

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D. C. 20549

FORM 8-K

CURRENT REPORT
PURSUANT TO SECTION 13 OR 15 (D) OF THE
SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of earliest event
reported): May 6, 2003

Emerson Electric Co.

(Exact Name of Registrant as Specified in Charter)

Missouri	1-278	43-0259330
(State or Other Jurisdiction of Incorporation)	(Commission File Number)	(I.R.S. Employer Identification Number)
8000 West Florissant Avenue St. Louis, Missouri		63136
(Address of Principal Executive Offices)		(Zip Code)

Registrant's telephone number, including area code:

(314) 553-2000

Item 7. Financial Statements, Pro Forma Financial Information and Exhibits.

(c) Exhibits

<u>Exhibit Number</u>	<u>Description of Exhibits</u>
99.1	Registrant's May 6, 2003 Press Release announcing its fiscal 2003 second quarter earnings.

Item 9. Regulation FD Disclosure.

Item 9 Disclosure.

The following information is furnished pursuant to Regulation FD.

Emerson GAAP Underlying Orders - 3 Month Summary
(Percent change. Trailing 3-month average versus prior year.)

	<u>Jan. '03</u>	<u>Feb. '03</u>	<u>Mar. '03</u>
Process Control	+5	0 to +5	+5 to +10
Industrial Automation	+5 to +10	+10 to +15	+10 to +15
Electronics and Telecom	Flat	-5 to 0	-10 to -5
HVAC	>+20	+10 to +15	0 to +5
Appliance and Tools	0 to +5	0 to +5	-5 to 0
Total Emerson	+5 to +10	0 to +5	0 to +5

March '03 Order Comments:

Favorable currency exchange rates positively affected March orders by approximately 2% to 4% overall and in most segments, and by approximately 6% to 8% in process and industrial automation. Underlying trends (excluding currency, acquisitions, and divestitures) are down

slightly as North America and Europe continue to be weak, reflecting the impact of the war and lower capital spending levels.

Process orders are being negatively affected by weaker short-cycle orders and maintenance and repair orders, and cautious investment in projects, particularly in North America.

Industrial Automation orders reflect stability in the industrial goods markets.

Electronics and Telecommunications orders continue to weaken due to more cautious computer and telecommunications markets.

HVAC orders are benefiting from a solid North American market and order strength in Asia.

Appliance and Tools orders weakened, reflecting softness in the industrial and consumer markets.

Item 12 Disclosure — Furnished.

The following information furnished in this Item 9 is furnished under Item 12.

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In accordance with Securities and Exchange Commission Release No. 33-8216, the following information, which is intended to be furnished under Item 12, "Results of Operations and Financial Condition," is instead being furnished under Item 9, "Regulation FD Disclosure." This information shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such filing.

On May 6, 2003, a press release was issued regarding earnings results of Emerson Electric Co. (EMR) for the quarter ended March 31, 2003. A copy of this press release is attached to this Current Report on Form 8-K as Exhibit 99.1. The entire press release, with the exception of Table 7, shall be considered furnished rather than filed.

The press release contains non-GAAP financial measures. For purposes of Regulation G, a non-GAAP financial measure is a numerical measure of a registrant's historical or future financial performance, financial position or cash flows that excludes amounts, or is subject to adjustment that have the effect of excluding amounts, that are included in the most directly comparable measure calculated in accordance with GAAP in the statement of income, balance sheet or statement of cash flows (or equivalent statements) of the issuer; or includes amounts, or is subject to adjustments that have the effect of including amounts, that are excluded from the most directly comparable measure so calculated and presented. In this regard, GAAP refers to generally accepted accounting principles in the United States. Pursuant to the requirements of Regulation G, Emerson has provided reconciliations within the press release of the non-GAAP financial measures to the most directly comparable GAAP financial measures.

While Emerson believes these non-GAAP financial measures are useful in evaluating the company, this information should be considered as supplemental in nature and not as a substitute for or superior to the related financial information prepared in accordance with GAAP. Further, these non-GAAP financial measures may differ from similarly titled measures presented by other companies.

Item 12 Disclosure — Filed.

The following information filed in this Item 9 is filed under Item 12.

Table 7 of the press release attached to this Current Report on Form 8-K as Exhibit 99.1 shall be considered filed rather than furnished.

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SIGNATURE

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 hereunto duly authorized.

EMERSON ELECTRIC CO.
(Registrant)

Date: May 6, 2003

By: /s/ H.M. Smith

EXHIBIT INDEX

Exhibit Number

Description of Exhibits

99.1	Registrant's May 6, 2003 Press Release announcing its fiscal 2003 second quarter earnings.
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news release

For immediate release

Contact: Mark Polzin
or Ken Cook
(314) 982-1700

EMERSON REPORTS INCREASED SECOND-QUARTER 2003 SALES; EARNINGS OF \$236 MILLION WITH GROWTH IN FOUR OF FIVE SEGMENTS

- EPS Excluding Gains from Divestitures Up 12 Percent
- Reported EPS Down 14 Percent Due to Impact of Divestitures
- Restructuring Drives Margin Improvement
- Cash Flow on Track with Targets

ST. LOUIS, May 6, 2003 – Emerson (NYSE: EMR) announced that second-quarter fiscal 2003 earnings were \$236 million, or \$0.56 per share, compared with \$275 million, or \$0.65 per share in the second quarter of 2002. Reported pre-tax, net earnings, and earnings per share were down 14 percent due to the difference in divestiture gains between the two periods. Excluding the impact of gains from divestitures, earnings per share for the second quarter of 2003 increased 12 percent. The company reported no gains from divestitures during the second quarter of 2003 versus gains of \$93 million, or \$0.15 per share, in the second quarter of 2002.

Second quarter sales increased to \$3.5 billion from \$3.4 billion a year ago. Underlying sales, which are adjusted to remove the impact of exchange rates, divestitures, and acquisitions, were down slightly. Consolidated operating profit for the quarter increased 3 percent reflecting the benefits of Emerson's restructuring initiatives. Ongoing restructuring costs were \$36 million, down from \$55 million in the second quarter of 2002 but still slightly higher than historical levels.

– more –

Add One

Operating cash flow for the quarter was \$374 million and free cash flow was \$308 million. Year-to-date operating cash flow was \$681 million, down 1 percent from \$690 million, and free cash flow increased 6 percent to \$550 million from \$518 million reflecting lower capital spending.

Commenting on the quarterly results, David N. Farr, Emerson's chief executive officer, said, "I am pleased that despite lower underlying sales our restructuring efforts allowed us to achieve solid earnings growth in four of our five business segments, with total segment earnings increasing to \$416 million from \$392 million in the second quarter of 2002. Although persistent weakness remains in many of our end markets, we continue to strengthen our technology and leadership positions in major market segments around the world and drive capital efficiency improvements across our entire company. The progress we made toward these objectives during the quarter is shown in our margin improvement, new customer and project wins, and continued capital efficiency gains.

Financial Highlights

"We made excellent progress on our operating cash flow and free cash flow performance and are on track with our targets of approximately \$1.7 billion and \$1.3 billion, respectively, for the fiscal year. Free cash flow for the quarter again exceeded earnings and we continued to improve our working capital efficiency, with trade working capital as a percent to sales improving to 21.6 percent in the second quarter of 2003 from 23.8 percent in the same period of the prior year.

"The ratio of net debt to net capital declined to 39.3 percent from 43.0 percent, as the result of more than \$700 million in net debt reduction during the past year. The interest coverage ratio was 6.4 times for the first half of fiscal 2003. Since October 2001, we have issued \$1.5 billion of long-term debt, taking advantage of the low interest rate environment and further strengthening liquidity.

"Our strong balance sheet, earnings quality and cash flow performance provide us the flexibility to simultaneously invest in our businesses, pursue acquisitions, and provide direct returns to shareholders in the form of dividends and stock repurchases.

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Add Two

"The sluggish economic environment and uncertainty continues to dampen business investment and capital spending in many of the industries we serve. Our focus remains on delivering solid cash flow performance and margin improvement, while further strengthening our lead against our competition in key markets around the world."

Operating Highlights

Sales in the heating, ventilating, and air conditioning business increased 8 percent to \$693 million; driven by continued penetration gains, market growth and a 3 percent favorable currency impact. The sales increase reflected strong growth in Asia, solid growth in the European commercial market and modest growth in the United States. Earnings increased 9 percent to \$104 million, a margin increase of 20 basis points, driven primarily by higher sales.

During the quarter Lennox Industries, Inc. announced the selection of Emerson Climate Technologies UltraTech™ products for its new line of premium residential air-conditioning systems. Emerson's Copeland Scroll UltraTech™ two-stage compressors and its new Comfort Alert™ Diagnostics technology will enable the new Lennox system to be the most quiet, energy-efficient central air conditioner on the market.

Sales in industrial automation were \$646 million, up nearly 8 percent from the second quarter of 2002, the result of an 8 percentage point favorable impact from currency. Underlying sales were flat with a moderate decline in industrial activity in the United States offset by an increase in international sales led by strength in Asia. Earnings for the segment were up 19 percent, a margin increase of 1.2 percentage points, demonstrating the benefits of the restructuring activities despite a flat underlying sales environment.

Quarterly sales in process control declined 2 percent to \$819 million reflecting a 5 percent increase from currency less a 3 percent impact from divestitures. Underlying sales were down 4 percent. U.S. sales were down 9 percent, while investments for new projects in Asia and Eastern Europe showed strength. Customer maintenance and repairs orders were down, continuing to put pressure on margins across the business. The uncertainty experienced before and during the war led some customers to put long-cycle projects on hold during the quarter.

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Add Three

Emerson Process Management continued to win a number of strategic projects in the oil and gas, refining, power, biopharmaceutical, and petrochemical markets around the world. Substantial growth opportunities exist in Eastern Europe and Asia. In Hungary, Emerson Process Management was awarded a \$7 million contract to modernize a power plant for AES, the third-largest power producer in Hungary. Emerson's PlantWeb® (www.EmersonProcess.com/PlantWeb) digital plant architecture will anchor automation and predictive maintenance techniques designed to improve the power plant's efficiency, reliability and overall performance.

In China, Emerson was awarded a \$30 million automation project for one of the world's most highly optimized petrochemical facilities being built by SECCO, a joint venture of BP, Sinopec, and the Shanghai Petrochemical Corporation (SPC). The new 10-plant facility will be the world's largest installation of Fieldbus Digital Technology, with more than 23,000 FOUNDATION fieldbus devices and 10 DeltaV™ digital automation systems within the PlantWeb architecture. Emerson will support this effort from its Pudong facility located near the project site, just outside of Shanghai.

Appliance and tools segment sales increased 3 percent to \$870 million, with a modest decline in underlying sales, favorable currency adding 2 percentage points, and the impact from acquisitions adding 1 percentage point. The tools and storage businesses were flat to slightly up driven by continued strong performance at ClosetMaid. Motors and appliance solutions sales were down slightly. Earnings for the segment increased 5 percent to \$121 million, a 30 basis point margin improvement, driven by higher sales and restructuring.

Emerson has made the strategic business decision to discontinue the manufacture of bench top and stationary woodworking power tools and to work with The Home Depot on options to secure supply for Home Depot. Emerson has developed a program to license the RIDGID brand to top manufacturers to fulfill Home Depot's future requirements. Emerson remains fully committed to its RIDGID brand. RIDGID's reputation for quality and the distribution of RIDGID woodworking power tools through Home Depot is important to both Home Depot and Emerson. Emerson will continue supporting the full RIDGID line and will remain a significant manufacturer of RIDGID wet/dry vacuums, hand tools, and other products for Home Depot.

— more —

Add Four

Emerson values its ongoing relationship with Home Depot, and this agreement will help ensure that the RIDGID brand continues to play a strong role in Home Depot's success. Emerson also expects the full RIDGID program to continue to make

significant contributions to the company's revenues. This decision has no effect on Ridge professional contactor and plumbing tools, which is a separate Emerson business.

In the electronics and telecommunications business, sales decreased 6 percent to \$554 million for the quarter, including a 3 percentage point favorable impact from currency. Most major geographic markets experienced significant declines, except for Asia, which declined only modestly. The traditional environmental and power systems businesses were flat to slightly down, and the OEM power electronics business experienced a decline in sales versus the prior year.

The company is evaluating strategies to maximize the value of its Emerson Telecommunication Products (Jordan) business, which is part of the electronics and telecommunications segment. The Board of Directors has approved a plan to divest a portion of this business. Due to current challenging market conditions, a loss is reasonably possible on the sale of Dura-Line, the company's fiber-optic conduit unit, and an appraisal is being completed to determine possible impairment of the remaining business. The Company expects to realize tax benefits in excess of any loss resulting from the sale and impairment review as the tax basis significantly exceeds the carrying value of this business.

Upcoming Investor Events

On Wednesday May 7, 2003 at 7:30 a.m. Eastern Daylight Time (6:30 a.m. Central) Emerson senior management will discuss the quarterly results during an investor conference call. All interested parties may listen to the live conference call via the Internet by going to the Investor Relations area of Emerson's Web site at www.gotoemerson.com/financial and completing a brief registration form. A replay of the conference call will be available for the next three months at the same location on the Web site. Details of upcoming events will be posted as they occur in the Investor Relations Calendar of Events on the corporate web site.

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Add Five

Forward-Looking and Cautionary Statements

Statements in this release that are not strictly historical may be "forward-looking" statements, which involve risks and uncertainties. These include economic and currency conditions, market demand, pricing, and competitive and technological factors, among others, as set forth in the company's SEC filings.

(tables attached)

Add Six

TABLE 1

EMERSON AND SUBSIDIARIES
CONSOLIDATED OPERATING RESULTS
(DOLLARS IN MILLIONS EXCEPT PER SHARE AMOUNTS)

	<u>Quarter Ended March 31,</u>		<u>Percent</u>
	<u>2002</u>	<u>2003</u>	<u>Change</u>
Net sales	\$3,421	\$3,478	1.7%
Less: Costs and expenses			
Cost of sales	2,232	2,265	
SG&A expenses	724	734	
Other deductions, net	2	74	
Interest expense, net	<u>58</u>	<u>57</u>	
Total costs and expenses	<u>3,016</u>	<u>3,130</u>	
Income before income taxes	405	348	(14.0%)
Income taxes	<u>130</u>	<u>112</u>	
Net earnings	<u>\$ 275</u>	<u>\$ 236</u>	(14.3%)
Diluted earnings per common share	\$ 0.65	\$ 0.56	(13.8%)

	Quarter Ended March 31,	
	<u>2002</u>	<u>2003</u>
Other deductions, net		
Gains from divestitures	\$ (93)	\$ —
Rationalization of operations	55	36
Amortization of intangibles	7	4
Other	33	34
Total	<u>\$ 2</u>	<u>\$ 74</u>

Add Seven

TABLE 2

EMERSON AND SUBSIDIARIES
CONSOLIDATED OPERATING RESULTS
(DOLLARS IN MILLIONS EXCEPT PER SHARE AMOUNTS)

	Six Months Ended March 31,		Percent
	<u>2002</u>	<u>2003</u>	<u>Change</u>
Net sales	\$ 6,716	\$ 6,719	—
Less: Costs and expenses			
Cost of sales	4,357	4,360	
SG&A expenses	1,472	1,454	
Other deductions, net	(9)	121	
Interest expense, net	123	115	
Total costs and expenses	<u>5,943</u>	<u>6,050</u>	
Income before income taxes and cumulative effect of change in accounting principle	773	669	(13.4%)
Income taxes	<u>243</u>	<u>216</u>	
Earnings before cumulative effect of change in accounting principle	530	453	(14.4%)
Cumulative effect of change in accounting principle, net of tax	<u>(938)</u>	<u>—</u>	
Net earnings	<u>\$ (408)</u>	<u>\$ 453</u>	
Diluted earnings per common share:			
Before cumulative effect of change in accounting principle	\$ 1.26	\$ 1.08	(14.3%)
Cumulative effect of change in accounting principle	<u>(2.23)</u>	<u>—</u>	
Diluted earnings per common share	<u>\$ (0.97)</u>	<u>\$ 1.08</u>	

	Six Months Ended March 31,	
	<u>2002</u>	<u>2003</u>
Other deductions, net		
Gains from divestitures	\$ (178)	\$ (15)
Rationalization of operations	108	65
Amortization of intangibles	14	9
Other	47	62
Total	<u>\$ (9)</u>	<u>\$ 121</u>

Note: Prior year amounts have been restated to reflect the adoption of FAS 142

Add Eight

TABLE 3

EMERSON AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(DOLLARS IN MILLIONS)

	<u>March 31,</u>	
	<u>2002</u>	<u>2003</u>
Assets		
Cash and equivalents	\$ 448	\$ 606
Receivables, net	2,531	2,547
Inventories	1,751	1,679
Other current assets	<u>468</u>	<u>450</u>
Total current assets	5,198	5,282
Property, plant & equipment, net	3,125	3,022
Goodwill	4,774	4,960
Other	<u>1,482</u>	<u>1,540</u>
	<u>\$14,579</u>	<u>\$14,804</u>
Liabilities and Stockholders' Equity		
Short-term borrowings and current maturities of long-term debt	\$ 2,514	\$ 1,045
Accounts payable	1,032	1,222
Accrued expenses	1,364	1,460
Income taxes	<u>185</u>	<u>138</u>
Total current liabilities	5,095	3,865
Long-term debt	2,738	3,486
Other liabilities	1,312	1,414
Stockholders' equity	<u>5,434</u>	<u>6,039</u>
	<u>\$14,579</u>	<u>\$14,804</u>

Note: Prior year amounts have been restated to reflect the adoption of FAS 142

Add Nine

TABLE 4

EMERSON AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOW
(DOLLARS IN MILLIONS)

	<u>Six Months Ended March 31,</u>	
	<u>2002</u>	<u>2003</u>
Operating Activities		
Net earnings	\$ (408)	\$ 453
Cumulative effect of change in accounting principle	938	—
Depreciation and amortization	269	264
Changes in operating working capital	(7)	(67)
Gains on divestitures and other	<u>(102)</u>	<u>31</u>
Net cash provided by operating activities	<u>690</u>	<u>681</u>
Investing Activities		
Capital expenditures	(172)	(131)
Purchases of businesses, net of cash and equivalents acquired	(718)	(1)
Divestitures of businesses and other, net	<u>133</u>	<u>36</u>
Net cash used in investing activities	<u>(757)</u>	<u>(96)</u>
Financing Activities		
Net increase (decrease) in short-term borrowings	6	(532)
Proceeds from long-term debt	501	493
Principal payments on long-term debt	(10)	(7)
Dividends paid	(326)	(330)
Treasury stock, net	<u>(7)</u>	<u>4</u>
Net cash provided by (used in) financing		

activities	<u>164</u>	<u>(372)</u>
Effect of exchange rate changes on cash and equivalents	<u>(5)</u>	<u>12</u>
Increase in cash and equivalents	92	225
Beginning cash and equivalents	<u>356</u>	<u>381</u>
Ending cash and equivalents	\$ 448	\$ 606

Note: Prior year amounts have been restated to reflect the adoption of FAS 142

Add Ten

TABLE 5

EMERSON AND SUBSIDIARIES
SEGMENT SALES AND PROFITS
(DOLLARS IN MILLIONS)

	<u>Quarter Ended March 31,</u>	
	<u>2002</u>	<u>2003</u>
Sales		
Process Control	\$ 837	\$ 819
Industrial Automation	601	646
Electronics and Telecommunications	591	554
Heating, Ventilating, and Air Conditioning	640	693
Appliance and Tools	<u>847</u>	<u>870</u>
	3,516	3,582
Eliminations	<u>(95)</u>	<u>(104)</u>
Total Emerson	<u>\$ 3,421</u>	<u>\$ 3,478</u>
	<u>Quarter Ended March 31,</u>	
	<u>2002</u>	<u>2003</u>
Earnings		
Process Control	\$ 95	\$ 89
Industrial Automation	67	81
Electronics and Telecommunications	19	21
Heating, Ventilating, and Air Conditioning	95	104
Appliance and Tools	<u>116</u>	<u>121</u>
	392	416
Differences in accounting methods	33	33
Corporate and other	38	(44)
Interest expense, net	<u>(58)</u>	<u>(57)</u>
Income before income taxes	<u>\$ 405</u>	<u>\$ 348</u>
	<u>Quarter Ended March 31,</u>	
	<u>2002</u>	<u>2003</u>
Rationalization of operations		
Process Control	\$ 8	\$ 7
Industrial Automation	6	4
Electronics and Telecommunications	15	18
Heating, Ventilating, and Air Conditioning	5	7
Appliance and Tools	9	6
Corporate	<u>12</u>	<u>(6)</u>
Total Emerson	<u>\$ 55</u>	<u>\$ 36</u>

Add Eleven

TABLE 6

EMERSON AND SUBSIDIARIES
SEGMENT SALES AND PROFITS
(DOLLARS IN MILLIONS)

	<u>Six Months Ended March 31,</u>	
	<u>2002</u>	<u>2003</u>
Sales		
Process Control	\$ 1,633	\$ 1,591

Industrial Automation	1,257	1,269
Electronics and Telecommunications	1,226	1,123
Heating, Ventilating, and Air Conditioning	1,099	1,205
Appliance and Tools	<u>1,678</u>	<u>1,722</u>
	6,893	6,910
Eliminations	<u>(177)</u>	<u>(191)</u>
Total Emerson	<u>\$ 6,716</u>	<u>\$ 6,719</u>

Six Months Ended March 31,

	2002	2003
Earnings		
Process Control	\$ 180	\$ 164
Industrial Automation	152	163
Electronics and Telecommunications	51	58
Heating, Ventilating, and Air Conditioning	154	173
Appliance and Tools	<u>219</u>	<u>239</u>
	756	797
Differences in accounting methods	72	64
Corporate and other	68	(77)
Interest expense, net	<u>(123)</u>	<u>(115)</u>
Income before income taxes	<u>\$ 773</u>	<u>\$ 669</u>

Six Months Ended March 31,

	2002	2003
Rationalization of operations		
Process Control	\$ 15	\$ 12
Industrial Automation	12	9
Electronics and Telecommunications	27	25
Heating, Ventilating, and Air Conditioning	13	11
Appliance and Tools	19	12
Corporate	<u>22</u>	<u>(4)</u>
Total Emerson	<u>\$ 108</u>	<u>\$ 65</u>

Add Twelve

TABLE 7

Non-GAAP Financial Measures

To supplement Emerson's financial information presented in accordance with generally accepted accounting principles (GAAP), management uses additional measures to clarify and enhance understanding of past performance and prospects for the future. These measures may exclude, for example, the impact of unique items (acquisitions, divestitures, one-time gains and losses) or items outside of management's control (foreign currency exchange rates).

- Underlying sales (which exclude the impact of acquisitions and divestitures during the periods presented, and fluctuations in foreign currency exchange rates) are provided to facilitate relevant period-to-period comparisons of sales growth excluding these unique items.
- Operating profit (defined as net sales less cost of sales and selling, general and administrative expenses) is indicative of short-term operational performance and ongoing profitability. Management closely monitors operating profit of each business to evaluate past performance and actions required to improve profitability.
- Earnings per share excluding gains from divestitures provides additional insight into the underlying, ongoing operating performance of the Company which facilitates period-to-period comparisons excluding the earnings impact of one-time gains from strategic portfolio decisions.
- Free cash flow (operating cash flow less capital expenditures) is an indicator of the Company's cash generating capabilities after considering investments in capital assets necessary to maintain and enhance existing operations. Operating cash flow adds back non-cash depreciation expense to earnings and thereby does not reflect a charge for necessary capital expenditures.

Add Thirteen

TABLE 8

Reconciliations of Non-GAAP Financial Measures

The following reconciles each non-GAAP measure with the most directly comparable GAAP measure (dollars in millions, except per share amounts):

	<u>2002</u>	<u>2003</u>	<u>Percent Change</u>
Second-Quarter Operating Profit			
Net Sales	\$3,421	\$3,478	1.7%
Cost of Sales	2,232	2,265	
SG&A Expenses	<u>724</u>	<u>734</u>	
Operating Profit (Non-GAAP)	\$ 465	\$ 479	3.2%
% to Sales (Non-GAAP)	13.6%	13.8%	
Other Deductions, Net	2	74	
Interest Expense, Net	<u>58</u>	<u>57</u>	
Pre-Tax Earnings	\$ 405	\$ 348	(14.0%)
% to Sales	11.8%	10.0%	
Second-Quarter EPS Excluding Gains From Divestitures			
EPS, Reported	\$ 0.65	\$ 0.56	(13.8%)
After-Tax Divestiture Gains Per Share	<u>\$ 0.15</u>	<u>—</u>	
EPS Excluding Gains (Non-GAAP)	\$ 0.50	\$ 0.56	12.0%
Second-Quarter Cash Flow			
Operating Cash Flow	\$ 438	\$ 374	(14.7%)
Capital Expenditures	<u>78</u>	<u>66</u>	
Free Cash Flow (Non-GAAP)	\$ 360	\$ 308	(14.6%)
Year-To-Date Cash Flow			
Operating Cash Flow	\$ 690	\$ 681	(1.3%)
Capital Expenditures	<u>172</u>	<u>131</u>	
Free Cash Flow (Non-GAAP)	\$ 518	\$ 550	6.1%
FY2003 Target Cash Flow			
Operating Cash Flow		\$ 1,700	
Capital Expenditures		<u>400</u>	
Free Cash Flow (Non-GAAP)		\$ 1,300	

All amounts above are GAAP financial measures except as noted.

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