

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 March 31, 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	9,939,358 Shares	April 30, 2000

Page 1 of 12

CHEMED CORPORATION AND
SUBSIDIARY COMPANIES

Index

Page No.

PART I. FINANCIAL INFORMATION:

Item 1. Financial Statements	
Consolidated Balance Sheet - March 31, 2000 and December 31, 1999	3
Consolidated Statement of Income - Three months ended March 31, 2000 and 1999	4
Consolidated Statement of Cash Flows - Three months ended March 31, 2000 and 1999	5

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

9 - 11

PART II. OTHER INFORMATION

12

Page 2 of 12
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

	March 31, 2000 -----	December 31, 1999 -----
ASSETS		
Current assets		
Cash and cash equivalents	\$ 13,825	\$ 17,282
Accounts receivable, less allowances of \$4,824 (1999 - \$4,554)	53,239	55,889
Inventories	10,008	9,794
Statutory deposits	14,363	14,254
Other current assets	15,945	14,583
	-----	-----
Total current assets	107,380	111,802
Other investments	37,138	37,849
Properties and equipment, at cost less accumulated depreciation of \$58,618 (1999 - \$55,410)	72,275	71,728
Identifiable intangible assets less accumulated amortization of \$6,853 (1999 - \$6,558)	12,471	12,597
Goodwill less accumulated amortization of \$27,780 (1999 - \$26,545)	172,217	163,257
Other assets	25,755	24,070
	-----	-----
Total Assets	\$ 427,236 =====	\$ 421,303 =====
LIABILITIES		
Current liabilities		
Accounts payable	\$ 10,228	\$ 11,246
Current portion of long-term debt	11,412	11,719
Income taxes	11,442	8,714
Deferred contract revenue	26,460	25,630
Other current liabilities	36,400	41,119
	-----	-----
Total current liabilities	95,942	98,428
Long-term debt	83,527	78,580
Other liabilities	32,730	32,251
	-----	-----
Total Liabilities	212,199	209,259
MANDATORILY REDEEMABLE CONVERTIBLE PREFERRED SECURITIES OF THE CHEMED CAPITAL TRUST		
	15,539	-
	-----	-----
STOCKHOLDERS' EQUITY		
Capital stock-authorized 15,000,000 shares \$1 par; issued 13,885,837 shares (1999 - 13,664,892 shares)	13,886	13,665

Paid-in capital	170,523	164,549
Retained earnings	148,205	144,322
Treasury stock - 3,944,343 shares (1999 - 3,268,783 shares), at cost	(117,882)	(99,437)
Unearned compensation	(20,788)	(17,056)
Deferred compensation payable in company stock	5,446	5,340
Accumulated other comprehensive income	2,879	3,392
Notes receivable for shares sold	(2,771)	(2,731)
	-----	-----
Total Stockholders' Equity	199,498	212,044
	-----	-----
Total Liabilities and Stockholders' Equity	\$ 427,236	\$ 421,303
	=====	=====

See accompanying notes to unaudited financial statements.

Page 3 of 12

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

	Three Months Ended March 31,	
	2000	1999*
	-----	-----
Service revenues and sales	\$121,534	\$105,735
	-----	-----
Cost of services provided and cost of goods sold	74,127	65,059
Selling and marketing expenses	11,264	9,979
General and administrative expenses	24,846	21,875
Depreciation	3,758	3,030
	-----	-----
Total costs and expenses	113,995	99,943
	-----	-----
Income from operations	7,539	5,792
Interest expense	(1,782)	(1,594)
Distributions on preferred securities	(288)	-
Other income - net	2,396	4,609
	-----	-----
Income before income taxes	7,865	8,807
Income taxes	(2,963)	(3,452)
	-----	-----
Net Income	\$ 4,902	\$ 5,355
	=====	=====
Earnings Per Common Share		
Net income	\$.49	\$.51
	=====	=====
Average number of shares outstanding	10,064	10,471
	=====	=====
Diluted Earnings Per Common Share		
Net income	\$.48	\$.51
	=====	=====
Average number of shares outstanding	10,171	10,516
	=====	=====
Cash Dividends Paid Per Share	\$.10	\$.53
	=====	=====

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

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

	Three Months Ended March 31,	
	2000	1999*
Cash Flows From Operating Activities		
Net income	\$ 4,902	\$ 5,355
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	5,811	4,794
Gains on sale of investments	(951)	(3,068)
Provision for uncollectible accounts receivable	112	93
Provision for deferred income taxes	(92)	(24)
Changes in operating assets and liabilities, excluding amounts acquired in business combinations		
(Increase)/Decrease in accounts receivable	2,488	(5,119)
Increase in inventories and other current assets	(109)	(1,020)
Increase in statutory deposits	(1,814)	(123)
Increase/(decrease) in accounts payable, deferred contract revenue and other current liabilities	(3,129)	869
Increase in income taxes	2,725	3,333
Other - net	(175)	(603)
Net cash provided by operating activities	9,768	4,487
Cash Flows From Investing Activities		
Business combinations--net of cash acquired	(10,827)	(5,965)
Capital expenditures	(4,283)	(5,726)
Proceeds from sale of investments	1,121	5,793
Net proceeds from discontinued operations	(599)	(686)
Purchase of investments	(200)	(297)
Other - net	109	1,405
Net cash used by investing activities	(14,679)	(5,476)
Cash Flows From Financing Activities		
Proceeds from issuances of long-term debt	5,000	-
Purchase of treasury stock	(2,508)	(26)
Dividends paid	(1,024)	(5,616)
Retirement of long-term debt	(79)	(1,259)
Other - net	65	112
Net cash provided/(used) by financing activities	(1,454)	(6,789)
Decrease In Cash And Cash Equivalents	(3,457)	(7,778)
Cash and cash equivalents at beginning of period	17,282	41,358
Cash and cash equivalents at end of period	\$ 13,825	\$33,580

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

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, 1999.

2. The Company's previously announced 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.

Page 6 of 12

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

	Three Months Ended March 31,	
	2000	1999
Sales and Service Revenues		
Roto-Rooter	\$ 67,724	\$ 56,206
Patient Care	32,909	30,212
Service America	18,754	17,661
Cadre Computer	2,147	1,656
Total	\$121,534	\$105,735
Aftertax Earnings		
Roto-Rooter	\$ 4,669	\$ 3,197
Patient Care	403(a)	652
Service America	320	539
Cadre Computer	42	4
Total segment earnings	5,434	4,392
Corporate		
Gains on sales of investments	677	1,934
Overhead	(1,363)	(1,302)
Net investing and financing income/(expense)	154	331
Net income	\$ 4,902	\$ 5,355

(a) Includes aftertax income from favorable adjustments to prior years' cost reports (\$130,000) and net adjustments to the allowance for doubtful accounts (\$94,000).

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 on the next page (in thousands except per share data):

Page 7 of 12

Three Months Ended
March 31,

	2000	1999
Reported income	\$ 4,902	\$ 5,355
Aftertax interest on Trust Securities (a)	-	-
Adjusted income	\$ 4,902	\$ 5,355
Average number of shares outstanding	10,064	10,471
Effect of conversion of the Trust Securities (a)	-	-
Effect of nonvested stock awards	106	43
Effect of unexercised stock options	1	2
Average number of shares used to compute diluted earnings per common share	10,171	10,516
Diluted earnings per common share	\$.48	\$.51

(a) The impact of potential conversion of the Trust Securities is currently anti-dilutive.

5. During the first quarter of 2000, the Company acquired two businesses in the Roto-Rooter segment for aggregate purchase prices of \$10.5 million in cash. These operations provide plumbing repair and sewer and drain cleaning services primarily to residential customers.

Approximately \$10.2 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 had total comprehensive income/(loss) of \$4,389,000 and \$(2,136,000) for the three months ended March 31, 2000 and 1999, 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.

Page 8 of 12

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

Financial Condition

The decline in other current liabilities from \$41.1 million at December 31, 1999 to \$36.4 million at March 31, 2000 is due largely to the payment of liabilities for 1999 supplemental thrift and profit sharing contributions and incentive compensation. Also, the decline in stockholders' equity from \$212 million at December 31, 1999 to \$199.5 million at March 31, 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 Mandatorily Redeemable Convertible Preferred Securities of the Chemed Capital Trust. 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. As of March 31, 2000, preferred dividends of \$715,000 remain in arrears. The Company is currently negotiating with Vitas concerning terms for repayment of the preferred stock and/or extension of the redemption date (currently April 1, 2000). 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 March 31, 2000 Chemed had approximately \$96.6 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 are set forth below:

	Service Revenues and Sales - % Increase	Aftertax Earnings as a % of Revenues (Aftertax Margin)	
	2000 vs. 1999	2000	1999
Roto-Rooter	20 %	6.9%	5.7%
Patient Care	9	1.2	2.2
Service America	6	1.7	3.1
Total	15	4.5	4.2

Service revenues and sales for the Roto-Rooter segment for the first quarter of 2000 totalled \$67,724,000, an increase of 20% over the \$56,206,000 recorded in the first quarter of 1999. Revenues of the plumbing services business and the drain cleaning business increased 17% and 23%, respectively, for the first quarter of 2000, as compared with revenues recorded in the first quarter of 1999. These revenues accounted for 40% and 43%, respectively, of Roto-Rooter's total service revenues and sales during the 2000 period. Excluding businesses acquired in 1999 and 2000, revenues of this segment increased 15% during the first quarter of 2000. The aftertax margin of the Roto-Rooter segment in the first quarter of 2000 was 6.9% as compared with 5.7% during the first quarter of 1999. This increase was attributable to a higher gross profit margin in 2000 and to operating leverage, as selling and marketing and general and administrative expenses increased at lesser rates than did service revenues and sales.

Service revenues of the Patient Care segment increased 9% from \$30,212,000 during the first quarter of 1999 to \$32,909,000 in the first quarter of 2000. Excluding the revenues of businesses acquired in 1999, this revenue increase was 4%. During the first quarter of 2000, the aftertax margin of this segment declined from 2.2% during the first quarter of 1999 to 1.2% during the 2000 quarter, primarily as the result of higher general and administrative costs (as a percentage of service revenues) and higher interest costs. The increase in interest costs was attributable to the use of capital for acquisitions in

1999, increased working capital levels and higher interest rates in 2000. Favorable adjustments to prior years' cost reports and bad debt allowances in the 2000 quarter partially offset the impact of higher general and administrative and interest expenses.

Page 10 of 12

Service revenues and sales of the Service America segment increased 6% from \$17,661,000 in the first quarter of 1999 to \$18,754,000 in the first quarter of 2000. This revenue increase was highlighted by a 32% increase in the revenues of Service America's retail business, which accounted for approximately 25% of its overall sales in the 2000 period. The aftertax margin of this segment declined from 3.1% during the first quarter of 1999 to 1.7% during the first quarter of 2000. This decline was attributable primarily to a decline in the gross profit margin in 2000, largely as a result of higher overtime costs and higher material costs incurred in 2000.

Income from operations increased from \$5,792,000 in the first three months of 1999 to \$7,539,000 during the first three months of 2000. This increase was attributable primarily to higher operating profit of the Roto-Rooter segment.

Other income--net declined from \$4,609,000 in the first quarter of 1999 to \$2,396,000 in the first quarter of 2000, primarily as a result of lower investment gains recorded in the 2000 period. During the first quarter of 2000 the Company recorded gains on the sales of investments aggregating \$951,000 as compared with \$3,068,000 during the first quarter of 1999. Lower interest income for 2000 as compared with the 1999 first quarter also contributed to the decline in other income.

The Company's effective income tax rate during the first quarter of 2000 was 37.7% as compared with 39.2% during the first three months of 1999. This decline is due primarily to lower effective state and local income tax rates in the 2000 first quarter.

Net income during the first quarter of 2000 totalled \$4,902,000 (\$.49 per share) as compared with \$5,355,000 (\$.51 per share) in the first quarter of 1999. This decline was attributable primarily to larger gains on the sales of investments in the 1999 period. Excluding gains on the sales of investments in both periods, net income for the first quarter of 2000 totalled \$.42 per share as compared with \$.33 per share during the first quarter of 1999.

Page 11 of 12

PART II -- OTHER INFORMATION

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits

Exhibit No.	SK 601 Ref. No.	Description	Page No.
-----	-----	-----	-----
1	(27)	Financial Data Schedule	E-1

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: May 10, 2000

By Naomi C. Dallob

Naomi C. Dallob, Vice
President and Secretary

Dated: May 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 FOR 8-K OF CHEMED CORPORATION FOR THE QUARTER ENDED MARCH 31, 2000 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

0000019584
 CHEMED CORPORATION
 1,000
 U.S. DOLLARS

3-MOS	
	DEC-31-2000
	JAN-01-2000
	MAR-31-2000
	1.0
	13825
	0
	58063
	(4824)
	10008
	107380
	130893
	(58618)
	427236
	95942
	83527
	15539
	0
	13886
	185612
427236	
	0
	121534
	0
	74127
	0
	112
	1782
	7865
	2963
4902	
	0
	0
	0
	4902
	0.49
	0.48

THIS SCHEDULE CONTAINS RESTATED FINANCIAL INFORMATION EXTRACTED FROM THE APPLICABLE 1999 INTERIM FINANCIAL STATEMENTS OF CHEMED CORPORATION, AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

0000019584
 CHEMED CORPORATION
 1,000
 U.S. DOLLAR

3-MOS	6-MOS	9-MOS
DEC-31-1999	DEC-31-1999	DEC-31-1999
JAN-01-1999	JAN-01-1999	JAN-01-1999
MAR-31-1999	JUN-30-1999	SEP-30-1999
1.0	1.0	1.0
	33580	22574
	0	0
	54058	52875
	(3422)	(3425)
	9910	9652
123455	110039	109664
	118964	
(46925)	(49251)	(52226)
422347	417887	420093
90630	88013	86566
	81063	
0	0	0
	0	0
	13662	13659
	202745	201762
422347	417887	420093
	0	0
105735	217120	331548
	0	0
	133432	203470
65059	0	0
0	165	231
93	3101	4549
1594	17234	24758
8807	6765	9877
3452		
5355	10469	14881
	0	0
0	0	0
	0	0
	0	0
5355	10469	14881
.51	1.00	1.42
.51	1.00	1.41