

UNITED STATES
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): MARCH 31, 2003

COMMISSION FILE NUMBER: 1-13011

COMFORT SYSTEMS USA, INC.
(EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

DELAWARE
(State or other jurisdiction
of incorporation)

76-0526487
(I.R.S. Employer Identification No.)

777 POST OAK BOULEVARD
SUITE 500
HOUSTON, TEXAS 77056
(ADDRESS OF PRINCIPAL EXECUTIVE OFFICES) (ZIP CODE)

REGISTRANT'S TELEPHONE NUMBER, INCLUDING AREA CODE: (713) 830-9600

ITEM 7(c) EXHIBITS

The following Exhibits are included herein:

Exhibit 99 Press Release of Comfort Systems USA, Inc. dated March 31, 2002, reporting Comfort's financial results for the fourth quarter of 2002 and for the year 2002.

ITEM 12. MATERIAL INFORMATION DISCLOSURE

Attached and incorporated herein by reference as Exhibit 99 is a copy of a press release of Comfort System USA, Inc. dated March 31, 2003, reporting Comfort's financial results for the fourth quarter of 2002 and for the year 2002.

SIGNATURES

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.

COMFORT SYSTEMS USA, INC.

By: /s/ William George

William George
Senior Vice President and
General Counsel

Date: April 1, 2003

EXHIBIT INDEX

Exhibit Number	Description
99	Press Release of Comfort System USA, Inc. dated March 31, 2003, reporting Comfort's financial results for the fourth quarter of 2002 and for the year 2002.

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713-830-9600
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CONTACT: Gordon Beittenmiller
Chief Financial Officer
(713) 830-9600

FOR IMMEDIATE RELEASE

COMFORT SYSTEMS USA REPORTS FOURTH QUARTER FULL YEAR RESULTS

-- PROFITABLE AND POSITIVE CASH FLOW IN DIFFICULT INDUSTRY CONDITIONS --

-- STRENGTHENED MANAGEMENT TEAM --

HOUSTON, TX - MARCH 31, 2003 - COMFORT SYSTEMS USA, INC. (NYSE: FIX), a leading provider of commercial/industrial heating, ventilation and air conditioning ("HVAC") services, today announced a net loss of \$334,000 or \$0.01 per diluted share, for the quarter ended December 31, 2002, as compared to net income of \$3,091,000 or \$0.08 per diluted share, in the fourth quarter of 2001. These amounts include results of discontinued operations. Excluding these items, net income from continuing operations for the quarter was \$512,000 or \$0.01 per diluted share as compared to a loss of \$1,135,000 or \$0.03 per diluted share in fourth quarter of 2001. The Company reported revenues from continuing operations of \$200,844,000 in the current quarter as compared to \$215,577,000 in 2001.

Bill Murdy, Comfort Systems USA's Chairman and CEO, said, "As is well known, 2002 was one of the worst years our industry has seen in decades. While our performance did not meet our goals in 2002, we were pleased to post profitable results and positive cash flow in such a challenging environment."

The Company reported a net loss for the year ended December 31, 2002 of \$209,080,000 or \$5.45 per diluted share, as compared to net income of \$13,124,000 or \$0.35 per diluted share, in 2001. As disclosed earlier this year, these results include two significant charges for unusual items - one relating to the adoption of a new accounting standard for reporting of goodwill and other intangible assets, and another relating to the Company's sale this year of certain operations, principally 19 units sold to Emcor Group, Inc. in March. Excluding these items, the Company reported net income from continuing operations of \$5,479,000 or \$0.14 per diluted share for 2002 as compared to a loss of \$1,033,000 or \$0.03 per diluted share for 2001. The Company reported revenues of \$819,282,000 from continuing operations for 2002, as compared to \$882,861,000 in 2001.

Murdy continued, "Our sale of operations to Emcor early in 2002 enabled us to greatly strengthen our balance sheet - an important and timely step given the course of the economy over the past year. Reduced industry activity levels have continued into 2003. Based on these conditions, as well as on underperforming projects in certain of our operations, we expect to report a loss for the first quarter of 2003 comparable to the loss from continuing operations that we reported in first quarter of 2002. We are responding to these challenges with significant current cost reduction initiatives and even more intense application of operational disciplines we have been introducing over the past year. Additionally, despite tough market conditions, we started 2003 with 7% more in backlog than we did in 2002, and backlog has held steady through the first quarter. In view of these factors, we expect to be profitable in the upcoming

second quarter and to produce positive cash flow for the year as a whole, and to post improved operating results for 2003 as compared to 2002.

"We continue to build Comfort for the long-term, particularly through the addition of management depth. As previously announced, Norm Chambers joined us in the fourth quarter and fills the roles of President and Chief Operating Officer. In the first quarter, industry veteran Chuck Diltz joined us to lead our national service operations, and Hobart Pillsbury came on board as Comfort's Chief Information Officer. As we strengthen our team while responding to challenging market conditions, we believe we are positioning Comfort Systems USA for excellent performance when activity levels rebound in our industry."

The Company will host a conference call to discuss its financial results and position in more depth on Tuesday, April 1, 2003 at 9:00 a.m. Central Time. The call-in number for this conference call is 1-630-395-0178. A replay of the entire call will be available until 9:00 a.m. Central Time, Tuesday, April 8, 2003 by calling 1-402-344-6637.

Comfort Systems USA is a premier provider of business solutions addressing workplace comfort, with 84 locations in 57 cities around the nation. For more information, visit the Company's website at www.comfortsystemsusa.com.

This press release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements are based on the current plans and expectations of Comfort Systems USA, Inc. and involve risks and uncertainties that could cause actual future activities and results of operations to be materially different from those set forth in the forward-looking statements. Important factors that could cause actual results to differ include, among others, the lack of a combined operating history and the difficulty of integrating formerly separate businesses, retention of key management, national and regional declines in non-residential construction activity, difficulty in obtaining or increased costs associated with debt financing or bonding, shortages of labor and specialty building materials, seasonal fluctuations in the demand for HVAC systems and the use of incorrect estimates for bidding a fixed price contract and other risks detailed in the Company's reports filed with the Securities and Exchange Commission.

- Financial table follows -

Comfort Systems USA, Inc.

Consolidated Statements of Operations
For the Three Months and Twelve Months Ended December 31, 2002 and 2001
(in thousands, except per share amounts)

(Unaudited)

Three Months
Ended Twelve
Months Ended
December 31,
December 31,

---- 2002 %

2001 % 2002

% 2001 % ---

--- Revenues

\$200,844

100.0%

\$215,577

100.0%

\$819,282

100.0%

\$882,861

100.0% Cost

of services

167,102

83.2%

174,211

80.8%

676,268

82.5%

717,284

81.2% -----

-- -----

----- Gross

profit

33,742 16.8%

41,366 19.2%

143,014

17.5%

165,577

18.8% SG&A

31,784 15.8%

36,981 17.2%

127,051

15.5%

143,675

16.3%

Goodwill

amortization

and

impairment

218 -- 2,059

1.0% 218 --

8,238 0.9%

Restructuring

charges -- -

-- --

1,878 0.2%

238 -- -----

----- Income

from

operations

1,740 0.9%

2,326 1.1%

13,867 1.7%

13,426 1.5%

Interest

expense, net

978 0.5%

1,148 0.5%

4,880 0.6%

8,000 0.9%

Other income

(163) (0.1%)

(74) --

(1,395)
(0.2%) (446)
(0.1%) -----

----- Income
before taxes
925 0.5%
1,252 0.6%
10,382 1.3%
5,872 0.7%
Income taxes
413 2,387
4,903 6,905

Income
(loss) from
continuing
operations
512 0.3%
(1,135)
(0.5%) 5,479
0.7% (1,033)
(0.1%)
Discontinued
operations:
Operating
income
(loss) net
of
applicable
income tax
benefit
(expense) of
\$0, \$(2,842)
-- 4,226
(36) 14,157
\$1,880 and
\$(9,627)
Estimated
gain (loss)
on
disposition,
including
income tax
benefit
(expense) of
\$2,563 and
\$(23,324)
(846) --
(12,002) --

Income
(loss)
before
cumulative
effect of
change in
accounting
principle
(334) 3,091
(6,559)
13,124
Cumulative
effect of
change in
accounting
principle,
net of
income tax
benefit of
\$26,317 -- --
- (202,521)

-- Net
income
(loss) \$
(334) \$
3,091
\$(209,080) \$
13,124
=====
=====
=====
Income
(loss) per
share:
Basic-
Income
(loss) from

continuing
operations \$
0.01 \$
(0.03) \$
0.15 \$
(0.03)
Discontinued
operations -
Income
(loss) from
operations -
- 0.11 --
0.38
Estimated
loss on
disposition
(0.02) --
(0.32) --
Cumulative
effect of
change in
accounting
principle --
-- (5.39) --

Net income
(loss) \$
(0.01) \$
0.08 \$
(5.56) \$
0.35
=====
=====
=====
=====

Diluted -
Income
(loss) from
continuing
operations \$
0.01 \$
(0.03) \$
0.14 \$
(0.03)
Discontinued
operations -
Income
(loss) from
operations -
- 0.11 --
0.38
Estimated
loss on
disposition
(0.02) --
(0.31) --
Cumulative
effect of
change in
accounting
principle --
-- (5.28) --

Net income
(loss) \$
(0.01) \$
0.08 \$
(5.45) \$
0.35
=====
=====
=====
=====

Shares used
in computing
income
(loss) per
share: Basic
37,636
37,510
37,605
37,436
Diluted
38,082
37,510
38,367
37,436
Income from
operations \$
1,740 \$
2,326 \$
13,867 \$
13,426

Goodwill
amortization
and
impairment
218 2,059
218 8,238
Restructuring
charges -- -
- 1,878 238
Kmart
reserve --
3,500 (800)
3,500 -----

Income from operations, excluding goodwill amortization and impairment, restructuring charges and Kmart reserve	\$ 1,958	1.0%	\$ 7,885	3.7%	\$ 15,163	1.9%	\$ 25,402	2.9%
Income from operations	\$ 1,740		\$ 2,326		\$ 13,867		\$ 13,426	
Depreciation	1,439		2,285		6,428		8,009	
Goodwill amortization and impairment	218		2,059		218		8,238	
Restructuring charges	--		--		1,878		238	
Kmart reserve	--		3,500		(800)		3,500	
	-----		-----		-----		-----	
EBITDA, excluding goodwill impairment, restructuring charges and Kmart reserve	\$ 3,397	1.7%	\$ 10,170	4.7%	\$ 21,591	2.6%	\$ 33,411	3.8%
Income (loss) from continuing operations (after tax)	\$ 512		\$ (1,135)		\$ 5,479		\$ (1,033)	
Goodwill amortization and impairment	142		1,906		142		7,622	
Restructuring charges	--		--		1,221		155	
Kmart reserve	--		2,275		(520)		2,275	
	-----		-----		-----		-----	
Income from continuing operations (after tax), excluding goodwill amortization and impairment, restructuring charges and Kmart reserve	\$ 654	0.3%	\$ 3,046	1.4%	\$ 6,322	0.8%	\$ 9,019	1.0%
Diluted earnings per share-income from continuing operations (after tax), excluding goodwill amortization and impairment, restructuring charges and Kmart reserve	\$ 0.02		\$ 0.08		\$ 0.17		\$ 0.24	

Note 1: The diluted earnings per share data presented above reflects the dilutive effect, if any, of stock options, convertible notes, warrants and contingently issuable restricted stock which were outstanding during the periods presented. The after-tax loss related to the warrant's mark-to-market adjustment of \$117 in 2002 has been added to income (loss) from continuing operations and net income for purposes of calculating diluted earnings per share. The shares associated with contingently issuable restricted stock are included in diluted earnings per share because it is probable that the performance requirement for the issuance of these shares will be met.

Note 2: EBITDA is defined as income (loss) from operations, excluding depreciation and amortization. EBITDA may be defined differently by other companies. EBITDA is presented because it is a financial measure that is frequently requested by capital market participants in evaluating the Company. However, EBITDA is not considered under generally accepted accounting principles as a primary measure of an entity's financial results, and accordingly, EBITDA should not be considered an alternative to operating income, net income, or cash flows as determined under generally accepted accounting principles and as reported by the Company.

Note 3: The bottom two calculations in the above table show income (loss) from continuing operations (after tax) and related earnings per share information excluding goodwill amortization and impairment, restructuring charges and Kmart reserve. The tax rate on these items was computed using the pro forma effective tax rate of the Company exclusive of these charges.

COMFORT SYSTEMS USA, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands)

December 31, December 31, 2002	
2001 -----	

Cash and cash equivalents	
\$ 6,104	\$
4,156	
Accounts receivable, net 168,392	
175,735	
Costs and estimated earnings in excess of billings	
17,964	
19,413	
Assets related to discontinued -- 326,076 operations	
Other current assets	
30,933	
33,713 ----	

Total current assets	
223,393	
559,093	
Property and equipment, net 16,111	
18,956	
Goodwill	
113,427	
297,251	
Other noncurrent assets	
13,604	
1,325 ----	

Total assets \$	
366,535	\$
876,625	
=====	
=====	
Current maturities of long- term debt \$	
1,780	\$
2,447	
Accounts payable	
56,773	
57,719	
Billings in excess of costs and estimated earnings	
26,672	
26,663	
Liabilities related to discontinued operations -- 140,474	
Other current liabilities	
62,428	
52,727 ----	


```

-----
Total
current
liabilities
147,653
280,030
Long-term
debt 10,604
179,581
Other long-
term
liabilities
3,192 3,193
-----
- -----
--- Total
liabilities
161,449
462,804
Total
equity
205,086
413,821 ---
-----
-----
Total
liabilities
and equity
$ 366,535 $
876,625
=====
=====

```

Note 1: The Company's balance sheet as of December 31, 2001 included \$326,076 in assets and \$140,474 of liabilities related to discontinued operations, all of which have since been sold. Additionally, the Company reduced its yearend goodwill asset balance related to continuing operations by \$183,606 in connection with adopting SFAS No. 142 in the first quarter of 2002; a subsequent impairment of \$218 was recorded during the fourth quarter of 2002.

Selected Cash Flow Data (in thousands):

```

Three
Months
Ended
Twelve
Months
Ended
December
31,
December
31, -----
-----
-----
-----
- 2002
2001 2002
2001 -----
-----
-----
-----
----- Cash
flow from
operating
activities
$ 283 $
25,051 $
14,090 $
66,829
Cash flow
from
investing
activities
$ (1,196)
$ (785) $
150,589 $
(4,003)
Cash used
in
financing
activities
$ (3,608)
$ (28,776)
$
(169,200)
$ (68,222)
Cash flow
from
operating
activities
$ 283 $
25,051 $
14,090 $

```

66,829
Purchases
of
property
and
equipment
(1,278)
(1,336)
(5,322)
(5,978)
Proceeds
from sales
of
property
and
equipment
221,551
1,551
1,011 ----

-

Free cash
flow \$
(774) \$
24,266 \$
10,319 \$
61,862

Note 1: Free cash flow is defined as cash flow from operating activities less customary capital expenditures plus the proceeds from asset sales. Free cash flow may be defined differently by other companies. Free cash flow is presented because it is a financial measure that is frequently requested by capital market participants in evaluating the Company. However, free cash flow is not considered under generally accepted accounting principles as a primary measure of an entity's financial results, and accordingly free cash flow should not be considered an alternative to operating income, net income, or cash flows as determined under generally accepted accounting principles and as reported by the Company.

Note 2: Cash flow information for 2001 includes the results of discontinued operations, including the 19 operations sold to Emcor in the first quarter of 2002.