Earnings before cumulative effect of accounting change			
(millions, except per share data)	Earnings	Average shares outstanding	Per share
2003			
Basic	**$ 787.1**	**407.9**	**$ 1.93**
Dilutive employee stock options	**–**	**2.6**	**(.01)**
Diluted	**$ 787.1**	**410.5**	**$ 1.92**
2002			
Basic	$ 720.9	408.4	$ 1.77
Dilutive employee stock options	–	3.1	(.02)
Diluted	$ 720.9	411.5	$ 1.75
2001 (a)			
Basic	$ 474.6	406.1	$ 1.17
Dilutive employee stock options	–	1.1	(.01)
Diluted	$ 474.6	407.2	$ 1.16

(a) Results for 2001 have been restated to reflect the adoption of SFAS No. 145 in 2003 concerning the income statement classification of losses from debt extinguishment. The net loss of $7.4 incurred in 2001, which was originally classified as an extraordinary loss, has been reclassified to Earnings before cumulative effect of accounting change. Refer to Note 1 for further information.

Comprehensive Income

Comprehensive income includes all changes in equity during a period except those resulting from investments by or distributions to shareholders. Comprehensive income for the periods presented consists of net earnings, minimum pension liability adjustments (refer to Note 9), unrealized gains and losses on cash flow hedges pursuant to SFAS No. 133 "Accounting for Derivative Instruments and Hedging Activities", and foreign currency translation adjustments pursuant to SFAS No. 52 "Foreign Currency Translation" as follows:

(millions)	Pretax amount	Tax (expense) benefit	After-tax amount
2003			
Net earnings			**$ 787.1**
Other comprehensive income:			
Foreign currency translation adjustments	**$ 81.6**	**$ –**	**81.6**
Cash flow hedges:			
Unrealized gain (loss) on cash flow hedges	**(18.7)**	**6.6**	**(12.1)**
Reclassification to net earnings	**10.3**	**(3.8)**	**6.5**
Minimum pension liability adjustments	**75.7**	**(27.5)**	**48.2**
	$ 148.9	**($ 24.7)**	**124.2**
Total comprehensive income			**$ 911.3**

(millions)	Pretax amount	Tax (expense) benefit	After-tax amount
2002			
Net earnings			$ 720.9
Other comprehensive income:			
Foreign currency translation adjustments	$ 1.6	$ –	1.6
Cash flow hedges:			
Unrealized gain (loss) on cash flow hedges	(2.9)	1.3	(1.6)
Reclassification to net earnings	6.9	(2.7)	4.2
Minimum pension liability adjustments	(453.5)	147.3	(306.2)
	($ 447.9)	$ 145.9	(302.0)
Total comprehensive income			$ 418.9

(millions)	Pretax amount	Tax (expense) benefit	After-tax amount
2001			
Net earnings			$ 473.6
Other comprehensive income:			
Foreign currency translation adjustments	($ 60.4)	$ –	(60.4)
Cash flow hedges:			
Unrealized gain (loss) on cash flow hedges	(86.3)	31.9	(54.4)
Reclassification to net earnings	8.8	(3.3)	5.5
Minimum pension liability adjustments	(9.8)	3.0	(6.8)
	($ 147.7)	$ 31.6	(116.1)
Total comprehensive income			$ 357.5

Accumulated other comprehensive income (loss) at year end consisted of the following:

(millions)	**2003**	2002
Foreign currency translation adjustments	**($ 406.0)**	($ 487.6)
Cash flow hedges – unrealized net loss	**(51.9)**	(46.3)
Minimum pension liability adjustments	**(271.3)**	(319.5)
Total accumulated other comprehensive income (loss)	**($ 729.2)**	($ 853.4)

Note 6 Leases and other commitments

The Company's leases are generally for equipment and warehouse space. Rent expense on all operating leases was $80.5 million in 2003, $89.5 million in 2002, and $100.0 million in 2001. Additionally, the Company is subject to residual value guarantees and secondary liabilities on operating leases totaling approximately $15 million, for which liabilities of $1.8 million had been recorded at December 27, 2003.

At December 27, 2003, future minimum annual lease commitments under noncancelable capital and operating leases were as follows:

(millions)	Operating leases	Capital leases
2004	$ 76.4	$ 1.6
2005	64.0	1.5
2006	50.3	1.5
2007	38.0	1.0
2008	34.4	–
2009 and beyond	103.9	–
Total minimum payments	$ 367.0	$ 5.6
Amount representing interest		(.7)
Obligations under capital leases		4.9
Obligations due within one year		1.3
Long-term obligations under capital leases		$ 3.6

The Company's Keebler subsidiary is guarantor on loans to independent contractors for the purchase of DSD route franchises. At year-end 2003, there were total loans outstanding of $15.2 million to 413 franchisees. All loans are variable rate with a term of 10 years. Related to this arrangement, the Company has established with a financial institution a one-year renewable loan facility up to $17.0 million with a five-year term-out and servicing arrangement. The Company has the right to revoke and resell the