FORM 8-K

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SERVICEMASTER CO

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 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): February 12, 2004

THE SERVICEMASTER COMPANY
(Exact Name of Registrant as Specified in Its Charter)

Delaware	1-14762	36-3858106
(State or Other Jurisdiction of Incorporation)	(Commission File Number)	(I.R.S. Employer Identification Number)

3250 Lacey Road, Suite 600, Downers Grove, Illinois	60515
(Address of Principal Executive Offices)	(Zip Code)

Registrant's telephone number, including area code: (630) 663-2000

Not Applicable
(Former Name or Former Address, if Changed Since Last Report)

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

(a) Financial statements of the businesses acquired.

Not applicable.

(b) Pro forma financial information.

Not applicable.

(c) Exhibits:

99.1 Press Release issued by The ServiceMaster Company on February 12, 2004.

Item 12. Results of Operations and Financial Condition.

On February 12, 2004, The ServiceMaster Company issued a press release, a copy of which is attached hereto as Exhibit 99.1 and incorporated herein by reference.

The information in this report (including Exhibit 99.1) is being furnished pursuant to Item 12 and shall not be deemed to be "filed" for purposes of Section 18 of the Securities Exchange Act of 1934 (the "Exchange Act") or otherwise subject to the liabilities of that section, nor shall it be deemed to be incorporated by reference in any filing under the Securities Act of 1933 or the Exchange Act.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

THE SERVICEMASTER COMPANY

Date: February 12, 2004

By: /s/ Ernest J. Mrozek

Ernest J. Mrozek
President and
Chief Financial Officer

EXHIBIT INDEX

Exhibit Number	Description of Exhibit
99.1	Press Release issued by The ServiceMaster Company on February 12, 2004

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FOR IMMEDIATE RELEASE
February 12, 2004

SERVICEMASTER REPORTS 2003 RESULTS REFLECTING
GROWTH IN FOURTH QUARTER REVENUES AND PROFITS

DOWNERS GROVE, Illinois, February 12, 2004 - The ServiceMaster Company (NYSE: SVM) today announced fourth quarter 2003 revenues of $807 million, a 2 percent increase compared to 2002. Fourth quarter 2003 earnings per share from continuing operations were up 33 percent to $.08 compared with $.06 in 2002.

For the full year, revenues of $3.6 billion were up 2 percent over 2002. Earnings (loss) per share from continuing operations were $(.75) compared with $.51 in 2002. Earnings per share from continuing operations excluding the non-cash impairment charge reported in the third quarter of 2003 were $.54 [see (a)].

"Our improved performance and growth in the second half of 2003 were the result of hard-working service people staying focused on the customer, combined with strong cost reductions and controls across the enterprise," said Jonathan Ward, Chairman and Chief Executive Officer. "Earnings moved up as we started to see improved revenue in the quarter, reflecting the business momentum that we all have been working hard to achieve."

"Going forward, the process of repositioning our brands will help us to unleash the power of thousands of dedicated service people by focusing their efforts on delivering the experience that our customers want and value," continued Ward.

(a) For a complete discussion of the Company's use of non-GAAP measurements identified by (a), see page 7 of this release.

During the fourth quarter, the Company recorded a reduction in revenue and operating income as a result of a correction in its historical method of recognizing renewal revenues from certain Terminix and American Home Shield customers who have prepaid. The effects of the adjustment were not material to prior years. It also recorded a favorable adjustment as a result of positive trending in certain termite damage claim costs. Combined, these items reduced revenues for the fourth quarter by $14 million and reduced operating and pre-tax income for that period by approximately $5 million. In addition, the Company incurred severance and shut down costs primarily associated with branch closures and also had lower variable compensation expense; the net effect of these latter two items was immaterial.

Review of Cash Flows and Balance Sheet

Net cash flow provided from operations for the full year was $284 million, again substantially exceeding net income, but was below the $374 million reported in the previous year. The majority of the reduction was experienced in the first quarter and was largely due to nonrecurring benefits experienced in 2002 (including the timing and amount of customer prepayments) as well as the timing of certain payments and accruals. Total debt on December 31, 2003 was $819 million, slightly below the prior year-end levels.

Outlook

"Throughout 2004 we will maintain a strong focus on top-line sales, increased retention, pricing discipline, and improving margins in TruGreen LandCare and the ARS/AMS segment," said Ward. "We believe we will build on the progress we made in 2003 and continue to grow new customers and retention rates through the year, demonstrating the fundamental strength of our strategies."

"We expect our growth to be partially offset by higher insurance costs and a return to a more normal level of variable compensation," continued Ward. "These factors, combined with the current economic and employment outlook, lead us to expect revenue growth to be in the mid-single digits in 2004 and that earnings per share will grow

somewhat faster than revenues. In addition, we expect cash from operations to increase with earnings and to continue to substantially exceed net income", concluded Ward.

Business Review by Segment

TruGreen

For the fourth quarter of 2003, the TruGreen segment reported revenues of $290 million, up 8 percent compared with the prior year. For the full year, the segment reported revenues of $1.35 billion, up 5 percent compared to the prior year. Operating income for the quarter was $24 million compared with $20 million in the prior year. For the full year, operating income was $(34) million or $155 million excluding the impairment charge, compared with $165 million in the prior year [see note (a)].

Revenues in the lawn care unit increased 11 percent and 6 percent in the quarter and full year respectively, reflecting growth in customer counts, increased production and higher revenue from ancillary services and commercial accounts. Favorable weather in the fourth quarter partially offset the impact of poor weather in the first quarter of the year. Operating income increased by $11 million and $5 million for the quarter and full year, respectively, reflecting higher revenues partially offset by increased marketing and insurance costs.

Revenues in the landscaping unit increased 3 percent and 2 percent in the quarter and full year, respectively. This reflects modest growth in base contract maintenance volume and an increase in first quarter snow removal revenues, partially offset by a reduced level of enhancement sales. Operating income declined by $7 million and $15 million for the quarter and full year, respectively, reflecting lower enhancement sales, higher insurance expense and branch closure costs.

Terminix

The Terminix segment reported fourth quarter revenues of $212 million, consistent with the prior year. For the full year, Terminix reported revenues of $945 million, up 2 percent compared with 2002, reflecting higher revenues in both termite renewals and pest control. This growth was partially offset by fewer sales of new termite contracts which were due to abnormally cool weather conditions experienced earlier in the year.

Operating income for the quarter was $23 million compared with $20 million in the prior year, and for the full year was $131 million compared with $127 million in the prior year. Margins in the full year 2003 improved slightly over the prior year reflecting lower than expected termite damage claims partially offset by fewer high-margin new termite customers, as well as incremental costs associated with the unit's new information system.

In the fourth quarter of 2003, Terminix corrected its method of recognizing renewal revenue from certain customers who have prepaid. A cumulative adjustment was recorded, reducing fourth quarter revenue by $9 million and operating income by $7 million. The Company also continued to experience positive trending in damage claim costs associated with its acquired Sears termite customer base, resulting in a $7 million reduction in expense in the fourth quarter and $13 million for the full year.

American Home Shield

The American Home Shield (AHS) segment reported fourth quarter revenues of $98 million, down 2 percent compared with the prior period. AHS corrected its method of recognizing renewal revenue from customers who have prepaid. A $5 million cumulative adjustment was recorded, reducing fourth quarter revenue and operating income by that amount.

For the full year, AHS reported revenues of $450 million, up 6 percent compared with 2002. The unit experienced growth in renewal contracts and also benefited from improved sales in its real estate and consumer channels for the year, with some slowing of sales in the real estate channel in the fourth quarter.

Operating income for the quarter was $5 million compared with $7 million in 2002, and for the full year was $58 million compared with $48 million in the prior year. Margins for the full year were higher due to volume growth, a lower claims rate and favorable trending of prior year claims. Favorable weather and higher consumer deductible levels produced lower claims rates.

American Residential Services and American Mechanical Services

The American Residential Services (ARS) and American Mechanical Services (AMS) segment reported fourth quarter revenues of $168 million, down 1 percent compared with the prior year. For the full year, the segment reported revenues of $674 million, down 6 percent as compared with 2002. Revenues declined 5 percent at ARS and 9 percent at AMS for the year. The decline in revenues reflects a sharp industry-wide reduction in commercial construction activity at AMS. The decline at ARS was caused by a decrease in plumbing and HVAC service revenues and the effects of branch shutdowns.

Operating income for the quarter was $37 thousand compared with $2 million in the prior year due to more competitive pricing conditions at AMS. ARS profits were consistent with prior year after including costs related to closed branches. For the full

year, operating income was $(282) million or $10 million excluding the impairment charge, [see note (a)] compared with $17 million in the prior year with the majority of the decline attributed to AMS. Segment margins for the full year declined due to the decreased volume and branch closure costs.

Other Operations

The Other Operations segment reported fourth quarter revenues of $39 million, up 2 percent compared with the prior year. For the full year, the segment reported revenues of $152 million, up 2 percent, compared with 2002. The combined ServiceMaster Clean and Merry Maids franchise operations reported an increase in earned revenue of 4 percent and 8 percent in the quarter and full year, respectively, primarily driven by continued excellent results in disaster restoration. In the third quarter of 2002, the segment recorded $6 million of revenues from licensing fees related to the Company's former Terminix United Kingdom operations, thereby partially offsetting the full year franchise revenue growth.

Operating loss for the quarter was $13 million compared with $8 million in the prior year, and for the full year was $40 million compared with $23 million in the prior year. In the fourth quarter, higher headquarter level costs related to insurance and marketing, were partially offset by lower incentive compensation charges. For the full year, continued strong growth in the operating income of ServiceMaster Clean and a reduction in incentive compensation expense were more than offset by higher costs related to insurance, marketing, and compliance as well as the grow-over effect of the $6 million of non-recurring licensing fee income earned in 2002.

2003 Assessment for Impaired Intangible Assets

As previously reported in the third quarter, the Company recorded a non-cash impairment charge associated with its American Residential Services, American Mechanical Services and TruGreen LandCare business units of $481 million pre-tax which is $383 million after- tax or $1.30 per share.

Non-GAAP Measure Disclosure

Within this press release, the Company provided certain non-GAAP (Generally Accepted Accounting Principles) measures identified by (a). ServiceMaster does not intend for the information to be considered in isolation or as a substitute for the related GAAP measures. The Company believes that these non-GAAP measures provide an important perspective on the performance of the Company's continuing operations.

$ in thousands, except per share	For the year ended December 31, 2003
Reported Operating Loss	$(166,243)
Impairment Charge	480,670
Operating Income, Excluding Charge	$ 314,427
Reported Loss from Continuing Operations	$(221,975)
Impairment Charge, Net of Tax	383,152
Income from Continuing Operations, Excluding Charge	$ 161,177
Diluted Earnings Per Share:	
Reported Loss from Continuing Operations	$ (.75)
Impairment Charge	1.30
Income from Continuing Operations, Excluding Charge	$ .54

2003 Significant Changes in Accounting Policies

In the second quarter of 2002, the Company recorded an extraordinary loss of $.03 per share resulting from the early extinguishment of debt. As a result of the Company's adoption of Statement of Financial Accounting Standards (SFAS) 145, "Rescission of FASB Statements No. 4, 44 & 64, Amendment of FASB Statement No. 13 and Technical Corrections" in 2003, this loss was reclassified into interest expense, thereby reducing the previously reported 2002 diluted earnings per share from continuing operations by the same amount.

Conference Call Details

The Company will review these results and discuss its outlook in a call at 10:00 a.m. CT on February 12, 2004. Interested parties may listen to the call at (888) 501-1080. The conference call will include Jon Ward, Chairman and Chief Executive Officer, and Ernie Mrozek, President and Chief Financial Officer. The call will be broadcast live and can be accessed at the ServiceMaster web site, www.svm.com. The call will be archived on the site for 30 days and may also be accessed for seven days at (800) 633-8284 (#21183499).

Company Overview

ServiceMaster provides outsourcing services for more than 10.5 million residential and commercial customers. As America's Service Brands for Home and Business, the core service capabilities of ServiceMaster include lawn care and landscape maintenance, termite and pest control, plumbing, heating and air conditioning services (HVAC), cleaning and disaster restoration, furniture repair and home warranty.

These services are provided through a network of over 5,400 company-owned and franchised service centers and business units operating under leading brands which include Terminix, TruGreen ChemLawn, TruGreen LandCare, American Residential Services, Rescue Rooter, American Mechanical Services, American Home Shield, ServiceMaster Clean, AmeriSpec, Merry Maids and Furniture Medic.

Business Segments

The Company is primarily comprised of five business segments:

The TruGreen segment includes the lawn care operations performed under the TruGreen ChemLawn brand name and landscaping services provided under the TruGreen LandCare brand name. The Terminix segment includes domestic termite and pest control services. The American Residential Services and American Mechanical Services segment includes heating, ventilation, air conditioning (HVAC), electrical and plumbing services provided under the ARS, AMS and Rescue Rooter brand names. The American Home Shield segment offers warranty contracts on home systems and appliances and home inspection services through AmeriSpec. The Other Operations segment includes the Company's franchised operations, which include ServiceMaster Clean, Merry Maids, Furniture Medic, the Company's international operations and headquarters.

Forward-Looking Statements

This press release contains statements concerning future results and other matters that may be deemed to be "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. The Company intends that these forward-looking statements, which look forward in time and include everything other than historical information, be subject to the safe harbors created by such legislation. The Company notes that these forward-looking statements involve risks and uncertainties that could affect its results of operations, financial condition or cash flows. Factors that could cause actual results to differ materially from those expressed or implied in a forward-looking statement include the following (among others): weather conditions that affect the demand for the Company's services; competition in the markets served by the Company; labor shortages or increases in wage rates; unexpected increases in operating costs, such as higher insurance, self insurance and health care costs; higher fuel prices; increased governmental regulation including telemarketing; general economic conditions in the United States, especially as they may affect home sales or consumer spending levels; time and expenses associated with integrating and winding down businesses; and other factors described from time to time in documents filed by the Company with the Securities and Exchange Commission.

THE SERVICEMASTER COMPANY
(In thousands, except per share data)

Statements of Income	Three Months Ended December 31, 2003	2002	Twelve Months Ended December 31, 2003	2002

Operating Revenue	$ 806,510	$ 787,231	$ 3,568,586	$ 3,500,721
Operating Costs and Expenses:				
Cost of services rendered and products sold	585,965	563,060	2,430,523	2,398,952
Selling and administrative expenses	180,357	184,073	817,719	760,934
Amortization expense	1,429	1,010	5,917	7,442
Charge (credit) for impaired assets (1)	---	(2,000)	480,670	(2,000)
Total operating costs and expenses	767,751	746,143	3,734,829	3,165,328
Operating Income (Loss)	38,759	41,088	(166,243)	335,393
Non-operating Expense (Income):				
Interest expense (2)	16,032	16,223	65,255	92,901
Interest and investment income	(8,811)	(1,128)	(15,012)	(6,431)
Minority interest and other expense, net	2,047	1,193	8,151	6,682
Income (Loss) from Continuing Operations before Income Taxes	29,491	24,800	(224,637)	242,241
Provision for income taxes, includes a $98 million benefit relating to the impairment charge in 2003	6,112	5,514	(2,662)	84,938
Income (Loss) from Continuing Operations	23,379	19,286	(221,975)	157,303
Discontinued Operations, net of income taxes	(325)	(4,519)	(2,712)	(309)
Net Income (Loss)	$ 23,054	$ 14,767	$ (224,687)	$ 156,994

Diluted Earnings Per Share (3):				
Income (Loss) from Continuing Operations	$ 0.08	$ 0.06	$ (0.75)	$ 0.51
Discontinued Operations, net	---	(0.01)	(0.01)	---
Diluted Earnings Per Share	$ 0.08	$ 0.05	$ (0.76)	$ 0.51
Number of Shares - Diluted	297,913	302,829	295,610	305,912

Dividends Per Share	$ 0.105	$ 0.105	$ 0.42	$ 0.41
Price Range Per Share:				
High Price	$12.10	$12.15	$12.10	$15.50
Low Price	10.20	8.89	8.95	8.89

THE SERVICEMASTER COMPANY
(In thousands)

Condensed Balance Sheets

Assets	As of December 31, 2003	As of December 31, 2002
Cash and cash equivalents	$ 228,161	$ 227,177
Marketable securities	90,540	75,194
Receivables, net of allowances	333,834	322,954
Inventories and other current assets	232,966	277,585
Assets in discontinued operations	5,273	22,586
Total Current Assets	890,774	925,496
Intangible assets, primarily trade		

names and goodwill, net of accumulated amortization	1,732,659	2,177,561
Property and equipment, net of accumulated depreciation	179,515	188,555
Notes receivable, long-term securities, and other assets	153,478	123,326
Total Assets	$ 2,956,426	$ 3,414,938
Liabilities and Equity		
Current liabilities	$ 770,079	$ 771,305
Liabilities in discontinued operations	14,380	36,624
Current debt maturities	33,781	31,135
Total Current Liabilities	818,240	839,064
Long-term debt	785,490	804,340
Other long-term obligations	401,474	421,843
Liabilities in discontinued operations	34,396	30,682
Minority interest	100,309	100,309
Shareholders' equity	816,517	1,218,700
Total Liab. and Shareholders' Equity	$ 2,956,426	$ 3,414,938

	Twelve Months Ended December 31,	
Statements of Cash Flows	2003	2002
Cash and Cash Equivalents at January 1	$ 227,177	$ 402,642
Cash Flows from Operations:		
Net Income (Loss)	(224,687)	156,994
Adjustments to reconcile net income to net cash flows from operations:		
Loss from discontinued operations	2,712	309
Charge (credit) for impaired assets, net of tax (1)	383,152	(1,200)
Depreciation	49,861	48,866
Amortization	5,917	7,442
Deferred income tax expense	65,256	65,799
Change in working capital, net of acquisitions	27	86,029

Other, net	1,300	9,952
Net Cash Provided from Operations	283,538	374,191
Cash Flows from Investing Activities:		
Property additions	(39,243)	(60,113)
Sale of equipment and other assets	11,090	4,565
Proceeds from business sales	21,106	30,500
Business acquisitions, net of cash acquired	(28,875)	(13,003)
Notes receivable, financial investments and securities	(23,499)	(2,117)
Net Cash Used for Investing Activities	(59,421)	(40,168)
Cash Flows from Financing Activities:		
Net payments of debt	(31,216)	(345,142)
Purchase of ServiceMaster stock	(85,581)	(52,058)
Shareholders' dividends	(124,841)	(123,204)
Other	16,330	19,140
Net Cash Used for Financing Activities	(225,308)	(501,264)
Cash Provided from (Used for) Discontinued Operations	2,175	(8,224)
Cash Increase (Decrease) During the Period	984	(175,465)
Cash and Cash Equivalents at Dec. 31	$ 228,161	$ 227,177

Notes:
(1) In accordance with Statement of Financial Accounting Standards (SFAS) 142, "Goodwill and Other Intangible Assets", the Company's goodwill and intangible assets that are not amortized are subject to at least an annual assessment for impairment by applying a fair-value based test. During the third quarter of 2003, the Company recorded a non-cash impairment charge associated with American Residential Services, American Mechanical Services and TruGreen LandCare business units of $481 million pre-tax ($383 million after-tax).

(2) In 2003, the Company adopted SFAS 145, "Rescission of FASB Statements No. 4, 44 and 64, Amendment of FASB Statement No. 13, and Technical Corrections". The primary impact to the Company of SFAS 145 is that it rescinds SFAS 4 which required all material gains and losses from the extinguishment of debt to be classified as extraordinary items. SFAS 145 requires that the more restrictive

criteria of APB Opinion No. 30 be used to determine whether such gains or losses are extraordinary. In the second quarter of 2002, the Company recorded an extraordinary loss of $.03 per diluted share ($15 million pre-tax, $9 million after-tax) from the early extinguishment of debt. As a result of the Company's adoption of SFAS 145 in 2003, this loss was reclassified into interest expense, thereby reducing the previously reported 2002 diluted earnings per share from continuing operations to $.51 for the twelve months.

(3) The weighted average common shares for the diluted earnings per share calculation includes the incremental effect related to outstanding options whose market price is in excess of the exercise price. Shares potentially issuable under convertible securities have been considered outstanding for purposes of the diluted earnings per share calculations only if their impact is dilutive.

In the diluted earnings per share calculations for the three months ended December 31, 2003 and 2002 as well as the twelve months ended December 31, 2002 shares potentially issuable under convertible securities have not been considered outstanding in the diluted earnings per share calculations as their impact results in a less dilutive computation. Due to losses incurred for the twelve months ended December 31, 2003, the denominator does not include the effects of options or convertible securities as it would result in a less dilutive computation. As a result, diluted earnings per share for the twelve months ended December 31, 2003 are the same as basic earnings per share.

The following table reconciles both the numerator and the denominator of the basic earnings per share from continuing operations computation to the numerator and the denominator of the diluted earnings per share from continuing operations computation:

(in thousands, except per share data)

	Three months ended December 31, 2003		
Continuing Operations:	Income	Shares	EPS
Basic EPS	$ 23,379	293,761	$ 0.08
Effect of dilutive securities, net of tax:			
Options		4,152	
Diluted EPS	$ 23,379	297,913	$ 0.08

Three months ended
December 31, 2002

Continuing Operations:	Income	Shares	EPS
Basic EPS	$ 19,286	299,162	$ 0.06
Effect of dilutive securities, net of tax:			
Options		3,667	
Diluted EPS	$ 19,286	302,829	$ 0.06

Twelve months ended December 31, 2003

Continuing Operations:	Income (Loss)	Shares	EPS
Basic EPS	$ (221,975)	295,610	$ (0.75)
Effect of dilutive securities, net of tax:			
Options		---	
Diluted EPS	$ (221,975)	295,610	$ (0.75)

Twelve months ended December 31, 2002

Continuing Operations:	Income	Shares	EPS
Basic EPS	$ 157,303	300,383	$ 0.52
Effect of dilutive securities, net of tax:			
Options		5,529	
Diluted EPS	$ 157,303	305,912	$ 0.51

THE SERVICEMASTER COMPANY
(In thousands)

Segment Summaries

	For the three months ended Dec. 31, 2003	2002	Percent Change
Operating Revenue:			
TruGreen	$ 290,457	$ 268,850	8%
Terminix	212,050	212,045	0%
American Home Shield	97,795	99,531	-2%
ARS/AMS	167,610	169,001	-1%
Other Operations	38,598	37,804	2%
Total Operating Revenue	$ 806,510	$ 787,231	2%
Operating Income:			
TruGreen	$ 23,722	$ 19,706	20%
Terminix	23,158	19,857	17%
American Home Shield	5,231	6,986	-25%
ARS/AMS	37	2,301	-98%
Other Operations	(13,389)	(7,762)	N/A
Total Operating Income	$ 38,759	$ 41,088	-6%

	For the twelve months ended Dec. 31, 2003	2002	Percent Change
Operating Revenue:			
TruGreen	$ 1,347,400	$ 1,284,616	5%
Terminix	945,258	924,384	2%
American Home Shield	450,264	423,526	6%
ARS/AMS	673,558	718,892	-6%
Other Operations	152,106	149,303	2%
Total Operating Revenue	$ 3,568,586	$ 3,500,721	2%
Operating Income (Loss):			
TruGreen (1)	$ (34,017)	$ 165,292	N/A
TruGreen without impairment charge (1)	154,853	165,292	-6%
Terminix	131,044	127,441	3%
American Home Shield	58,154	47,890	21%
ARS/AMS (1)	(281,777)	17,342	N/A
ARS/AMS without impairment charge (1)	10,023	17,342	-42%
Other Operations	(39,647)	(22,572)	N/A

Total Operating Income (Loss) (1)	$ (166,243)	$ 335,393	N/A

(1) In the third quarter of 2003, the Company recorded a pre-tax impairment charge of $481 million related to its goodwill and intangible assets. Approximately $189 million of the charge is associated with the TruGreen LandCare operations reported in the TruGreen segment, and the remaining $292 million relates to the ARS/AMS segment. In order to provide clarity to the operating performance of continuing operations, the Company has presented segment results after adjusting for the impact of the impairment charge.

	As of December 31,		
	2003	2002	Percent Change
Capital Employed:			
TruGreen	$ 821,412	$ 979,932	-16%
Terminix	596,535	599,433	0%
American Home Shield	134,372	100,026	34%
ARS/AMS	86,764	398,982	-78%
Other Operations and Discontinued Operations	97,014	76,111	27%
Total Capital Employed	$ 1,736,097	$ 2,154,484	-19%

Capital employed is defined as the segment's total assets less liabilities, exclusive of debt balances. The Company believes these figures are useful to investors in helping them compute return on capital measures and therefore better understand the performance of the Company's business segments.

Key Performance Indicators

	Rolling twelve month metrics as of December 31,	
	2003	2002
TruGreen -		
Growth in Full Program Contracts	4%	2%
Customer Retention Rate	59.5%	59.3%
Terminix -		
Growth in Pest Control Customers	2%	2%
Pest Control Customer Retention Rate	77.1%	75.8%

Growth in Termite Customers	-2%	0%
Termite Customer Retention Rate	88.1%	89.0%
American Home Shield -		
Growth in Warranty Contracts	5%	15%
Customer Retention Rate	54.9%	54.0% (2)

(2) Restated to conform with the 2003 calculation.