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, 2002

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 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	9,790,902 Shares	April 30, 2002

CHEMED CORPORATION AND
SUBSIDIARY COMPANIES

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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)

	March 31, 2002	December 31, 2001
ASSETS		
Current assets		
Cash and cash equivalents	$ 14,585	$ 9,008
Accounts receivable, less allowances of $4,955 (2001 - $4,941)	51,080	49,238
Inventories	10,033	10,424
Statutory deposits	12,558	13,331
Prepaid expenses	16,766	18,052
Total current assets	105,022	100,053
Other investments	37,737	38,492
Properties and equipment, at cost less accumulated depreciation of $71,561 (2001 - $69,738)	63,533	67,588
Identifiable intangible assets less accumulated amortization of $8,214 (2001 - $8,024)	3,893	4,037
Goodwill less accumulated amortization of $35,541 (2001 - $35,541)	162,169	161,075
Other assets	27,354	25,266
Total Assets	$ 399,708	$ 396,511
LIABILITIES		
Current liabilities		
Accounts payable	$ 7,390	$ 11,651
Current portion of long-term debt	366	353
Income taxes	6,666	1,262
Deferred contract revenue	21,770	22,194
Other current liabilities	44,293	49,650
Total current liabilities	80,485	85,110
Long-term debt	65,891	61,037
Other liabilities	28,296	27,842
Total Liabilities	174,672	173,989
MANDATORILY REDEEMABLE CONVERTIBLE PREFERRED SECURITIES OF THE CHEMED CAPITAL TRUST	14,195	14,239
STOCKHOLDERS' EQUITY		
Capital stock-authorized 15,000,000 shares $1 par; issued 13,460,513 shares (2001 - 13,437,781 shares)	13,461	13,438
Paid-in capital	168,261	167,542
Retained earnings	142,754	139,163
Treasury stock - 3,676,785 shares (2001 - 3,606,085 shares), at cost	(112,815)	(110,424)
Unearned compensation	(6,428)	(7,436)
Deferred compensation payable in company stock	2,239	3,288
Accumulated other comprehensive income	4,302	4,214
Notes receivable for shares sold	(933)	(1,502)
Total Stockholders' Equity	210,841	208,283
Total Liabilities and Stockholders' Equity	$ 399,708	$ 396,511

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 March 31, 2002	2001
Continuing Operations		
Service revenues and sales	$117,035	$121,200
Cost of services provided and cost of goods sold	71,078	73,447
Selling and marketing expenses	12,037	10,900
General and administrative expenses	24,223	25,324
Depreciation	3,994	4,012
Total costs and expenses	111,332	113,683
Income from operations	5,703	7,517
Interest expense	(773)	(1,486)
Distributions on preferred securities	(270)	(277)
Other income - net	2,329	1,759
Income before income taxes	6,989	7,513
Income taxes	(2,317)	(2,899)
Income from continuing operations	4,672	4,614
Discontinued operations	-	(104)
Net income	$ 4,672	$ 4,510
Earnings Per Common Share		
Income from continuing operations	$ .47	$ .47
Net income	$ .47	$ .46
Diluted Earnings Per Share		
Income from continuing operations	$ .47	$ .47
Net income	$ .47	$ .46
Earnings Excluding Goodwill Amortization		
Adjusted Income		
Income from continuing operations	$ 4,672	$ 5,773
Net income	$ 4,672	$ 5,669
Adjusted Earnings Per Share		
Income from continuing operations	$ .47	$ .59
Net income	$ .47	$ .58
Adjusted Diluted Earning Per Share		
Income from continuing operations	$ .47	$ .58
Net income	$ .47	$ .57
Average number of shares outstanding		
Earnings Per Share	9,843	9,746
Diluted Earnings Per Share	10,267	10,303
Cash Dividends Paid Per Share	$ .11	$ .11

See accompanying notes to unaudited financial statements.

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

	Three Months Ended March 31,	
	2002	2001*
Cash Flows From Operating Activities		
Net income	$ 4,672	$ 4,510
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	4,242	6,074
Gains on sale of investments	(1,141)	(1,112)
Provision for uncollectible accounts receivable	805	673
Provision for deferred income taxes	49	241
Discontinued operations	-	104
Changes in operating assets and liabilities, excluding amounts acquired in business combinations		
Decrease/(increase) in accounts receivable	(2,587)	990
Decrease/(increase) in inventories	391	(496)
Decrease/(increase) in prepaid expenses	1,276	(622)
Decrease in statutory deposits	773	169
Decrease in accounts payable, deferred contract revenue and other current liabilities	(9,424)	(4,139)
Increase in income taxes	5,711	2,206
Other - net	1,109	1,258
Net cash provided by continuing operations	5,876	9,856
Net cash provided by discontinued operations	-	113
Net cash provided by operating activities	5,876	9,969
Cash Flows From Investing Activities		
Capital expenditures	(2,670)	(3,225)
Proceeds from sale of investments	1,917	1,310
Business combinations--net of cash acquired	(1,229)	-
Net outflows from discontinued operations	(816)	(1,346)
Other - net	1,368	(296)
Net cash used by investing activities	(1,430)	(3,557)
Cash Flows From Financing Activities		
Dividends paid	(1,083)	(1,101)
Purchase of treasury stock	(3,141)	(1,056)
Proceeds from issuances of long-term debt	5,000	-
Other - net	355	329
Net cash provided/(used) by financing activities	1,131	(1,828)
Increase in Cash and Cash Equivalents	5,577	4,584
Cash and Cash Equivalents at Beginning of Period	9,008	10,280
Cash and Cash Equivalents at End of Period	$ 14,585	$ 14,864

*Reclassified to conform to 2002 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, 2001.

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

	Three Months Ended March 31,	
	2002	2001
Sales and Service Revenues		
Roto-Rooter	$ 65,279	$ 68,456
Patient Care	36,182	34,941
Service America	15,574	17,803
Total	$117,035	$121,200
Aftertax Earnings		
Roto-Rooter	$ 3,479	$ 4,081
Patient Care	867	580
Service America	327	462
Total segment earnings	4,673	5,123
Corporate		
Gains on sales of investments	775	703
Overhead	(972)	(1,213)
Net investing and financing income	196	1
Discontinued operations	-	(104)
Net income	$ 4,672	$ 4,510
Adjusted Aftertax Segment Earnings(a)		
Roto-Rooter	$ 3,479	$ 4,853
Patient Care	867	763
Service America	327	666
Total segment earnings	$ 4,673	$ 6,282

(a) Adjusted to exclude amortization of goodwill in 2001.

The balances of goodwill, less accumulated amortization at March 31, 2002 for the Roto-Rooter, Patient Care and Service America segments were $101,117,000, $30,673,000 and $30,379,000, respectively.

3. 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):

	Income (Numerator)	Shares (Denominator)	Income Per Share
Income from Continuing Operations - For the Three Months Ended March 31,			
2002			
Earnings	$ 4,672	9,843	$ .47
Conversion of trust securities	176	384	
Dilutive stock options	-	40	
Diluted earnings	$ 4,848	10,267	$ .47
2001			
Earnings	$ 4,614	$ 9,746	$ .47
Conversion of trust securities	180	396	
Nonvested Stock Awards	-	120	
Dilutive stock options	-	41	
Diluted earnings	$ 4,794	10,303	$ .47
Net Income - For the Three Months Ended March 31,			
2002			
Earnings	$ 4,672	9,843	$ .47
Conversion of trust securities	176	384	
Dilutive stock options	-	40	
Diluted earnings	$ 4,848	10,267	$ .47
2001			
Earnings	$ 4,510	$ 9,746	$ .46
Conversion of trust securities	180	396	
Nonvested sock awards	-	120	
Dilutive stock options	-	41	
Diluted earnings	$ 4,690	10,303	$ .46
Adjusted Earnings (a) - For the Three Months Ended March 31, 2001			
Adjusted Income from Continuing Operations			
Earnings	$ 5,773	9,746	$ .59
Conversion of trust securities	180	396	
Nonvested sock awards	-	120	
Dilutive stock options	-	41	
Diluted earnings	$ 5,953	10,303	$ .58
Adjusted Net Income			
Earnings	$ 5,669	$ 9,746	$ .58
Conversion of trust securities	180	396	
Nonvested Stock Awards	-	120	
Dilutive stock options	-	41	
Diluted earnings	$ 5,849	10,303	$ .57

(a) Adjusted to exclude amortization of goodwill in 2001.

4. The Company had total comprehensive income of $4,760,000 and $3,534,000 for the three months ended March 31, 2002 and 2001, 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.

5. During the first quarter of 2002, one purchase business combination was completed within the Roto-Rooter segment for a purchase price of $1,229,000 in cash. The purchase price was allocated as follows: $1,104,000 to goodwill, $50,000 to identifiable intangible assets and $75,000 to other assets. The business acquired provides drain cleaning and plumbing services under the Roto-Rooter name. The results of operations of this business in 2002 are not material.

6. Accruals relating to restructuring charges recorded in 2001 totaled approximately $2.4 million at March 31, 2002 compared with $3.5 million at December 31, 2001.

7. Effective July 1, 2001, Chemed adopted the provisions of Statement of Financial Accounting Standards ("SFAS") No. 141, Business Combinations, and SFAS No. 142, Goodwill and Other Intangible Assets for all business combinations initiated after June 30, 2001. Effective January 1, 2002, Chemed adopted the provisions of SFAS No. 141 and SFAS No. 142 for all purchase business combinations initiated prior to July 1, 2001. The adoption of the provisions of SFAS No. 141 did not materially impact the Company's financial statements.

   The adoption of SFAS No. 142 eliminates the amortization of goodwill as of the effective date of adoption. Amortization of goodwill for the first quarter of 2001 is $1,255,000 ($1,159,000 net of income tax benefit), and was included in cost of services and cost of goods sold in the consolidated statement of income.

   In addition, SFAS No. 142 stipulates that goodwill must be evaluated annually for impairment beginning in 2002 for each component of its operating segments. The first, or transition, evaluation must be done as of January 1, 2002 and must be completed by June 30, 2002. For the purpose of impairment testing, the Company has determined its reporting components are Service America, Patient Care, Roto-Rooter Services (plumbing and drain cleaning services), Roto-Rooter Franchising and Products (manufacturing, sale and franchising of Roto-Rooter products and services) and Roto-Rooter HVAC/non-Roto-Rooter brands (heating, ventilating and air-conditioning repair services and non-Roto-Rooter-branded drain cleaning and plumbing services). The Company's preliminary impairment tests indicate that none of the goodwill for any of its reporting components is impaired. The impairment evaluations will be completed during the second quarter of 2002.

8. On January 1, 2002, Chemed adopted the provisions of SFAS No. 144, Accounting for the Impairment or Disposal of Long-Lived Assets. The adoption of SFAS No. 144 did not materially impact the Company's financial statements.

9. In August 2001, the Financial Accounting Standards Board approved the issuance of SFAS No. 143, Accounting for Asset Retirement Obligations. This statement becomes effective for fiscal years beginning after June 15, 2002, and requires recognizing legal

obligations associated with the retirement of tangible long-lived assets that result from the acquisition, construction, development or normal operation of a long-lived asset.

Since the Company has no material asset retirement obligations, the adoption of SFAS No. 143 in 2003 will not have a material impact on Chemed's financial statements.

10. On May 8, 2002, Chemed announced it entered into an agreement to sell its wholly owned Patient Care subsidiary to an investor group led by Schroder Ventures Life Sciences Group. Chemed expects to receive cash payments of approximately $70 million and to recognize an aftertax loss of approximately $1 to $2 million on the sale.

    Completion of the sale is contingent upon regulatory approvals, approval by the Chemed Board of Directors and the purchaser's receipt of financing commitments by June 30, 2002. The sale is expected to close before the end of 2002.

    Patient Care's reported net income was as follows (in thousands):

For the three months ended March 31, 2002	$ 867
For the three months ended March 31, 2001	580
For the year ended December 31, 2001	526

    On an adjusted basis, excluding goodwill amortization for 2001 and excluding restructuring and similar expenses and other nonrecurring charges in the fourth quarter of 2001, Patient Care's net income was as follows (in thousands):

For the three months ended March 31, 2002	$ 867
For the three months ended March 31, 2001	763
For the year ended December 31, 2001	3,325

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

Financial Condition

The decline in other current liabilities from $49.7 million at December 31, 2001 to $44.3 million at March 31, 2002 is due largely to the payment of liabilities for 2001 supplemental thrift and profit-sharing contributions and incentive compensation. The decline in accounts payable from $11.7 million at December 31, 2001 to $7.4 million at March 31, 2002 is primarily due to the timing of cash payments at the end of the periods. Income taxes increased from $1.3 million at December 31, 2001 to $6.7 million at March 31, 2002 primarily due to the refund of overpaid estimated federal taxes for 2001 in March 2002.

At March 31, 2002, Chemed had approximately $18.5 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:

Three Months Ended March 31	Service Revenues and Sales - % Increase/(Decrease) 2002 vs. 2001	Aftertax Earnings as a % of Revenues (Aftertax Margin) 2002	2001 Reported	2001 Adjusted (a)
Roto-Rooter	(5)%	5.3%	o 6.0%	7.1%
Patient Care	4	2.4	1.7	2.2
Service America	(13)	2.1	2.6	3.7
Total	(3)	4.0	4.2	5.2

(a) Adjusted to exclude amortization of goodwill in 2001.

Service revenues and sales for the Roto-Rooter segment for the first quarter of 2002 totaled $65,279,000, a decline of 5% versus $68,456,000 recorded in the first quarter of 2001. Revenues of the plumbing services business and the drain cleaning business declined 6% and 2%, respectively, for the first quarter of 2002, as compared with revenues for the first quarter of 2001. These revenues accounted for 40% and 45%, respectively, of Roto-Rooter’s total service revenues and sales during the 2002 period. Excluding revenues of the HVAC and non-Roto-Rooter branded operations, some of which have been divested, revenues of this segment for the first quarter of 2002 declined 2% versus revenues for the first quarter of 2001. The aftertax margin of the Roto-Rooter segment for the first quarter of 2002 was 5.3% versus 7.1% on an adjusted basis (excluding goodwill amortization) during the first quarter of 2001. This decline is primarily attributable to a decline in the gross profit margin as the result of higher labor costs, as a percent of revenues, in the 2002 quarter.

Service revenues of the Patient Care segment increased 4% from $34,941,000 in the first quarter of 2001 to $36,182,000 in the first quarter of 2002. The aftertax margin of this segment for the first quarter of 2002 was 2.4% as compared with 2.2% on an adjusted basis (excluding goodwill amortization) in the first quarter of 2002.

Service revenues and sales of the Service America segment declined 13% from $17,803,000 in the first quarter of 2001 to $15,574,000 in the first quarter of 2002. This decline is attributable to a decline in contract renewals in 2002, lower retail sales and the divestment of the Tucson branch in the fourth quarter of 2001. The aftertax margin of this segment declined from 3.7% on an adjusted basis (excluding goodwill amortization) in 2001 to 2.1% in the first quarter of 2002. This margin decline is primarily due to the negative impact of operating leverage during a period when revenues declined and operating expenses were essentially level with the prior year.

Income from operations for the first quarter of 2002 was $5,703,000 versus the $7,517,000 recorded in the comparable period of 2001. On an adjusted basis, excluding goodwill amortization in 2001 ($1,255,000), income from operations was $8,772,000 in the first quarter of 2001. The $3,069,000 decline in adjusted income from operations from the first quarter of 2001 to the first quarter of 2002 is primarily attributable to the decline in Roto-Rooter’s operating profit.

Interest expense declined from $1,486,000 during the first quarter of 2001 to $773,000 during the first quarter of 2002, as a result of refinancing long-term debt at lower interest rates in December 2001.

Other income-net increased from $1,759,000 during the first quarter of 2001 to $2,329,000 during the first quarter of 2002, primarily as a result of net realized and unrealized gains on assets held in non-qualified benefit plan trusts in the first quarter of 2002 versus net losses recorded in the first quarter of 2001.

The Company’s effective income tax rate during the first quarter of 2002 was 33.2% versus 38.6% during the first quarter of 2001. Excluding the effect of goodwill amortization in the 2001 quarter, the effective tax rate was 34.2%.

Income from continuing operations for the first quarter of 2002 was $4,672,000 ($.47 per share) as compared with $4,614,000 ($.47 per share) for the first quarter of 2001. Net income for the first quarter of 2002 was $4,672,000 ($.47 per share) as compared with $4,510,000 ($.46 per share) for the first quarter of 2001. Net income for the first quarter of 2001 included a loss of $104,000 ($.01 per share) from operations discontinued in the second quarter of 2001. Income from continuing operations and net income for the first quarter of 2001 included aftertax goodwill expense of $1,159,000 ($.12 per share and $.11 per diluted share) versus no goodwill amortization in

2002. In addition, income from continuing operations and net income included aftertax capital gains on the sales of investments of $775,000 ($.07 per share) and $703,000 ($.07 per share)in the first quarter of 2002 and 2001, respectively.

On an adjusted basis, excluding goodwill amortization in 2001, income from continuing operations for the first quarter of 2002 was $4,672,000 ($.47 per diluted share) as compared with $5,773,000 ($.59 per share and $.58 per diluted share) for the first quarter of 2001. Similarly, adjusted net income for the first quarter of 2002 was $4,672,000 ($.47 per share) as compared with $5,669,000 ($.58 per share and $.57 per diluted share) for the first quarter of 2001.

Accounting for Asset Retirement Obligations

In August 2001, the Financial Accounting Standards Board approved the issuance of SFAS No. 143, Accounting for Asset Retirement Obligations. This statement becomes effective for fiscal years beginning after June 15, 2002, and requires all entities to recognize legal obligations associated with the retirement of tangible long-lived assets that result from the acquisition, construction or development and/or normal operation of a long-lived asset.

Since the Company has no material asset retirement obligations, the adoption of SFAS No. 143 in 2003 will not have a material impact on Chemed's financial statements.

Subsequent Event

The completion of the pending sale of the Company's Patient Care subsidiary is expected to generate net cash proceeds of approximately $68 million. It is anticipated that such proceeds will be used for acquisitions, debt repayment and other corporate purposes.

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 its control, 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	Page No.

None Required

(b) Reports on Form 8-K

None were filed in the quarter ended March 31, 2002.

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 14, 2002 By Naomi C. Dallob
Naomi C. Dallob, Vice President and Secretary

Dated: May 14, 2002 By Arthur V. Tucker, Jr.
Arthur V. Tucker, Jr.
Vice President and Controller (Principal Accounting Officer)