

FORM 10-Q
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

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

For Quarter Ended September 30, 2000

Commission File Number 1-8351

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

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

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 period 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 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	10,010,141 Shares	October 31, 2000

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CHEMED CORPORATION AND
SUBSIDIARY COMPANIES

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

	September 30, 2000	December 31, 1999
	-----	-----
ASSETS		
Current assets		
Cash and cash equivalents	\$ 8,153	\$ 17,282
Accounts receivable, less allowances of \$4,532 (1999 - \$4,554)	54,029	55,889
Inventories	10,540	9,794
Statutory deposits	14,615	14,254
Other current assets	18,281	14,583
	-----	-----
Total current assets	105,618	111,802
Other investments	36,540	37,849
Properties and equipment, at cost less accumulated depreciation of \$62,662 (1999 - \$55,410)	73,141	71,728
Identifiable intangible assets less accumulated amortization of \$7,448 (1999 - \$6,558)	11,875	12,597
Goodwill less accumulated amortization of \$30,278 (1999 - \$26,545)	170,611	163,257
Other assets	25,595	24,070
	-----	-----
Total Assets	\$ 423,380	\$ 421,303
	=====	=====
LIABILITIES		
Current liabilities		
Accounts payable	\$ 9,595	\$ 11,246
Current portion of long-term debt	14,125	11,719
Income taxes	11,161	8,714
Deferred contract revenue	26,339	25,630
Other current liabilities	38,853	41,119
	-----	-----
Total current liabilities	100,073	98,428
Long-term debt	68,516	78,580
Other liabilities	31,341	32,251
	-----	-----
Total Liabilities	199,930	209,259
	-----	-----
MANDATORILY REDEEMABLE CONVERTIBLE PREFERRED SECURITIES OF THE CHEMED CAPITAL TRUST	15,067	-
	-----	-----
STOCKHOLDERS' EQUITY		
Preferred stock-authorized 700,000 shares without par value; none issued		

Capital stock-authorized 15,000,000 shares \$1 par; issued 13,888,921 (1999 - 13,664,892) shares	13,889	13,665
Paid-in capital	170,525	164,549
Retained earnings	156,963	144,322
Treasury stock-4,030,140(1999 - 3,268,783) shares, at cost	(120,368)	(99,437)
Unearned compensation	(18,064)	(17,056)
Deferred compensation payable in company stock	5,493	5,340
Accumulated other comprehensive income	2,790	3,392
Notes receivable for shares sold	(2,845)	(2,731)
	-----	-----
Total Stockholders' Equity	208,383	212,044
	-----	-----
Total Liabilities and Stockholders' Equity	\$ 423,380	\$ 421,303
	=====	=====

See accompanying notes to unaudited financial statements.

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2000	1999	2000	1999
	-----	-----	-----	-----
Service revenues and sales	\$123,781	\$114,428	\$370,533	\$331,548
	-----	-----	-----	-----
Cost of services provided and cost of goods sold	74,538	70,038	224,539	203,470
Selling and marketing expenses	13,378	10,413	35,930	30,582
General and administrative expenses	24,253	22,710	74,022	68,111
Depreciation	3,775	3,423	11,483	9,550
	-----	-----	-----	-----
Total costs and expenses	115,944	106,584	345,974	311,713
	-----	-----	-----	-----
Income from operations	7,837	7,844	24,559	19,835
Interest expense	(1,664)	(1,448)	(5,233)	(4,549)
Distributions on preferred securities	(282)	-	(856)	-
Other income, net	1,916	1,128	7,105	9,472
	-----	-----	-----	-----
Income before income taxes	7,807	7,524	25,575	24,758
Income taxes	(3,172)	(3,112)	(9,925)	(9,877)
	-----	-----	-----	-----
Net Income	\$ 4,635	\$ 4,412	\$ 15,650	\$ 14,881
	=====	=====	=====	=====
Earnings Per Common Share				
Net income	\$.48	\$.42	\$ 1.59	\$ 1.42
	=====	=====	=====	=====
Average number of shares outstanding	9,742	10,480	9,867	10,476
	=====	=====	=====	=====
Diluted Earnings per Common Shares				
Net income	\$. .47	\$.42	\$ 1.57	\$ 1.41
	=====	=====	=====	=====
Average number of shares outstanding	10,253	10,527	10,319	10,519
	=====	=====	=====	=====
Cash Dividends Paid Per Share	\$.10	\$.53	\$.30	\$ 1.59
	=====	=====	=====	=====

See accompanying notes to unaudited financial statements.

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

	Nine Months Ended September 30,	
	2000	1999*
Cash Flows From Operating Activities		
Net income	\$ 15,650	\$ 14,881
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	17,673	15,014
Gains on sale of investments	(2,662)	(4,662)
Provision for deferred income taxes	1,206	445
Provision for uncollectible accounts receivable	1,202	231
Changes in operating assets and liabilities, excluding amounts acquired in business combinations		
(Increase)/decrease in accounts receivable	608	(8,843)
(Increase)/decrease in inventories and other current assets	(4,822)	691
(Increase)/decrease in statutory deposits	(361)	2,548
Increase/(decrease) in accounts payable, deferred contract revenue and other current liabilities	(930)	3,070
Increase/(decrease) in income taxes	3,376	(3,927)
Other - net	959	(413)
Net cash provided by operating activities	31,899	19,035
Cash Flows From Investing Activities		
Capital expenditures	(13,285)	(18,031)
Business combinations--net of cash acquired	(12,495)	(15,811)
Proceeds from sale of investments	3,424	7,702
Net outflows from discontinued operations	(2,804)	(2,009)
Other-net	10	1,802
Net cash used by investing activities	(25,150)	(26,347)
Cash Flows From Financing Activities		
Repayment of long-term debt	(7,090)	(1,700)
Purchase of treasury stock	(5,395)	(694)
Dividends paid	(3,022)	(16,853)
Proceeds from long-term debt	-	5,000
Other - net	(371)	398
Net cash used by financing activities	(15,878)	(13,849)
Decrease In Cash And Cash Equivalents	(9,129)	(21,161)
Cash and cash equivalents at beginning of period	17,282	41,358
Cash and cash equivalents at end of period	\$ 8,153	\$ 20,197

*Reclassified to conform to 2000 presentation.
See accompanying notes to unaudited financial statements.

CHEMED CORPORATION AND SUBSIDIARY COMPANIES

Notes to Unaudited Financial Statements

1. The accompanying unaudited consolidated financial statements have been prepared in accordance with Rule 10-01 of SEC Regulation S-X. Consequently, they do not include all the disclosures required under generally accepted accounting principles for complete financial statements. However, in the opinion of the management of Chemed Corporation (the "Company"), 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 and its consolidated subsidiaries ("Chemed"). For further information regarding Chemed's accounting policies, refer to the consolidated financial statements and notes included in Chemed's Annual Report on Form 10-K for the year ended December 31, 1999.

2. The Company's Exchange Offer, whereby stockholders were permitted to exchange up to 2,000,000 shares of capital stock for Mandatorily Redeemable Convertible Preferred Securities ("Trust Securities") of the wholly-owned Chemed Capital Trust ("Trust") on a one-for-one basis, was completed effective February 1, 2000. As a result 575,503 shares of capital stock were exchanged for the same number of Trust Securities with a redemption value of \$15,538,581 (\$27 per security).

The Trust Securities pay an annual cash distribution of \$2.00 per security (payable at the quarterly rate of \$.50 per security commencing March 2000) and are convertible into capital stock at a price of \$37 per security. The Trust Securities mature in 30 years and are callable three years after issuance.

The sole assets of the Trust are Junior Subordinated Debentures ("Debentures") of the Company in the principal amount of \$16,019,181. The Debentures mature in March 2030 and the interest rate on the Debentures is \$2.00 per annum per \$27 principal amount. In February 2000, the Company executed an Indenture relating to the Debentures, an Amended and Restated Declaration of Trust relating to the Trust Securities and a Guarantee Agreement for the benefit of the holders of the Trust Securities (collectively "Back-up Undertakings"). Considered together, the Back-up Undertakings constitute a full and unconditional guarantee by the Company of the Trust's obligations under the Trust Securities.

3. Sales and service revenues and aftertax earnings by business segment follow below (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2000	1999	2000	1999
Revenues				
Roto-Rooter	\$ 68,678	\$ 62,160	\$206,208	\$176,957
Patient Care	34,498	31,969	101,096	94,338
Service America	18,476	18,695	56,691	55,018
Cadre Computer	2,129	1,604	6,538	5,235
Total	\$123,781	\$114,428	\$370,533	\$331,548
Aftertax Earnings				
Roto-Rooter	\$ 5,084	\$ 3,820	\$ 14,673	\$ 10,366
Patient Care	487	941	1,439	2,565
Service America	186	669	1,027	1,879
Cadre Computer	(73)	(108)	37	(82)
Total segment earnings	5,684	5,322	17,176	14,728
Corporate				
Gains on sales of investments	-	-	1,799	2,960
Overhead	(1,154)	(1,220)	(3,726)	(3,771)
Net investing and financing income	105	310	401	964
Net income	\$ 4,635	\$ 4,412	\$ 15,650	\$ 14,881

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2000	1999	2000	1999
Reported income	\$ 4,635	\$ 4,412	\$15,650	\$14,881
Aftertax interest on Trust Securities	196	-	575	-
Adjusted income	\$ 4,831	\$ 4,412	\$16,225	\$14,881
Average number of shares outstanding	9,742	10,480	9,867	10,476
Effect of conversion of the Trust Securities	413	-	370	-
Effect of nonvested stock awards	97	45	81	42
Effect of unexercised stock options	1	2	1	1
Average number of shares used to compute diluted earnings per common share	10,253	10,527	10,319	10,519
Diluted earnings per common share	\$.47	\$.42	\$ 1.57	\$ 1.41

5. During the first nine months of 2000, the Company acquired three businesses in the Roto-Rooter segment for aggregate purchase prices of \$11.5 million in cash. These operations provide plumbing repair and sewer and drain cleaning services primarily to residential customers.

Approximately \$11.2 million of the purchase price was allocated to goodwill and is being amortized over forty years. The results of operations of the acquired businesses were not material in relation to the Company's results in 2000.

6. The Company's comprehensive income is presented below (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2000	1999	2000	1999
Net income	\$ 4,635	\$ 4,412	\$15,650	\$14,881
Other comprehensive income/(loss) net of income tax -				
Unrealized holding gains/(losses) on available-for-sale securities	1,413	(791)	1,197	(7,955)
Less reclassification adjustments for gains included in net income	-	-	(1,799)	(2,960)
Total	1,413	(791)	(602)	(10,915)
Comprehensive income	\$ 6,048	\$ 3,621	\$15,048	\$ 3,966

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

Financial Condition

The decline in cash and cash equivalents from \$17.3 million at December 31, 1999 to \$8.2 million at September 30, 2000 is primarily due to the completion of purchase business combinations for cash in the first nine months of 2000. Also, the decline in stockholders' equity from \$212 million at December 31, 1999 to \$208 million at September 30, 2000 is attributable primarily to the completion of the Company's Exchange Offer in February 2000. Under the Exchange Offer, approximately 576,000 shares of capital stock were exchanged for the same number of Trust Securities. The exchanged shares of capital stock were recorded in treasury stock. The Trust Securities are callable in three years and are redeemable in 2030.

Vitas Healthcare Corporation ("Vitas"), the privately held provider of hospice services to the terminally ill in which the Company carries an investment of \$27 million of redeemable preferred stock, is continuing to explore long-term financing alternatives to increase its liquidity. During July 2000, Vitas made a timely payment of the July 2000 dividend. The Company is currently negotiating with Vitas concerning terms for repayment of the preferred stock and/or extension of the redemption date (currently May 1, 2001). Vitas' operating results and net income continue to meet its management's expectations. On the basis of current information, management believes the Company's investment in Vitas is fully recoverable and that no impairment exists.

At September 30, 2000, Chemed had approximately \$104 million of unused lines of credit with various banks. Management believes its liquidity and sources of capital are satisfactory for the Company's needs in the foreseeable future.

Results of Operations

Data relating to (a) the increase or decrease in service revenues and sales and (b) aftertax earnings as a percent of service revenues and sales for each segment follow:

	Service Revenues and Sales - % Increase	Aftertax Earnings as a % of Revenues (Aftertax Margin)	
	2000 vs. 1999	2000	1999

Three Months Ended
September 30,

Roto-Rooter	10%	7.4%	6.1%
Patient Care	8	1.4	2.9
Service America	(1)	1.0	3.6
Cadre Computer	33	(3.4)	(6.7)
Total	8	4.6	4.7

Nine Months Ended
September 30,

Roto-Rooter	17%	7.1%	5.9%
Patient Care	7	1.4	2.7
Service America	3	1.8	3.4
Cadre Computer	25	0.6	(1.6)
Total	12	4.6	4.4

Third Quarter 2000 versus Third Quarter 1999

Service revenues and sales of the Roto-Rooter segment for the third quarter of 2000 totaled \$68,678,000, an increase of 10% over the \$62,160,000 recorded in the third quarter of 1999. Revenues of the drain cleaning business and the plumbing services business increased 19% and 11%, respectively, for the third quarter of 2000, as compared with revenues for 1999. These revenues account for 40% and 43%, respectively, of Roto-Rooter's total revenues and sales. Excluding businesses acquired in 1999 and 2000, revenues for the third quarter of 2000 increased 7% over revenues, recorded in 1999. The aftertax margin of this segment during the third quarter of 2000 was 7.4% as compared with 6.1% during the third quarter of 1999. This increase is attributable to operating leverage as expenses increased at a slower rate than revenues, and to a lower effective tax rate in 2000.

Service revenues of the Patient Care segment increased 8% from \$31,969,000 in the third quarter of 1999 to \$34,498,000 in the third quarter of 2000. The aftertax margin of this segment declined from 2.9% in the third quarter of 1999 to 1.4% in the third quarter of 2000, as the result of higher interest costs, higher workers' compensation costs and higher cost of services (as a percent of revenues) in 2000. The higher interest costs are attributable to higher working capital requirements and higher interest rates in

2000 and to the expenditure of cash for business combinations in 1999. Higher cost of services are attributable primarily to higher labor costs in 2000.

Service revenues and sales of the Service America segment declined 1% from \$18,695,000 in the third quarter of 1999 to \$18,476,000 in the third quarter of 2000. This decrease is attributable to a 5% decline in revenues of Service America's repair service contract business which accounts for approximately 75% of its total revenues. The aftertax margin of this segment declined from 3.6% in the 1999 quarter to 1.0% in the 2000 quarter. This decline is primarily attributable to higher health insurance costs, higher workers' compensation costs and higher fuel costs in 2000.

Income from operations declined from \$7,844,000 in the third quarter of 1999 to \$7,837,000 in the third quarter of 2000 due to higher expenses of excess benefit plans in the 2000 quarter, as the result of higher investment gains recorded on plan assets in 2000. These expenses are offset entirely by investment gains recorded in other income-net.

Interest expense increased from \$1,448,000 in the third quarter of 1999 to \$1,664,000 in the third quarter of 2000 due to

increased borrowings to fund acquisitions under the Company's revolving credit agreement.

Other income-net increased from \$1,128,000 in the third quarter of 1999 to \$1,916,000 in the third quarter of 2000, due to higher unrealized gains in 2000 on assets held in excess benefit plans, partially offset by lower interest income in 2000.

The effective income tax rate during the third quarter of 2000 was 40.6% as compared with 41.4% during the third quarter of 1999. The decline is due primarily to a lower effective state and local tax rate in 2000.

Net income during the third quarter of 2000 totaled \$4,635,000 (\$.47 per diluted share) as compared with \$4,412,000 (\$.42 per diluted share) in the 1999 quarter.

Nine Months Ended September 30, 2000 versus September 30, 1999

Service revenues and sales of the Roto-Rooter segment for the first nine months of 2000 totaled \$206,208,000, an increase of 17% over the \$176,957,000 recorded in the third quarter of 1999. Revenues of the drain cleaning business and the plumbing services businesses increased 22% and 15%, respectively, for the first nine months of 2000, as compared with revenues for 1999. Excluding

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businesses acquired in 1999 and 2000, revenues for the first nine months of 2000 increased 12% over revenues for 1999. The aftertax margin of the Roto-Rooter segment for the first nine months of 2000 was 7.1% as compared with 5.9% for 1999. This increase is attributable to operating leverage as expenses increased at a slower rate than revenues and to a lower effective tax rate in the 2000 period.

Service revenues for the Patient Care segment increased 7% from \$94,338,000 in the first nine months of 1999 to \$101,096,000 in the first nine months of 2000. Excluding revenues of businesses acquired in 1999, revenues increased 6% in 2000 as compared with revenues for 1999. The aftertax margin of this segment declined from 2.7% in 1999 to 1.4% in 2000, largely as the result of higher interest costs, higher workers' compensation costs and higher labor (as a percent of revenues) in 2000.

Service revenues and sales of the Service America segment increased 3% from \$55,018,000 in the first nine months of 1999 to \$56,691,000 in the first nine months of 2000. This increase was attributable to a 24% increase in revenues of Service America's retail business. The aftertax margin of this segment declined from 3.4% in the 1999 period to 1.8% in the 2000 period. This decline is primarily attributable to higher health insurance costs, higher workers' compensation costs and higher fuel costs in 2000.

Income from operations increased from \$19,835,000 during the first nine months of 1999 to \$24,559,000 during the comparable period of 2000, primarily due to higher operating profit of the Roto-Rooter segment.

Interest expense increased from \$4,549,000 during the first nine months of 1999 to \$5,233,000 during the first nine months of 2000 due to increased borrowings to fund acquisitions under the Company's revolving credit agreement.

Other income-net declined from \$9,472,000 during the first nine months of 1999 to \$7,105,000 during 2000, as the result of lower gains on the sales of investments in 2000.

The effective income tax rate during the first nine months of 2000 was 38.8% as compared with 39.9% during the first nine months of 1999. The decline is primarily attributable to a lower effective state and local income tax rate in 2000.

Net income during the first nine months of 2000 totaled

\$15,650,000 (\$1.57 per diluted share) as compared with \$14,881,000 (\$1.41 per diluted share) in the 1999 period. Excluding gains on the sales of investments in both period, income for the first nine months of 2000 was \$13,851,000 (\$1.40 per diluted share) as compared with \$11,921,000 (\$1.13 per diluted share) for 1999.

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

This report contains statements which are subject to certain known and unknown risks, uncertainties, contingencies and other factors that could cause actual results to differ materially from these 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.

PART II -- OTHER INFORMATION

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits

Exhibit No.	SK 601 Ref. No.	Description
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SIGNATURES

Pursuant to the requirements of the Securities 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: November 10, 2000

By Naomi C. Dallob

Naomi C. Dallob
Vice President and Secretary

Dated: November 10, 2000

By Arthur V. Tucker, Jr.

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

THIS SCHEDULE CONTAINS FINANCIAL INFORMATION EXTRACTED FROM FORM 8-K OF CHEMED CORPORATION FOR THE QUARTER ENDED SEPTEMBER 30, 2000 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

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CHEMED CORPORATION
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	SEP-30-2000	
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	105,618	
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100,073		
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15,067		
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423,380		
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	370,533	
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		1.57