

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, 1999

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	10,447,918 Shares	October 31, 1999

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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, 1999 -----	December 31, 1998 -----
ASSETS		
Current assets		
Cash and cash equivalents	\$ 20,197	\$ 41,358
Accounts receivable, less allowances of \$3,691 (1998 - \$3,601)	52,437	45,260
Inventories	9,267	9,828
Statutory deposits	14,150	16,698
Other current assets	13,613	11,487
	-----	-----
Total current assets	109,664	124,631
Other investments	36,242	55,778
Properties and equipment, at cost less accumulated depreciation of \$52,226 (1998 - \$44,450)	71,445	61,721
Identifiable intangible assets less accumulated amortization of \$6,293 (1998 - \$5,369)	12,662	12,960
Goodwill less accumulated amortization of \$25,341 (1998 - \$21,879)	164,087	155,965
Other assets	25,993	18,649
	-----	-----
Total Assets	\$ 420,093 =====	\$ 429,704 =====
LIABILITIES		
Current liabilities		
Accounts payable	\$ 8,441	\$ 10,318
Current portion of long-term debt	2,035	4,393
Income taxes	9,918	12,563
Deferred contract revenue	26,413	26,571
Other current liabilities	39,759	37,253
	-----	-----
Total current liabilities	86,566	91,098
Long-term debt	84,764	80,407
Other liabilities	33,981	34,843
	-----	-----
Total Liabilities	205,311	206,348
STOCKHOLDERS' EQUITY		
Capital stock-authorized 15,000,000 shares \$1 par; issued 13,664,892 (1998 - 13,605,481) shares	13,665	13,605
Paid-in capital	164,533	162,252
Retained earnings	145,083	146,961
Treasury stock - 3,216,823 (1998 - 2,942,205) shares, at cost	(98,047)	(97,237)
Unearned compensation	(18,049)	(20,558)

Deferred compensation payable in company stock	5,250	5,071
Accumulated other comprehensive income	2,347	13,262
	-----	-----
Total Stockholders' Equity	214,782	223,356
	-----	-----
Total Liabilities and Stockholders' Equity	\$ 420,093	\$ 429,704
	=====	=====

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,	
	1999	1998	1999	1998
	-----	-----	-----	-----
Service revenues and sales	\$112,824	\$ 96,517	\$326,313	\$279,872
	-----	-----	-----	-----
Cost of services provided and cost of goods sold	68,905	59,822	200,042	174,059
Selling and marketing expenses	10,166	8,785	29,774	24,228
General and administrative expenses	22,486	19,325	67,112	58,725
Depreciation	3,423	2,694	9,550	7,978
	-----	-----	-----	-----
Total costs and expenses	104,980	90,626	306,478	264,990
	-----	-----	-----	-----
Income from operations	7,844	5,891	19,835	14,882
Interest expense	(1,448)	(1,798)	(4,549)	(5,397)
Other income, net	1,128	3,691	9,472	17,636
	-----	-----	-----	-----
Income before income taxes	7,524	7,784	24,758	27,121
Income taxes	(3,112)	(3,092)	(9,877)	(10,612)
	-----	-----	-----	-----
Net Income	\$ 4,412	\$ 4,692	\$ 14,881	\$ 16,509
	=====	=====	=====	=====
Earnings Per Common Share				
Net income	\$.42	\$.47	\$ 1.42	\$ 1.65
	=====	=====	=====	=====
Average number of shares outstanding	10,480	10,003	10,476	9,999
	=====	=====	=====	=====
Diluted Earnings per Common Shares				
Net income	\$.42	\$.47	\$ 1.41	\$ 1.64
	=====	=====	=====	=====
Average number of shares outstanding	10,527	10,032	10,519	10,041
	=====	=====	=====	=====
Cash Dividends Paid Per Share	\$.53	\$.53	\$ 1.59	\$ 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,	
	1999	1998
	-----	-----
Cash Flows From Operating Activities		
Net income	\$ 14,881	\$ 16,509
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	15,014	12,728

Gains on sale of investments	(4,662)	(12,258)
Provision for deferred income taxes	445	1,454
Provision for uncollectible accounts receivable	231	1,019
Changes in operating assets and liabilities, excluding amounts acquired in business combinations		
Increase in accounts receivable	(8,843)	(3,218)
(Increase)/decrease in inventories and other current assets	691	(1,149)
(Increase)/decrease in statutory deposits	2,548	(427)
Increase/(decrease) in accounts payable, deferred contract revenue and other current liabilities	2,744	(3,127)
Increase/(decrease) in income taxes	(3,927)	1,873
Other - net	(413)	721
	-----	-----
Net cash provided by operating activities	18,709	14,125
	-----	-----
Cash Flows From Investing Activities		
Capital expenditures	(18,031)	(15,023)
Business combinations--net of cash acquired	(15,811)	(14,373)
Proceeds from sale of investments	7,702	14,315
Net outflows from sale of discontinued operations	(2,009)	(4,806)
Other-net	1,802	2,607
	-----	-----
Net cash used by investing activities	(26,347)	(17,280)
	-----	-----
Cash Flows From Financing Activities		
Dividends paid	(16,853)	(16,072)
Repayment of long-term debt	(1,700)	(1,271)
Proceeds from long-term debt	5,000	-
Other - net	30	(386)
	-----	-----
Net cash used by financing activities	(13,523)	(17,729)
	-----	-----
Decrease In Cash And Cash Equivalents	(21,161)	(20,884)
Cash and cash equivalents at beginning of period	41,358	70,958
	-----	-----
Cash and cash equivalents at end of period	\$ 20,197	\$ 50,074
	=====	=====

See accompanying notes to unaudited financial statements.

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CHEMED CORPORATION AND SUBSIDIARY COMPANIES

Notes to Unaudited Financial Statements

- 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, 1998.
- The Company had total comprehensive income of \$3,621,000, \$1,122,000, \$3,966,000 and \$9,593,000 for the three months ended September 30, 1999 and 1998 and for the nine months ended September 30, 1999 and 1998, respectively. The difference between the Company's net income and comprehensive income relates to the cumulative unrealized appreciation/depreciation on its available-for-sale securities.
- Earnings per common shares are computed using weighted average number of shares of capital stock outstanding. Diluted earnings per share were calculated as follows (in thousands, except per share data):

1999

Income Shares Earnings

(Numerator) (Denominator) Per Share

	(Numerator)	(Denominator)	Per Share
For the three months ended September 30:			
Earnings	\$ 4,412	10,480	\$.42
Nonvested stock awards	-	45	=====
Dilutive stock options	-	2	
	-----	-----	
Diluted earnings	\$ 4,412	10,527	\$.42
	=====	=====	=====

For the nine months ended September 30:			
Earnings	\$ 14,881	10,476	\$1.42
Nonvested stock awards	-	42	=====
Dilutive stock options	-	1	
	-----	-----	
Diluted earnings	\$ 14,881	10,519	\$1.41
	=====	=====	=====

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1998

Income Shares Earnings
(Numerator) (Denominator) Per Share

	(Numerator)	(Denominator)	Per Share
For the three months ended September 30:			
Earnings	\$ 4,692	10,003	\$.47
Nonvested stock awards	-	28	=====
Dilutive stock options	-	1	
	-----	-----	
Diluted earnings	\$ 4,692	10,032	\$.47
	=====	=====	=====

For the nine months ended September 30:			
Earnings	\$ 16,509	9,999	\$1.65
Nonvested stock awards	-	36	=====
Dilutive stock options	-	6	
	-----	-----	
Diluted earnings	\$ 16,509	10,041	\$1.64
	=====	=====	=====

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

Financial Condition

The decline in cash and cash equivalents from \$41.4 million at December 31, 1998 to \$20.2 million at September 30, 1999 is primarily due to the use of cash for business combinations and increased capital expenditures during 1999, largely in the Roto-Rooter segment. During the first nine months of 1999, other investments declined \$19.6 million to \$36.2 million, other assets (which includes a net deferred income tax benefit) increased \$7.4 million to \$26.0 million, and accumulated other comprehensive income declined \$11.0 million to \$2.3 million. These changes were attributable to the sale of various investments during 1999, the decline in the market value of available-for-sale investments during the first nine months and the related deferred tax impact of such changes.

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. As a result of current negotiations, payment of the preferred dividend due July 15, 1999 (\$1,215,000) has been deferred. On the basis of current information, management believes the Company's investment in Vitas is fully recoverable and that no impairment exists.

The decline in income taxes payable from \$12.6 million at December 31, 1998 to \$9.9 million at September 30, 1999 is primarily attributable to the payment of prior years' tax liabilities during the third quarter of 1999.

At September 30, 1999 Chemed had approximately \$101.2 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

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	1999	1998	1999	1998
Service Revenues and Sales				
Roto-Rooter	\$ 62,160	\$ 49,274	\$ 176,957	\$ 138,013
Patient Care	31,969	29,301	94,338	89,081
Service America	18,695	17,942	55,018	52,778
Total	\$112,824	\$ 96,517	\$ 326,313	\$ 279,872

Aftertax Earnings

Roto-Rooter	\$ 3,820	\$ 3,043	\$ 10,366	\$ 7,581
Patient Care	941	931	2,565	2,465
Service America	669	579	1,879	1,687

Total segment earnings	5,430	4,553	14,810	11,733
Corporate				
Gains on sales of investments	-	1,399	2,960	7,705
Overhead	(1,220)	(1,468)	(3,771)	(3,698)
Net investing and financing income	310	230	964	1,022
Other	(108)	(22)	(82)	(253)
Net income	\$ 4,412	\$ 4,692	\$ 14,881	\$ 16,509

Data relating to (a) the increase in service revenues and sales and (b) aftertax earnings as a percent of service revenues and sales are set forth below:

	Service Revenues and Sales % Increase		Aftertax Earnings as a % of Revenues (Aftertax Margin)	
	1999 vs. 1998		1999	1998
Three Months Ended September 30,				
Roto-Rooter	26 %		6.1%	6.2%
Patient Care	9		2.9	3.2
Service America	4		3.6	3.2
Total	17		4.8	4.7
Nine Months Ended September 30,				
Roto-Rooter	28 %		5.9%	5.5%
Patient Care	6		2.7	2.8
Service America	4		3.4	3.2
Total	17		4.5	4.2

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Third Quarter 1999 versus Third Quarter 1998

Service revenues and sales of the Roto-Rooter segment for the third quarter of 1999 totalled \$62,160,000, an increase of 26% over the \$49,274,000 recorded in the third quarter of 1998. Revenues of the plumbing services business and the drain cleaning business increased 26% and 27%, respectively, during the third quarter of 1999. These revenues accounted for 43% and 37%, respectively of Roto-Rooter's total revenues and sales during the 1999 period. Excluding businesses acquired in 1998 and 1999, revenues for the third quarter of 1999 increased 15% over revenues recorded in the 1998 period. The aftertax margin of the Roto-Rooter segment during the third quarter of 1999 was 6.1% as compared with 6.2% during the third quarter of 1998.

Service revenues of the Patient Care segment increased 9% from \$29,301,000 in the third quarter of 1998 to \$31,969,000 in the third quarter of 1999. Excluding revenues of businesses acquired in 1998 and 1999, revenues declined 5% in 1999 as compared with revenues in 1998, primarily due to an expected decline in Medicare revenues resulting from the passage of the Balanced Budget Act of 1997. The aftertax margin of this segment was 2.9% in 1999 and 3.2% in 1998.

Service revenues and sales of the Service America segment increased 4% from \$17,942,000 to \$18,695,000 in the third quarter of 1999. This revenue increase was largely attributable to a 21% increase in revenues of Service America's retail business which accounts for approximately 22% of its overall sales. The aftertax margin of the Service America segment increased from 3.2% in the 1998 third quarter to 3.6% in the 1999 period, largely as the result of an increase in the gross margin.

Income from operations increased from \$5,891,000 in the third quarter of 1998 to \$7,844,000 in the third quarter of 1999, primarily as a result of higher operating profit of the Company's three segments.

Other income-net declined from \$3,691,000 in the third quarter of 1998 to \$1,128,000 in the third quarter of 1999 primarily due to gains on the sales of investments in the 1998 period.

Net income during the third quarter of 1999 totalled \$4,412,000 (\$.42 per share) as compared with \$4,692,000 (\$.47 per share) in the third quarter of 1998. This decline was attributable to gains on the sales of investments during the 1998 period. Excluding gains from the sales of investments, income for the third quarter of 1999 totalled \$.42 per share, an increase of 27% versus the \$.33 per share for the third quarter of 1998.

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Nine Months Ended September 30, 1999 Versus September 30, 1998

Service revenues and sales of the Roto-Rooter segment for the first nine months of 1999 totalled \$176,957,000, an increase of 28% over the \$138,013,000 recorded in the first nine months of 1998. Revenues of the plumbing services business and drain cleaning business increased 31% and 29%, respectively, for the first nine months of 1999. Excluding businesses acquired in 1999 and 1998, revenues of the segment increased 14% during the first nine months of 1999. The aftertax margin of the Roto-Rooter segment in the first nine months of 1999 was 5.9% as compared with 5.5% during the first nine months of 1998. This increase was attributable to operating leverage achieved in the 1999 period.

Revenues of the Patient Care segment increased 6% from \$89,081,000 in the first nine months of 1998 to \$94,338,000 in the first nine months of 1999. Excluding revenues of businesses acquired in 1998 and 1999, revenues for the 1999 period declined 6% in 1999 primarily from an expected decline in Medicare revenues resulting from the passage of the Balanced Budget Act of 1997. The aftertax margin of this segment was 2.7% in 1999 and 2.8% in 1998.

Service revenues and sales of the Service America segment increased 4% from \$52,778,000 in the first nine months of 1998 to \$55,018,000 in the first nine months of 1999. This revenue increase was driven by a 14% increase in the sales of Service America's retail business during the 1999 period. The aftertax margin of the Service America segment was 3.4% during the first nine months of 1999 as compared with 3.2% during the first nine months of 1998.

Income from operations increased from \$14,882,000 during the first nine months of 1998 to \$19,835,000 during the comparable period of 1999. This increase was a result of higher operating profit recorded by all of the Company's segments during 1999.

Other income-net declined from \$17,636,000 during the first nine months of 1998 to \$9,472,000 during the first nine months of 1999, as a result of lower investment gains recorded in 1999.

Net income during the first nine months of 1999 totalled \$14,881,000 (\$1.42 per share) as compared with \$16,509,000 (\$1.65 per share) for the first nine months of 1998. This decline was attributable to larger gains on the sales of investments during the 1998 period. Excluding gains from the sales of investments in both periods, income for the first nine months of 1999 totaled \$1.14 per share, an increase of 30% as compared with \$.88 per share for 1998.

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Year 2000 Update

The Company's Year 2000 Project ("Project") addresses the issue of computer systems and hardware being unable to distinguish between the year 1900 and the year 2000.

Mission-critical systems of the Roto-Rooter, Patient Care and Service America segments currently are believed to be Year 2000 ("Y2K") ready. Critical systems of the Company's administrative headquarters are believed to be Y2K-ready.

Approximately 80% of Patient Care's revenues are either directly or indirectly dependent upon the electronic processing of Medicare and Medicaid claims through fiscal intermediaries of the Health Care Financing Administration ("HCFA"). Patient Care and the Medicare intermediaries have modified their systems to be Y2K-ready

and those systems are now in use. Medicaid intermediaries represented to management that their electronic claims systems will be Y2K-ready during the fourth quarter of 1999. Medicaid-related revenues accounted for \$26.1 million, or 33% of Patient Care's revenues in fiscal 1998.

Should the Medicaid fiscal intermediaries, HCFA or Patient Care's major customers fail to become Y2K-ready on a timely basis, Patient Care could experience a significant slowing of the processing and payment of a substantial portion of its revenues.

The Company's contingency plans to continue operating should it experience the failure of systems due to Y2K issues include the manual and/or semi-manual processing of transactions.

While the Company currently anticipates its mission-critical systems will continue to operate after December 31, 1999, there can be no assurance that the failure of systems outside its control or immediate sphere of influence will not materially impact its operation.

Subsequent Event

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On November 3, 1999, the Company's Board of Directors ("Board") declared a quarterly cash dividend of 53 cents per share on its capital stock, payable December 10, 1999, to stockholders of record on November 19, 1999. The Board also adopted a new dividend policy for the Year 2000 and beyond. The Board expects to declare quarterly dividends in 2000 in the range of 10 cents per share, down from the current rate of 53 cents.

The Board also adopted a plan to commence, an exchange offer for a new class of high-yielding convertible trust preferred. Under the exchange offer, shareholders may exchange up to a total of two million common shares for shares in convertible trust preferred. The convertible trust preferred will have an annual cash payout of approximately \$2.00 per share and will be convertible into Chemed common stock at a conversion premium.

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

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This report contains forward-looking statements subject to certain risks and uncertainties that could cause actual results to differ materially from these statements and trends. Such factors include, but are not limited to: the state of Y2K-readiness of the Company and its key trading partners; its investments in Vitas; future dividend policy; and the successful implementation of a Y2K contingency plan, if needed. Prospective information is based on management's current expectation which can become inaccurate. The Company's ability to deal with the unknown outcomes of these events may affect the reliability of its projections of Y2K-readiness 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
1	(27)	Financial Data Schedule

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, 1999

By Naomi C. Dallob

Naomi C. Dallob
Vice President and Secretary

Dated: November 10, 1999

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, 1999 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

0000019584
CHEMED CORPORATION
1,000

9-MOS	DEC-31-1999	JAN-01-1999	SEP-30-1999
			20,197
			0
		56,128	
		(3,691)	
		9,267	
	109,664		123,671
	(52,226)		
	420,093		
86,566			84,764
0			0
		13,665	
		201,117	
420,093			0
	326,313		0
	200,042		
	0		
	231		
	4,549		
	24,758		
	9,877		
14,881			
	0		
	0		0
	14,881		
	1.42		
	1.41		