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, 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	9,795,144 Shares	October 31, 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)

	September 30, 2002	December 31, 2001*
ASSETS		
Current assets		
Cash and cash equivalents	$ 15,603	$ 8,725
Accounts receivable less allowances of $3,605 (2001 - $4,091)	14,771	15,128
Inventories	10,111	10,424
Statutory deposits	12,304	13,331
Prepaid expenses	15,092	16,041
Current assets of discontinued operations	36,555	36,404
Total current assets	104,436	100,053
Other investments	36,768	38,492
Properties and equipment, at cost less accumulated depreciation of $63,470 (2001 - $61,567)	49,309	54,549
Identifiable intangible assets less accumulated amortization of $7,014 (2001 - $6,545)	3,042	3,461
Goodwill less accumulated amortization of $30,448 (2001 - $30,450)	131,144	130,402
Noncurrent assets of discontinued operations	43,485	44,905
Other assets	26,827	26,422
Total Assets	$ 395,011	$ 398,284
LIABILITIES		
Current liabilities		
Accounts payable	$ 6,464	$ 9,126
Current portion of long-term debt	366	353
Income taxes	5,859	2,312
Deferred contract revenue	20,390	22,194
Current liabilities of discontinued operation	11,071	10,422
Other current liabilities	37,970	40,703
Total current liabilities	82,120	85,110
Long-term debt	50,728	61,037
Noncurrent liabilities of discontinued operations	2,339	1,773
Other liabilities	24,341	27,842
Total Liabilities	159,528	175,762
MANDATORILY REDEEMABLE CONVERTIBLE PREFERRED SECURITIES OF THE CHEMED CAPITAL TRUST	14,186	14,239
STOCKHOLDERS' EQUITY		
Capital stock-authorized 15,000,000 shares $1 par; issued 13,460,755 (2001 - 13,437,781) shares	13,461	13,438
Paid-in capital	168,359	167,542
Retained earnings	152,265	139,163
Treasury stock-3,665,611(2001 - 3,606,085) shares, at cost	(112,562)	(110,424)
Unearned compensation	(5,087)	(7,436)
Deferred compensation payable in company stock	2,266	3,288
Accumulated other comprehensive income	3,541	4,214
Notes receivable for shares sold	(946)	(1,502)
Total Stockholders' Equity	221,297	208,283
Total Liabilities and Stockholders' Equity	$ 395,011	$ 398,284

* Reclassified for operations discontinued in 2002
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 September 30, 2002	Three Months Ended September 30, 2001 *	Nine Months Ended September 30, 2002	Nine Months Ended September 30, 2001 *
Continuing Operations				
Service revenues and sales	$ 75,322	$ 82,604	$235,257	$253,813
Cost of services provided and cost of goods sold	44,314	49,455	139,446	151,269
Selling and marketing expenses	10,304	11,540	33,085	33,704
General and administrative expenses	11,537	13,486	36,699	42,054
Depreciation	3,424	3,604	10,402	10,772
Other charges	-	4,031	-	4,031
Total costs and expenses	69,579	82,116	219,632	241,830
Income from operations	5,743	488	15,625	11,983
Interest expense	(709)	(1,373)	(2,245)	(4,324)
Distributions on preferred securities	(268)	(275)	(809)	(830)
Other income--net	268	455	3,810	3,766
Income/(loss) before income taxes	5,034	(705)	16,381	10,595
Income taxes	(1,856)	193	(5,953)	(4,458)
Income/(loss) from continuing operations	3,178	(512)	10,428	6,137
Discontinued Operations	3,929	604	5,920	(74)
Net Income	$ 7,107	$ 92	$ 16,348	$ 6,063
Earnings Per Common Share				
Income/(loss) from continuing operations	$ .32	$ (.05)	1.06	$ .63
Net income	$ .72	$ .01	$ 1.66	$ .62
Diluted Earnings Per Share				
Income/(loss) from continuing operations	$ .32	$ (.05)	1.06	$ .62
Net income	$ .72	$ .01	$ 1.65	$ .62
Adjusted Income From Continuing Operations Excluding Goodwill Amortization				
Adjusted income	$ 3,178	$ 461	$ 10,428	$ 9,057
Adjusted earnings per share	$ .32	$ .05	$ 1.06	$ .93
Adjusted diluted earning per share	$ .32	$ .05	$ 1.06	$ .92
Average Number of Shares Outstanding				
Earnings per share	9,861	9,690	9,854	9,721
Diluted earnings per share	9,867	9,690	9,882	9,850
Cash Dividends Paid Per Share	.11	.11	.33	.33

* Reclassified for operations discontinued in 2002
See accompanying notes to unaudited financial statements.

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

	Nine Months Ended September 30,	
	2002	2001*
Cash Flows From Operating Activities		
Net income	$ 16,348	$ 6,063
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	10,954	16,070
Discontinued operations	(5,920)	74
Gains on sale of investments	(1,141)	(993)
Provision for uncollectible accounts receivable	1,335	1,651
Provision for deferred income taxes	397	(809)
Changes in operating assets and liabilities, excluding amounts acquired in business combinations		
Decrease in accounts receivable	(918)	(658)
(Increase)/decrease in inventories	313	(728)
(Increase)/decrease in prepaid expenses	1,141	(754)
Decrease in statutory deposits	1,027	753
Increase/(decrease) in accounts payable, deferred contract revenue and other current liabilities	(6,494)	2,606
Increase in income taxes	4,538	290
Other - net	2,354	1,181
Net cash provided by continuing operations	23,934	24,746
Net cash used by discontinued operations	5,287	4,896
Net cash provided by operating activities	29,221	29,642
Cash Flows From Investing Activities		
Capital expenditures	(8,951)	(10,713)
Proceeds from sale of investments	1,917	1,377
Business combinations--net of cash acquired	(1,230)	(1,358)
Net (proceeds)/outflows from discontinued operations	569	(3,190)
Other-net	1,328	2,365
Net cash used by investing activities	(6,367)	(11,519)
Cash Flows From Financing Activities		
Repayment of long-term debt	(15,296)	(3,306)
Proceeds from long-term debt	5,000	-
Dividends paid	(3,252)	(3,292)
Purchase of treasury stock	(3,196)	(1,201)
Other - net	768	688
Net cash used by financing activities	(15,976)	(7,111)
Increase In Cash And Cash Equivalents	6,878	11,012
Cash and cash equivalents at beginning of period	8,725	9,978
Cash and cash equivalents at end of period	$ 15,603	$ 20,990

*Reclassified for operations discontinued in 2002.
See accompanying notes to unaudited financial statements.

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2002	**2001**	**2002**	**2001**
Service Revenues and Sales				
Roto-Rooter	$ 60,234	$ 65,406	$188,608	$200,960
Service America	15,088	17,198	46,649	52,853
Total	$ 75,322	$ 82,604	$235,257	$253,813
Aftertax Earnings/(Loss)				
Roto-Rooter	$ 3,744	1,268 (a)	$ 11,636	8,930(a)
Service America	166	(310)(b)	552	635(b)
Total segment earnings	3,910	958	12,188	9,565
Corporate				
Overhead	(844)	(1,387)	(3,022)	(4,018)
Gains on sales of investments	-	-	775	703
Net investing and financing income /(expense)	112	(83)	487	(113)
Discontinued operations	3,929	604	5,920	(74)
Net income	$ 7,107	$ 92	$ 16,348	$ 6,063
Adjusted Aftertax Segment Earnings				
Roto-Rooter	$ 3,744	$ 3,838(c,d)	$ 11,636	$ 13,041(c,d)
Service America	166	513(c,e)	552	1,864(c,e)
Adjusted segment earnings	$ 3,910	$ 4,351	$ 12,188	$ 14,905

(a) Amounts include Roto-Rooter’s aftertax cost of its overtime wage settlement with the Department of Labor ($1,800,000).
(b) Amounts include Service America’s aftertax impairment loss related to the closing of its Tucson branch ($620,000).
(c) Amounts exclude the amortization of goodwill in 2001.
(d) Amounts exclude Roto-Rooter’s aftertax cost of its overtime wage settlement with the Department of Labor ($1,800,000).
(e) Amounts exclude Service America’s aftertax impairment loss related to the closing of its Tucson branch ($620,000).

3. Earnings per common share are computed using the weighted average number of shares of capital stock outstanding. The impact of the Trust Securities on earnings per share from continuing operations is anti-dilutive for all periods presented. Therefore, the Trust Securities are excluded from diluted earnings per share computations.

Diluted earnings per share are computed below (in thousands except per share data):

	Income from Continuing Operations			Net Income		
	Income (Numerator)	Shares (Denominator)	Income Per Share	Income (Numerator)	Shares (Denominator)	Income Per Share
For the Three Months Ended September 30,						
2002						
Earnings	$ 3,178	9,861	$ .32	$ 7,107	9,861	$ .72
Dilutive stock options	-	6		-	6	
Diluted Earnings	$ 3,178	9,867	$ .32	$ 7,107	9,867	$ .72
2001						
Earnings/(loss)(a)	$ (512)	9,690	$ (.05)	$ 92	9,690	$ .01
For the Nine Months Ended September 30,						
2002						
Earnings	$10,428	9,854	$ 1.06	$ 16,348	9,854	$ 1.66
Dilutive stock options	-	28		-	28	
Diluted Earnings	$10,428	9,882	$ 1.06	$ 16,348	9,882	$ 1.65
2001						
Earnings	$ 6,137	9,721	$ .63	$ 6,063	9,721	$ .62
Nonvested stock awards	-	112		-	112	
Dilutive stock options	-	17		-	17	
Diluted Earnings	$ 6,137	9,850	$ .62	$ 6,063	9,850	$ .62

For the Periods Ended September 30, 2001	Adjusted Earnings from Continuing Operations Excluding Goodwill Amortization — For the Three Months Ended			For the Nine Months Ended		
Earnings	$ 461	9,690	$ .05	$ 9,057	9,721	$ .93
Nonvested stock awards	-	-(a)		-	112	
Dilutive stock options	-	-(a)		-	17	
Diluted Earnings	$ 461	9,690	$ .05	$ 9,057	9,850	$ .92

(a) Since income from continuing operations is a loss for the three months ending September 30, 2001, the impact of stock awards and stock options is anti-dilutive. Therefore, nonvested stock awards and stock options are excluded from diluted earnings per share computations.

4. The Company’s total comprehensive income comprises the following (in thousands):

	Three Months Ended September 30, 2002	Three Months Ended September 30, 2001	Nine Months Ended September 30, 2002	Nine Months Ended September 30, 2001
Net Income	$ 7,107	$ 92	$ 16,348	$ 6,063
Other Comprehensive income/(loss)	(664)	75	(673)	(1,165)
Total comprehensive income	$ 6,443	$ 167	$ 15,675	$ 4,898

The other comprehensive income relates to the cumulative unrealized appreciation/depreciation on the Company’s available-for-sale securities.

5. On October 11, 2002, the Company completed the sale of Patient Care, Inc. (“Patient Care”), a wholly owned subsidiary, to an investor group that includes Schroeder Ventures Life Sciences Group, Oak Investment Partners, Prospect Partners and Salix Ventures. Patient Care provides home-healthcare services primarily in the New York-New Jersey-Connecticut area.

The cash proceeds to the Company from the sale of Patient Care total $57.5 million, of which $5 million was placed in escrow pending settlement of specified contingencies. In addition, the Company received a senior subordinated note receivable (“Note”) for $12.5 million and a common stock purchase warrant for the purchase of 2% of the outstanding stock of the purchasing company. The Note is due October 11, 2007 and bears interest at the annual rate of 7.5% through September 30, 2004, 8.5% from October 1, 2004 through September 30, 2005 and 9.5% thereafter. The warrant has an estimated fair value of $1.4 million.

The Company will record a small gain on the sale of Patient Care in the fourth quarter of 2002. Data relating to discontinued operations include the following (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2002	2001	2002	2001
Service Revenues and Sales From Discontinued Operations	$ 37,515	$ 36,451	$ 111,184	$ 110,762
Income from Discontinued Operations				
Refund of income taxes related to the sale of The Omnia Group in 1997	$ 2,861	$ -	$ 2,861	$ -
Operating results of Patient Care(a)				
Income before income tax	2,249	790	5,178	2,444
Income taxes	(1,181)	(186)	(2,119)	(545)
Net Income	1,068	604	3,059	1,899
Operating results of Cadre Computer				
Loss before income tax	-	(165)	-	(734)
Income tax benefit/(expense)	-	58	-	255
Minority interest	-	6	-	46
Net Loss	-	(101)	-	(433)
Adjustment to loss/(loss on disposal) of Cadre Computer				
Income/(loss) before income tax	-	155	-	(2,369)
Income tax benefit/(expense)	-	(54)	-	829
Net income/(loss)	-	101	-	(1,540)
Total discontinued operations	$ 3,929	$ 604	$ 5,920	$ (74)

(a) During the third quarter of 2002, Patient Care recorded a favorable pretax adjustment of $1,041,000 to prior years’ cost reports. In addition, Patient Care recorded an unfavorable pretax adjustment of $440,000 for expenses related to a 1997 business combination. The net aftertax impact of these adjustments increased net income by $361,000.

	September 30, 2002	December 31, 2001
Asset and Liabilities of Discontinued Operations		
Assets		
Accounts receivable, less allowances	$ 34,826	$ 34,110
Other current assets	1,729	2,294
Properties and equipment less accumulated depreciation	11,963	13,039
Goodwill less accumulated amortization	30,458	30,673
Other noncurrent assets	1,064	1,193
Total Assets	$ 80,040	$ 81,309
Liabilities		
Accounts payable	$ 1,148	$ 2,525
Other current liabilities	9,923	7,897
Deferred income taxes	2,339	1,773
Total Liabilities	$ 13,410	$ 12,195

6. During 2002, one purchase business combination was completed within the Roto-Rooter segment for a purchase price of $1,230,000 in cash. The business acquired provides drain cleaning and plumbing services under the Roto-Rooter name. The results of operations of this business are not material.

The purchase price was allocated as follows (in thousands):

Identifiable intangible assets	$ 50
Goodwill	1,104
Other assets	76
Total	$ 1,230

7. The Company is party to lawsuits in the normal course of business, none of which is expected to have a material impact on its operating results. This includes a class action lawsuit filed in the Third Judicial Circuit Court of Madison County, Illinois in June of 2000 by Robert Harris, alleging certain Roto-Rooter plumbing was performed by unlicensed employees. The Company contests these allegations and believes them baseless. Due to the complex legal and other issues involved, it is not presently possible to estimate the amount of liability, if any, related to this matter.

8. Effective July 1, 2001, Chemed adopted the provisions of Statement of Financial Accounting Standards ("SFAS") No. 141, Business Combinations, for all business combinations initiated after June 30, 2001. Effective January 1, 2002, Chemed adopted the provisions of SFAS No. 141 for all business combinations initiated after December 31, 2001. The adoption of the provisions of SFAS No. 141 did not materially impact the Company's financial statements.

   Effective January 1, 2002, Chemed adopted the provisions of SFAS No. 142, Goodwill and Other Intangible Assets. The adoption of SFAS No. 142 eliminates the amortization of goodwill as of the effective date of adoption. For continuing operations, amortization of goodwill for the third quarter of 2001 is $1,026,000 ($973,000 net of income tax benefit), and is included in cost of services and cost of goods sold in the consolidated statement of income. For the first nine months of 2001, amortization of goodwill for continuing operations is $3,081,000 ($2,920,000 net of income tax benefit).

   In addition, SFAS No. 142 requires goodwill be evaluated annually for impairment beginning in 2002 for each component of an operating segment. The first, or transition, evaluation was performed as of January 1, 2002 and completed during the second quarter. As of January 1, 2002, the Company determined its reporting components to be 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 impairment test indicates that none of the goodwill for any of its reporting components is impaired.

9. 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.

10. In August 2001, the Financial Accounting Standards Board approved the issuance of SFAS No. 143, Accounting for Asset Retirement Obligations. This statement became 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.

    In April 2002, the FASB approved the issuance of SFAS No. 145, Recission of FASB Statements No. 4, 44 and 64, Amendment of FASB Statement No. 13 and Technical Corrections. This statement is generally effective for transactions occurring after May 15, 2002. The adoption of SFAS No. 145 is not expected to have a material impact on Chemed's financial statements.

    In July 2002, the FASB approved the issuance of SFAS No. 146, Accounting for Costs Associated with Exit or Disposal Activities. Generally, SFAS No. 146 stipulates that defined exit costs (including restructuring and employee termination costs) are to be recorded on an incurred basis rather than on a commitment basis as is presently required. This statement is effective for exit or disposal activities initiated after December 31, 2002. The Company currently anticipates that adoption of this statement in 2003 will not have a material impact on its financial statements.

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

Financial Condition

There are no unusual changes in the balance sheet accounts during the first nine months of 2002.

At September 30, 2002, Chemed had approximately $29.2 million of lines of credit with various banks. In addition to the $15.6 million balance in cash and cash equivalents at September 30, 2002, $52.5 cash was received in October 2002 from the sale of Patient Care. Management believes its liquidity and sources of capital are satisfactory for the Company's needs in the foreseeable future. Proceeds from the sale of Patient Care will be used for acquisitions and other corporate purposes.

Results of Operations

Data relating to (a) the decrease in service revenues and sales and (b) aftertax earnings/(loss) as a percent of service revenues and sales for each segment are set forth below:

	Service Revenues and Sales - % Decrease	Aftertax Earnings as a % of Revenues (Aftertax Margin)		
	2002 vs. 2001	2002	2001 Reported	2001 Adjusted(a)
Three Months Ended September 30,				
Roto-Rooter	(8)%	6.2%	1.9%	5.9%
Service America	(12)	1.1	(1.8)	3.0
Total	(9)	5.2	1.2	5.3
Nine Months Ended September 30,				
Roto-Rooter	(6)%	6.2%	4.4%	6.5%
Service America	(12)	1.2	1.2	3.5
Total	(7)	5.2	3.8	5.9

(a) Adjusted to exclude amortization of goodwill, Roto-Rooter's wage settlement with the Department of Labor, and Service America's impairment loss.

Third Quarter 2002 versus Third Quarter 2001

Service revenues and sales of the Roto-Rooter segment for the third quarter of 2002 totaled $60,234,000, a decline of 8% versus the $65,406,000 recorded in the third quarter of 2001. Revenues of the drain cleaning business and the plumbing services business declined 6% and 5%, respectively, for the third quarter of 2002, as compared with revenues for 2001. Each of these businesses' revenues accounts for 44% and 41%, respectively, of Roto-Rooter's total revenues and sales. The aftertax margin of this segment during the third quarter of 2002 was 6.2% as compared with 5.9% on an adjusted basis (excluding the cost of the wage settlement and excluding amortization of goodwill) during the third quarter of 2001. Most of this increase is attributable to a higher gross profit margin in the 2002 quarter.

Service revenues and sales of the Service America segment declined 12% from $17,198,000 in the third quarter of 2001 to $15,088,000 in the third quarter of 2002. This decline is attributable to a decline in contract renewals in 2002, lower retail sales in 2002 and the divestment of the Tucson branch in the fourth quarter of 2001. The aftertax margin of this segment was 1.1% in the third quarter of 2002 as compared with 3.0% on an adjusted basis (excluding goodwill amortization and excluding the Tucson branch closing costs) in the third quarter of 2001. This decline is attributable to a lower gross profit margin in the 2002 quarter, primarily as the result of higher labor costs (as a percent of revenues) in 2002.

Income from operations increased from $488,000 in the third quarter of 2001 to $5,743,000 in the third quarter of 2002. On an adjusted basis, excluding goodwill amortization ($1,026,000), the cost of Roto-Rooter’s wage settlement ($3,000,000) and the cost of Service America’s branch closing ($1,031,000), income from operations for 2001 was $5,545,000. Earnings before interest, taxes, depreciation and amortization before capital gains (“EBITDA”) declined from $9,801,000 in the third quarter of 2001 to $9,591,000 in the third quarter of 2002.

Interest expense declined from $1,373,000 in the third quarter of 2001 to $709,000, as a result of refinancing long-term debt at lower interest rates in December 2001. Lower debt levels during 2002 also contributed to this decline.

Other income-net declined from $455,000 in the third quarter of 2001 to $268,000 in the third quarter of 2002 primarily as the result of lower interest rates on invested cash in the third quarter of 2002, as compared with interest rates in 2001.

The effective income tax rate during the third quarter of 2002 was 36.9% as compared with 27.4% during the third quarter of 2001. Excluding the amortization of goodwill in 2001, the effective tax rate for the third quarter of 2001 was 43.6%, which is primarily attributable to favorable tax adjustments, the domestic dividend exclusion and a relatively low level of adjusted pretax earnings in the 2001 quarter.

Income/(loss) from continuing operations increased from a loss of $512,000 ($.05 per share) in the third quarter of 2001 to income of $3,178,000 ($.32 per share) in the third quarter of 2002. Excluding amortization of goodwill ($973,000 aftertax), adjusted income from continuing operations for the third quarter of 2001 was $461,000 ($.05 per share). If the cost of Roto-Rooter’s wage settlement and the cost of Service America’s branch closing (a combined aftertax total of $2,420,000, or $.25 per share) are also excluded from earnings for the third quarter of 2001, adjusted earnings for 2001's third quarter were $.30 per share.

Net income increased from $92,000 ($.01 per share) in the third quarter of 2001 to $7,107,000 ($.72 per share) in the third quarter of 2002. The results for 2002 include discontinued operations of $3,929,000 ($.40 per share), comprising a tax refund of $2,861,000 related to the sale of The Omnia Group (sold in 1997) and earnings of $1,068,000 from Patient Care operations (sold in October 2002). The results for 2001 include discontinued operations of $604,000 ($.06 per share)from the earnings of Patient Care.

Nine Months Ended September 30, 2002 Versus September 30, 2001

Service revenues and sales of the Roto-Rooter segment for the first nine months of 2002 totaled $188,608,000, a decline of 6% versus the $200,960,000 recorded in the first nine months of 2001. Revenues of the drain cleaning business and the plumbing services business declined 3% and 6%, respectively, for the first nine months of 2002, as compared with revenues for 2001. The aftertax margin of this segment during the first nine months of 2002 was 6.2% as compared with 6.5% on an adjusted basis (excluding amortization of goodwill) during the first nine months of 2001. Most of this decline is attributable to a lower gross profit margin as the result of increased labor costs (as a percent of revenues) in the 2002 period.

Service revenues and sales of the Service America segment declined 12% from $52,853,000 in the first nine months of 2001 to $46,649,000 in the first nine months of 2002. This decline is attributable to a decline in contract renewals in 2002, lower retail sales in 2002 and the divestment of the Tucson branch in the fourth quarter of 2001. The aftertax margin of this segment was 1.2% in the first nine months of 2002, as compared with 3.5% on an adjusted basis (excluding goodwill amortization and excluding the cost of the Tucson branch closing) in the first nine months of 2001. This decline is attributable to a lower gross profit margin in the 2002 quarter, primarily as the result of higher labor costs (as a percent of revenues) in 2002.

Income from operations increased from $11,983,000 in the first nine months of 2001 to $15,625,000 in the first nine months of 2002. On an adjusted basis, excluding: goodwill amortization in 2001 ($3,081,000); the cost of Roto-Rooter’s wage settlement; and the cost of the Tucson branch closing; income from operations for the 2001 period was $19,095,000. The decline in adjusted operating income from 2001 to 2002 is attributable to lower operating profit recorded by both Roto-Rooter and Service America, partially offset by lower corporate overhead. For the same reasons, earnings before interest, taxes, depreciation and amortization before capital gains (“EBITDA”) declined 12% from $33,263,000 in the first nine months of 2001 to $29,165,000 in the first nine months of 2002.

Interest expense declined from $4,324,000 in the first nine months of 2001 to $2,245,000, as a result of refinancing long-term debt at lower interest rates in December 2001. Lower debt levels during the year 2002 also contributed to this decline.

Other income-net increased slightly from $3,766,000 in the first nine months of 2001 to $3,810,000 in the first nine months of 2002.

The effective income tax rate during the first nine months of 2002 was 36.3% as compared with 42.1% during the first nine months of 2001. Excluding the amortization of goodwill in 2001, the effective tax rate for the first nine months of 2001 was 33.8%. The higher rate in 2002 (versus the adjusted rate in 2001) is primarily attributable to larger favorable tax adjustments in the 2001 period.

Income from continuing operations increased from $6,137,000 ($.63 per share and $.62 per diluted share) in the first nine months of 2001 to $10,428,000 ($1.06 per share) in the first nine months of 2002. Excluding amortization of goodwill ($2,920,000 aftertax), adjusted income from continuing operations was $9,057,000 ($.93 per share and $.92 per diluted share) in the first nine months of 2001 as compared with $10,428,000 ($1.06 per share) in the first nine months of 2002. If capital gains ($775,000, or $.08 per share in 2001 and $703,000, or $.08 per share in 2002), the cost of Roto-Rooter’s wage settlement and the cost of Service America’s branch closing (combined aftertax total of $2,420,000, or $.25 per share) are also excluded from earnings for the first nine months of the respective years, adjusted earnings for 2001's third quarter were $.98 per share.

Net income increased from $6,063,000 ($.62 per share) in the first nine months of 2001 to $16,348,000 ($1.66 per share and $1.65 per diluted share) in the first nine months of 2002. The results for 2002 include discontinued operations of $5,920,000 ($.60 per share and $.59 per diluted share), comprising a tax refund of $2,861,000 related to the sale of The Omnia Group (sold in 1997) and earnings of $3,059,000 from Patient Care operations (sold in October 2002). The results for 2001 include a net loss on discontinued operations of $74,000 ($.01 per share and nil per diluted share). Discontinued operations in 2001 include $1,899,000 from the operations of Patient Care, a loss on the sale of Cadre Computer of $1,540,000 and a loss from Cadre Computer operations of $433,000.

Recent Accounting Statements

In August 2001, the Financial Accounting Standards Board (“FASB”) approved the issuance of SFAS No. 143, Accounting for Asset Retirement Obligations. It 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.

In April 2002, the FASB approved the issuance of SFAS no. 145, Recission of FASB Statements No. 4, 44 and 64, Amendment of FASB Statement No. 13 and Technical Corrections. It is generally effective for transactions occurring after May 15, 2002. Its adoption is not expected to have a material impact on Chemed's financial statements.

In July 2002, the FASB approved the issuance of SFAS No. 146, Accounting for Costs Associated with Exit or Disposal Activities. Generally, SFAS No. 146 stipulates that defined exit costs (including restructuring and employee termination costs) are to be recorded on an incurred basis rather than on a commitment basis, as is presently required. This statement is effective for exit or disposal activities initiated after December 31, 2002. The Company currently anticipates its adoption in 2003 will not have a material impact on its financial statements

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.

Item 4. Controls and Procedures

The Company maintains disclosure controls and procedures that are designed to ensure that information required to be disclosed in the Company’s Exchange Act reports is recorded, processed, summarized and reported within the time periods specified in the SEC’s rules and forms, and that such information is accumulated and communicated to the Company’s management to allow timely decisions regarding required disclosure. Management necessarily applies its judgment in assessing the costs and benefits of such controls and procedures which, by their nature, can provide only reasonable assurance regarding management’s control objectives.

Within 90 days prior to the date of this report, the Company carried out an evaluation, under the supervision of the Company’s President and Chief Executive Officer, with the participation of its Executive Vice President and Treasurer and its Vice President and Controller, of the effectiveness of the design and operation of the Company’s disclosure controls and procedures pursuant to Exchange Act Rule 13a-14. Based upon this evaluation, the Company’s President and Chief Executive Officer, Executive Vice President and Treasurer and Vice President and Controller concluded the Company’s disclosure controls and procedures are effective in timely alerting them to material information relating to the Company and its consolidated subsidiaries required to be included in the Company’s Exchange Act reports. There have been no significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date the Company carried out its evaluation.

PART II OTHER INFORMATION

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits

Exhibit No.	Description
99.1	Certification by Kevin J. McNamara pursuant to Section 906 of The Sarbanes-Oxley Act of 2002.
99.2	Certification by Timothy S. O'Toole pursuant to Section 906 of The Sarbanes-Oxley Act of 2002.
99.3	Certification by Arthur V. Tucker, Jr. pursuant to Section 906 of The Sarbanes-Oxley Act of 2002.

(b) Reports on Form 8-K

A Current Report on Form 8-K, dated October 11, 2002, was filed October 18, 2002. The report disclosed the October 11, 2002 sale of Patient Care, Inc. ("Patient Care"), formerly a wholly owned subsidiary of the Company. Pro forma financial statements contained therein present the financial position and results of operations of the Company excluding Patient Care as of June 30, 2002, for the six months ended June 30, 2002 and 2001, and for the year ended December 31, 2001.

SIGNATURES

Pursuant to the requirements of the Securities and 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 12, 2002 By Kevin J. McNamara
Kevin J. McNamara
(President and Chief Executive Officer)

Dated: November 12, 2002 By Timothy S. O'Toole
Timothy S. O'Toole
(Executive Vice President and Treasurer)

Dated: November 12, 2002 By Arthur V. Tucker, Jr.
Arthur V. Tucker, Jr.
(Vice President and Controller)

CERTIFICATIONS PURSUANT TO RULE 13A -14 OF THE EXCHANGE ACT OF 1934

I, Kevin J. McNamara, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Chemed Corporation;

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations, and cash flows of the registrant as of, and for, the periods presented in this quarterly report;

4. The registrant’s other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:

a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

b) evaluated the effectiveness of the registrant’s disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the “Evaluation Date”); and

c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant’s other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant’s auditors and the audit committee of registrant’s board of directors:

a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant’s ability to record, process, summarize and report financial data and have identified for the registrant’s auditors any material weaknesses in internal controls; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal controls; and

6. The registrant’s other certifying officers and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weakness.

Date: November 12, 2002

Kevin J. McNamara
Kevin J. McNamara
(President and Chief Executive Officer)

I, Timothy S. O’Toole, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Chemed Corporation;

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations, and cash flows of the registrant as of, and for, the periods presented in this quarterly report;

4. The registrant’s other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:

a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

b) evaluated the effectiveness of the registrant’s disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the “Evaluation Date”); and

c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors:

a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officers and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weakness.

Date: November 12, 2002

Timothy S. O'Toole
Timothy S. O'Toole
(Executive Vice President and Treasurer)

I, Arthur V. Tucker, Jr., certify that:

1. I have reviewed this quarterly report on Form 10-Q of Chemed Corporation;

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations, and cash flows of the registrant as of, and for, the periods presented in this quarter report;

4. The registrant’s other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:

a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

b) evaluated the effectiveness of the registrant’s disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the “Evaluation Date”); and

c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant’s other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant’s auditors and the audit committee of registrant’s board of directors:

a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant’s ability to record, process, summarize and report financial data and have identified for the registrant’s auditors any material weaknesses in internal controls; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal controls; and

6. The registrant’s other certifying officers and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weakness.

Date: November 12, 2002

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

EXHIBIT 99.1

CERTIFICATION BY KEVIN J. MCNAMARA
PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002.

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned, as President and Chief Executive Officer of Chemed Corporation ("Company"), does hereby certify that:

1) the Company's Quarterly Report of Form 10-Q for the quarter ending September 30, 2002 ("Report"), fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: November 12, 2002

By: Kevin J. McNamara
Kevin J. McNamara
(President and Chief Executive Officer)

EXHIBIT 99.2

CERTIFICATION BY TIMOTHY S. O'TOOLE
PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002.

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned, as Executive Vice President and Treasurer of Chemed Corporation ("Company"), does hereby certify that:

1) the Company's Quarterly Report of Form 10-Q for the quarter ending September 30, 2002 ("Report"), fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: November 12, 2002

By Timothy S. O'Toole
Timothy S. O'Toole
(Executive Vice President and Treasurer)

EXHIBIT 99.3

CERTIFICATION BY ARTHUR V. TUCKER, JR.
PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002.

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned, as Vice President and Controller of Chemed Corporation ("Company"), does hereby certify that:

1) the Company's Quarterly Report of Form 10-Q for the quarter ending September 30, 2002 ("Report"), fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: November 12, 2002

By Arthur V. Tucker, Jr.
Arthur V. Tucker, Jr.
(Vice President and Controller)