

# Summary of Operations

(\$ Millions)	<u>2003*</u>	<u>2002*</u>
Total revenues	<b>\$1,316.8</b>	\$1,157.0
Cost of operations	<b>(1,300.6)</b>	(1,149.7)
Operating margin	<b>16.2</b>	7.3
Research and development expense	<b>(27.0)</b>	(37.1)
Net investment income	<b>10.5</b>	(14.4)
Gain on equity collar hedge contract	-	82.6
Gain on sale of Geneva property	<b>5.0</b>	-
Interest expense	<b>(8.4)</b>	(22.7)
Distributions	<b>(1.7)</b>	(7.6)
Other income (expense)	<b>1.7</b>	(6.9)
Income (loss) before taxes and minority interests	<b>(3.7)</b>	1.2
Income tax benefit	<b>9.4</b>	55.8
Minority interests in subsidiaries' net loss	<b>3.8</b>	2.6
Net income	<b><u>\$9.5</u></b>	<b><u>\$59.6</u></b>

\* Note: Fiscal year ends September 30.

Revenues for the fiscal year ended September 30, 2003, were \$1.3 billion, an increase of 14% over the prior fiscal year, with strong growth in revenue in government-related research.

Operating margin for the year increased by \$8.9 million to \$16.2 million due primarily to the growth in revenue. Research and development expense decreased by \$10.1 million to \$27.0 million due primarily to reduced investments in intellectual property commercialization initiatives.

Net income for 2003 was \$9.5 million compared with \$59.6 million for the prior year. Along with the changes noted above, other positive impacts to net income resulted from an increase in net investment income of \$24.9 million, reflecting a more favorable public securities market, and from a reduction in interest expense of \$14.3 million due to the elimination of a long-term equity collar hedge contract obligation. The positive impacts were more than offset by the prior year's gain on an equity collar hedge contract of \$82.6 million and the prior year's recognition of an income tax benefit of \$55.8 million, primarily from receipt of tax exemption.

A separate audited financial statement is available upon request through the Office of Corporate Communications in Columbus, Ohio.