,426	\$ 808,445	12.9%
(2) EBITDA (b)	42,986	65,685	65,259	89,983	111,131	120,568	22.9%
(3) Adj. EBITDA (b)	42,302	64,553	80,455	85,880	103,953	115,278	22.2%
(4) Adj. EBITDA Margin (b)	9.6%	12.2%	13.0%	12.3%	13.8%	14.3%	n.a.
(5) Net Income (GAAP)	20,158	33,052	34,982	43,546	61,034	64,719	26.3%
(6) Adj. Net Income (b)	20,158	32,961	44,659	49,249	59,974	64,425	26.2%

(a) Assumes VITAS was purchased on January 1, 2003

(b) See Appendix at the back of this presentation for reconciliation from GAAP reported results to adjusted (non-GAAP) results

# VITAS – Results from Continuing Operations

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	(1)	(2)	(3)	(4)	(5)	(6)
	Full Year Results			Three Months Ended March 31,		
	2007	2008	Fav/(Unfav) % Growth	2008	2009	Fav/(Unfav) % Growth
(1) Service Revenues Before Medicare Cap	\$ 755,668	\$ 808,680	7.0%	\$ 198,585	\$ 208,687	5.1%
(2) Medicare Cap	(242)	(235)	2.9%	-	(270)	N/A
(3) Net Service Revenues and Sales	\$ 755,426	\$ 808,445	7.0%	\$ 198,585	\$ 208,417	5.0%
(4) Net Income	\$ 61,034	\$ 64,719	6.0%	\$ 13,298	\$ 17,283	30.0%
(5) Adj. EBITDA (a)	103,953	115,278	10.9%	23,605	31,202	32.2%
(6) Adj. EBITDA Margin (a)	13.8%	14.3%	0.5 pts.	11.9%	15.0%	3.1 pts.
(7) Capital Expenditures	18,059	8,797	51.3%	1,520	1,895	(24.7%)

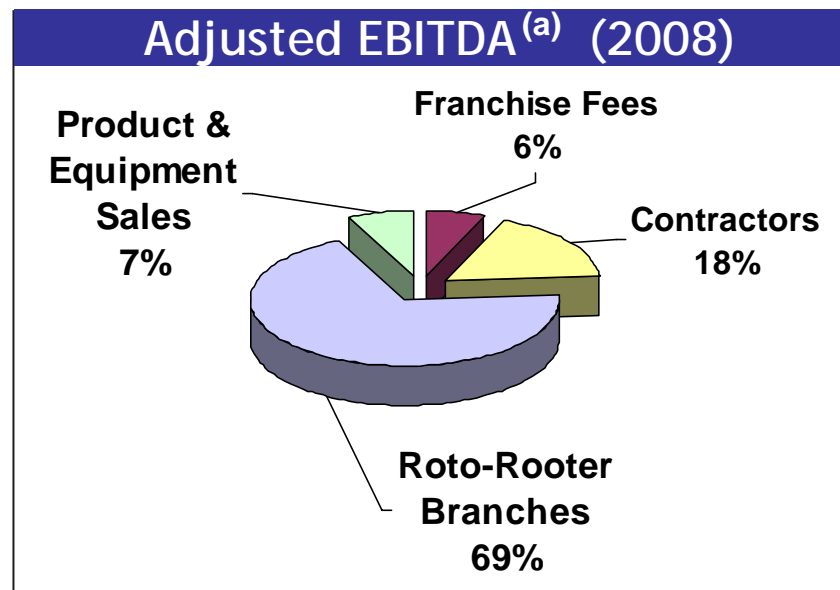
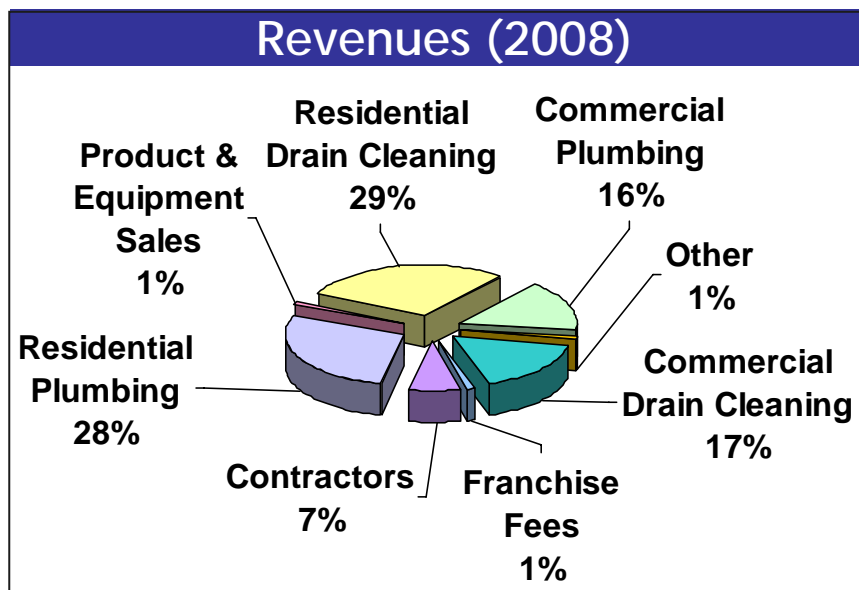
(a) Reconciliation from GAAP reported results to adjusted (Non-GAAP) results is provided in the Appendix at the back of this presentation



*Spencer S. Lee*  
**CEO**

# Roto-Rooter Company Overview

- Largest provider of plumbing and drain cleaning services in North America
  - Provides plumbing services to approximately 90% of the United States and 40% of the Canadian population
- Provides plumbing and drain cleaning services in more than 110 company-owned territories and approximately 500 franchise territories
- Maintains an estimated 15% of the drain cleaning market and 2-3% share of the same-day service plumbing market
- Residential customers represent 57% of revenues, while commercial customers represent 33% of revenues



(a) See Appendix at the back of this presentation for reconciliation of EBITDA and Adjusted EBITDA to Net Income

# Roto-Rooter – Summary of Operations

For The Years Ended December 31, 2003 through 2008  
(in thousands, except percentages)

	(1)	(2)	(3)	(4)	(5)	(6)	(7) Average Annual Inc./Dec.
	2003	2004	2005	2006	2007	2008	
(1) Service Revenues and Sales (a)	\$ 260,776	\$ 276,611	\$ 297,337	\$ 319,495	\$ 344,632	\$ 340,496	5.5%
(2) EBITDA (b)	30,881	38,314	52,598	59,307	72,030	62,924	15.3%
(3) Adj. EBITDA (b)	30,847	42,355	49,234	55,548	69,188	59,922	14.2%
(4) Adj. EBITDA Margin (b)	11.8%	15.3%	16.6%	17.4%	20.1%	17.6%	n.a.
(5) Net Income (GAAP)	13,176	18,795	27,626	32,454	38,971	33,592	20.6%
(6) Adj. Net Income (b)	13,176	21,044	25,486	31,203	40,139	33,950	20.8%

(a) Continuing Operations

(b) See Appendix at the back of this presentation for reconciliation from GAAP reported results to adjusted (non-GAAP) results



# Roto-Rooter – Year-To-Date Financial Performance

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	(1)	(2)	(3)	(4)	(5)	(6)
	Full Year Results			Three Months Ended March 31,		
	2007	2008	Fav/(Unfav) % Growth	2008	2009	Fav/(Unfav) % Growth
(1) Service Revenues and Sales	\$ 344,632	\$ 340,496	(1.2%)	\$ 86,683	\$ 86,521	(0.2%)
(2) Net Income (GAAP)	\$ 38,971	\$ 33,592	(13.8%)	\$ 9,095	\$ 8,276	(9.0%)
(3) Adj. EBITDA (a)	69,188	59,922	(13.4%)	15,940	14,467	(9.2%)
(4) Adj. EBITDA Margin (a)	20.1%	17.6%	(2.5) pts.	18.4%	16.7%	(1.7) pts.
(5) Adj. EBIT (a)	60,769	51,578	(15.1%)	13,845	12,398	(10.5%)
(6) Adj. EBIT Margin (a)	17.6%	15.1%	(2.5) pts.	16.0%	14.3%	(1.7) pts.
(7) Capital Expenditures	8,388	7,808	6.9%	2,329	1,474	36.7%

(a) Reconciliation from GAAP reported results to adjusted (non-GAAP) results is provided in the Appendix at the back of this presentation



# CHEMED

CHEMED CORPORATION

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*Annual Shareholders' Meeting*  
*May 29, 2009*

Innovative  
Hospice Care®  
**VITAS**®





# Appendix

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**CHEMED CORPORATION**  
**RECONCILIATION OF ADJUSTED EBITDA and ADJUSTED NET INCOME**  
**FOR THE YEARS ENDED DECEMBER 31, 2003 THROUGH 2008**  
(IN THOUSANDS)

	(1)	(2)	(3)	(4)	(5)	(6)
	2003	2004	2005	2006	2007	2008
<b>Reconciliation of Adjusted EBITDA</b>						
(1) Net income/(loss)	\$ (3,435)	\$ 27,512	\$ 35,817	\$ 50,651	\$ 61,641	\$ 67,281
(2) Discontinued operations	14,623	(8,417)	411	7,071	(1,201)	1,088
(3) Interest expense	3,177	21,158	21,264	17,468	14,921	12,123
(4) Income taxes	6,180	13,736	18,428	32,562	37,721	47,035
(5) Depreciation	9,519	14,542	16,150	16,775	20,118	21,581
(6) Amortization	302	3,779	4,922	5,255	5,270	5,924
(7) EBITDA	30,366	72,310	96,992	129,782	138,470	155,032
Add/(deduct)						
(8) (Gains)/losses on investments	(5,390)	-	-	1,445	-	-
(9) Gain on sale of property	-	-	-	-	(1,138)	-
(10) Impairment loss on transportation equipment	-	-	-	-	-	2,699
(11) Severance charges	3,627	-	-	-	-	-
(12) Interest income	(1,860)	(1,874)	(2,198)	(2,691)	(3,304)	(743)
(13) Dividend income from VITAS	(1,532)	-	-	-	-	-
(14) Equity in earnings of VITAS	(922)	4,105	-	-	-	-
(15) Advertising cost adjustment	829	528	691	323	601	225
(16) Long-term incentive compensation	-	8,783	5,477	-	7,067	-
(17) Loss/(gain) on extinguishment of debt	-	3,330	3,971	430	13,798	(3,406)
(18) Legal expenses of OIG investigation	-	-	637	1,068	227	47
(19) Stock option expense	-	-	215	1,211	4,665	7,303
(20) Lawsuit settlement	-	3,135	17,350	272	1,927	-
(21) Debt registration expenses	-	1,191	-	-	-	-
(22) VITAS transactions costs	-	442	(959)	-	-	-
(23) Prior-period insurance adjustments	-	-	(1,663)	-	-	597
(24) Other	-	-	-	(467)	(467)	-
(25) Adjusted EBITDA	\$ 25,118	\$ 91,950	\$ 120,513	\$ 131,373	\$ 161,846	\$ 161,754
<b>Reconciliation of Adjusted Net Income</b>						
(26) Net income/(loss)	\$ (3,435)	\$ 27,512	\$ 35,817	\$ 50,651	\$ 61,641	\$ 67,281
Add/(deduct):						
(27) Discontinued operations	14,623	(8,417)	411	7,071	(1,201)	1,088
(28) (Gains)/losses on investments	(3,351)	-	-	918	-	-
(29) Gain on sale of property	-	-	-	-	(724)	-
(30) Impairment loss on transportation equipment	-	-	-	-	-	1,714
(31) Severance charges	2,358	-	-	-	-	-
(32) Dividend income from VITAS	(1,379)	-	-	-	-	-
(33) Equity in earnings of VITAS	(922)	4,105	-	-	-	-
(34) Long-term incentive compensation	-	5,437	3,434	-	4,427	-
(35) Loss/(gain) on extinguishment of debt	-	2,030	2,523	273	8,778	(2,156)
(36) Legal expenses of OIG investigation	-	-	397	662	141	28
(37) Stock option expense	-	-	137	769	2,962	4,619
(38) Lawsuit settlement	-	1,897	10,757	169	1,168	-
(39) Prior period tax adjustments	-	(1,620)	(1,961)	(2,115)	-	(322)
(40) Debt registration expenses	-	727	-	-	-	-
(41) VITAS transactions costs	-	222	(959)	-	-	-
(42) Prior-period insurance adjustments	-	-	(1,014)	-	-	358
(43) Non-cash interest on convertible debt	-	-	-	-	2,335	3,228
(44) Income tax impact of non-taxable investments	-	-	-	-	46	3,062
(45) Other	-	-	-	(296)	(296)	-
(46) Adjusted net income	\$ 7,894	\$ 31,893	\$ 49,542	\$ 58,102	\$ 79,277	\$ 78,900

**VITAS HEALTHCARE GROUP**  
**RECONCILIATION OF ADJUSTED EBITDA and ADJUSTED NET INCOME**  
**FOR THE YEARS ENDED DECEMBER 31, 2003 THROUGH 2008 (a)**  
(IN THOUSANDS)

	(1)	(2)	(3)	(4)	(5)	(6)
	2003	2004	2005	2006	2007	2008
<b>Reconciliation of Adjusted EBITDA</b>						
(1) Net income	\$ 20,158	\$ 33,052	\$ 34,982	\$ 43,546	\$ 61,034	\$ 64,719
(2) Discontinued operations	-	(91)	(1,477)	4,872	(1,201)	-
(3) Interest expense	-	128	153	191	146	155
(4) Income taxes	13,543	22,447	20,097	28,705	35,722	38,710
(5) Depreciation	5,100	6,192	7,557	8,753	11,446	13,000
(6) Amortization	4,185	3,957	3,947	3,916	3,984	3,984
(7) EBITDA	42,986	65,685	65,259	89,983	111,131	120,568
Add/(deduct)						
(8) Legal expenses of OIG investigation	-	-	637	1,068	227	46
(9) Lawsuit settlement	-	-	17,350	272	-	-
(10) Interest income	(684)	(373)	(237)	(114)	(151)	(137)
(11) Intercompany interest income	-	(759)	(2,554)	(5,329)	(7,254)	(5,199)
(12) Adjusted EBITDA	\$ 42,302	\$ 64,553	\$ 80,455	\$ 85,880	\$ 103,953	\$ 115,278
<b>Reconciliation of Adjusted Net Income</b>						
(13) Net income	\$ 20,158	\$ 33,052	\$ 34,982	\$ 43,546	\$ 61,034	\$ 64,719
(14) Add/(deduct):						
(15) Discontinued operations	-	(91)	(1,477)	4,872	(1,201)	-
(16) Legal expenses of OIG investigation	-	-	397	662	141	28
(17) Lawsuit settlement	-	-	10,757	169	-	-
(18) Prior-period tax adjustments	-	-	-	-	-	(322)
(19) Adjusted net income	\$ 20,158	\$ 32,961	\$ 44,659	\$ 49,249	\$ 59,974	\$ 64,425

(a) Assumes VITAS was purchased on January 1, 2003

**ROTO-ROOTER GROUP**  
**RECONCILIATION OF ADJUSTED EBITDA and ADJUSTED NET INCOME**  
**FOR THE YEARS ENDED DECEMBER 31, 2003 THROUGH 2008**  
(IN THOUSANDS)

	(1)	(2)	(3)	(4)	(5)	(6)
	2003	2004	2005	2006	2007	2008
<b>Reconciliation of Adjusted EBITDA</b>						
(1) Net income	\$ 13,176	\$ 18,795	\$ 27,626	\$ 32,454	\$ 38,971	\$ 33,592
(2) Interest expense	170	206	563	368	495	246
(3) Income taxes	8,054	10,611	16,048	18,748	24,145	20,742
(4) Depreciation	9,179	8,583	8,271	7,665	8,365	8,294
(5) Amortization	302	119	90	72	54	50
(6) EBITDA	30,881	38,314	52,598	59,307	72,030	62,924
Add/(deduct)						
(7) Advertising cost adjustment	829	528	691	323	601	225
(8) Long-term incentive compensation	-	1,558	-	-	-	-
(9) Lawsuit settlement	-	3,135	-	-	1,927	-
(10) Prior-period insurance adjustments	-	-	(1,663)	-	-	597
(11) Interest income	(268)	(139)	(156)	(85)	(377)	(116)
(12) Intercompany interest income	(595)	(1,041)	(2,236)	(3,997)	(4,993)	(3,708)
(13) Adjusted EBITDA	\$ 30,847	\$ 42,355	\$ 49,234	\$ 55,548	\$ 69,188	\$ 59,922
<b>Reconciliation of Adjusted Net Income</b>						
(14) Net income	\$ 13,176	\$ 18,795	\$ 27,626	\$ 32,454	\$ 38,971	\$ 33,592
Add/(deduct):						
(15) Long-term incentive compensation	-	982	-	-	-	-
(16) Lawsuit settlement	-	1,897	-	-	1,168	-
(17) Prior-period insurance adjustments	-	-	(1,014)	-	-	358
(18) Prior-period tax adjustments	-	(630)	(1,126)	(1,251)	-	-
(19) Adjusted net income	\$ 13,176	\$ 21,044	\$ 25,486	\$ 31,203	\$ 40,139	\$ 33,950

**CHEMED CORPORATION**  
**RECONCILIATION OF ADJUSTED EBITDA and ADJUSTED NET INCOME**  
**FOR THE FIRST QUARTER OF 2008 AND 2009**

	(1) <u>2009</u>	(2) <u>2008</u>
<b>Reconciliation of Adjusted EBITDA</b>		
(1) Net income	\$ 19,339	\$ 15,860
(2) Interest expense	2,844	3,109
(3) Income taxes	12,267	9,683
(4) Depreciation	5,325	5,438
(5) Amortization	<u>1,536</u>	<u>1,450</u>
(6) EBITDA	41,311	35,540
Add/(deduct)		
(7) (Gains)/losses on investments	(1,211)	-
(8) Expenses associated with contested proxy solicitation	545	-
(9) Interest income	(82)	(337)
(10) Advertising cost adjustment	(394)	(570)
(11) Legal expenses of OIG investigation	13	(15)
(12) Stock option expense	2,042	1,391
(13) Prior-period insurance adjustments	-	597
(14) Adjusted EBITDA	<u>\$ 42,224</u>	<u>\$ 36,606</u>
<b>Reconciliation of Adjusted Net Income</b>		
(15) Net income	\$ 19,339	\$ 15,860
Add/(deduct):		
(16) Expenses associated with contested proxy solicitation	345	-
(17) Legal expenses of OIG investigation	8	(9)
(18) Stock option expense	1,292	884
(19) Prior period tax adjustments	-	(322)
(20) Prior-period insurance adjustments	-	358
(21) Non-cash interest on convertible debt	968	960
(22) Income tax impact of non-taxable investments	<u>(736)</u>	<u>-</u>
(23) Adjusted net income	<u>\$ 21,216</u>	<u>\$ 17,731</u>

**VITAS HEALTHCARE GROUP  
RECONCILIATION OF ADJUSTED  
FOR THE FIRST QUARTER OF 2008 AND 2009**

<b>Reconciliation of Adjusted EBITDA</b>	<b>(1) 2009</b>	<b>(2) 2008</b>
(1) Net income	\$ 17,283	\$ 13,298
(2) Interest expense	39	51
(3) Income taxes	10,597	7,398
(4) Depreciation	3,219	3,280
(5) Amortization	990	996
(6) EBITDA	<u>32,128</u>	<u>25,023</u>
Add/(deduct)		
(7) Legal expenses of OIG investigation	13	(15)
(8) Interest income	(48)	(38)
(9) Intercompany interest income	(891)	(1,365)
(10) Adjusted EBITDA	<u><u>\$ 31,202</u></u>	<u><u>\$ 23,605</u></u>



**ROTO-ROOTER GROUP**  
**RECONCILIATION OF ADJUSTED EBIT AND ADJUSTED EBITDA**  
**FOR THE FIRST QUARTER OF 2008 AND 2009**

		(1)	(2)
		<b>2009</b>	<b>2008</b>
<b>Reconciliation of Adjusted EBIT and EBITDA</b>		<u>          </u>	<u>          </u>
(1)	Net income	\$ 8,276	\$ 9,095
(2)	Interest expense	35	83
(3)	Income taxes	5,036	5,700
(4)	EBIT	<u>13,347</u>	<u>14,878</u>
	Add/(deduct)		
(5)	Advertising cost adjustment	(394)	(570)
(6)	Prior-period insurance adjustments	-	597
(7)	Interest income	(19)	(18)
(8)	Intercompany interest income	(536)	(1,042)
(9)	Adjusted EBIT	<u>12,398</u>	<u>13,845</u>
(10)	Depreciation	2,054	2,082
(11)	Amortization	15	13
(12)	Adjusted EBITDA	<u><u>\$ 14,467</u></u>	<u><u>\$ 15,940</u></u>