GOODRICH CORP
Form 10-Q
November 05, 2002

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d)

OF THE SECURITIES EXCHANGE ACT OF 1934

For The Quarterly Period Ended September 30, 2002

Commission file number 1-892

Goodrich Corporation

(Exact Name of Registrant as Specified in its Charter)

New York *(State or other jurisdiction of incorporation or organization)*	**34-0252680** *(I.R.S. Employer Identification No.)*
Four Coliseum Centre, 2730 West Tyvola Road, Charlotte, N.C. *(Address of principal executive offices)*	**28217** *(Zip Code)*

Registrant s telephone number, including area code:

704-423-7000

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days. Yes þ No o

As of September 30, 2002, there were 102,106,452 shares of common stock outstanding (excluding 14,018,598 shares held by wholly owned subsidiaries). There is only one class of common stock.

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

GOODRICH CORPORATION

CONDENSED CONSOLIDATED STATEMENT OF INCOME (UNAUDITED)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2002	2001	2002	2001
	(Dollars in millions, except per share amounts)			
Sales	$882.1	$1,051.9	$2,728.8	$3,131.7
Operating Costs and Expenses:				
Cost of sales	643.7	752.9	1,987.3	2,236.6
Selling and administrative expenses	130.5	144.4	412.6	445.8
Merger-related and consolidation costs	7.2	1.5	29.3	14.9
	781.4	898.8	2,429.2	2,697.3
Operating income	100.7	153.1	299.6	434.4
Interest expense	(23.7)	(24.6)	(69.9)	(83.3)
Interest income	6.8	7.0	25.9	18.9
Other income (expense) net	(11.1)	(8.1)	(13.6)	(15.2)
Income before income taxes and Trust distributions	72.7	127.4	242.0	354.8
Income tax expense	(24.0)	(42.8)	(79.9)	(118.9)
Distributions on Trust Preferred Securities	(2.7)	(2.7)	(7.9)	(7.9)
Income from Continuing Operations	46.0	81.9	154.2	228.0
Income (Loss) from Discontinued Operations		6.1	(11.9)	115.6
Cumulative Effect of Change in Accounting			(36.1)	
Net Income	$ 46.0	$ 88.0	$ 106.2	$ 343.6
Basic Earnings (Loss) per Share:				
Continuing operations	$ 0.45	$ 0.79	$ 1.51	$ 2.20
Discontinued operations		0.06	(0.12)	1.12
Cumulative effect of change in accounting			(0.35)	
Net Income	$ 0.45	$ 0.85	$ 1.04	$ 3.32
Diluted Earnings (Loss) per Share:				
Continuing operations	$ 0.45	$ 0.76	$ 1.48	$ 2.12
Discontinued operations		0.07	(0.09)	1.12
Cumulative effect of change in accounting			(0.35)	
Net Income	$ 0.45	$ 0.83	$ 1.04	$ 3.24
Cash dividends declared per common share	$ 0.20	$ 0.275	$ 0.675	$ 0.825

See notes to unaudited condensed consolidated financial statements.

GOODRICH CORPORATION

CONDENSED CONSOLIDATED BALANCE SHEET (UNAUDITED)

	September 30, 2002	December 31, 2001
	(Dollars in millions)	
ASSETS		
Current Assets		
Cash and cash equivalents	$ 346.3	$ 85.8
Accounts and notes receivable, less allowances for doubtful receivables (September 30, 2002, $29.7; December 31, 2001, $42.1)	511.3	570.4
Inventories	821.1	841.5
Deferred income taxes	99.2	112.9
Prepaid expenses and other assets	33.0	26.2
Assets of discontinued operations		873.9
Total Current Assets	1,810.9	2,510.7
Property, plant and equipment	918.5	955.5
Prepaid pension	230.7	238.7
Goodwill	696.0	747.3
Identifiable intangible assets	148.5	138.8
Payment-in-kind notes receivable, less discount ($21.9 at September 30, 2002; $22.2 at December 31, 2001)	180.8	168.4
Other assets	455.0	468.1
	$4,440.4	$5,227.5
LIABILITIES AND SHAREHOLDERS EQUITY		
Current Liabilities		
Short-term bank debt	$ 284.0	$ 113.3
Accounts payable	274.4	396.6
Accrued expenses	486.4	523.6
Income taxes payable	232.9	119.2
Liabilities of discontinued operations		589.4
Current maturities of long-term debt and capital lease obligations	3.5	5.9
Total Current Liabilities	1,281.2	1,748.0
Long-term debt and capital lease obligations	1,326.5	1,307.2
Pension obligations	158.3	155.5
Postretirement benefits other than pensions	309.7	320.1
Deferred income taxes	15.0	13.9
Other non-current liabilities	203.3	196.4
Commitments and contingent liabilities		
Mandatory redeemable preferred securities of trust	125.3	125.0
Shareholders Equity		
Common stock $5 par value		
Authorized 200,000,000 shares; issued 115,620,951 shares at September 30, 2002, and 115,144,771 shares at December 31, 2001 (excluding 14,018,598 shares held by wholly owned subsidiaries at each date)	578.1	575.7

Additional capital	895.2	973.5
Income retained in the business	47.8	333.7
Accumulated other comprehensive income	(85.4)	(110.1)
Unearned portion of restricted stock awards	(1.8)	(0.6)
Common stock held in treasury, at cost (13,514,499 shares at September 30, 2002, and 13,446,808 shares at December 31, 2001)	(412.8)	(410.8)
Total Shareholders Equity	1,021.1	1,361.4
	$4,440.4	$5,227.5

See notes to unaudited condensed consolidated financial statements.

GOODRICH CORPORATION

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

	Nine Months Ended September 30,	
	2002	**2001**
	(Dollars in millions)	
OPERATING ACTIVITIES		
Income from continuing operations	$ 154.2	$ 228.0
Adjustments to reconcile income from continuing operations to net cash provided by operating activities:		
Merger-related and consolidation:		
Expenses	29.3	14.9
Payments	(44.2)	(22.2)
Depreciation and amortization	120.4	129.3
Deferred income taxes	0.8	17.7
Net gains on sales of businesses	(2.5)	(7.2)
Payment-in-kind interest income	(17.4)	(12.3)
Change in assets and liabilities, net of effects of acquisitions and dispositions of businesses:		
Receivables	88.9	(90.4)
Change in receivables sold, net	(21.9)	46.3
Inventories	19.8	(87.6)
Other current assets	0.5	(19.2)
Accounts payable	(109.7)	17.1
Accrued expenses	(4.0)	9.6
Income taxes payable	114.7	64.1
Tax benefit on non-qualified options	0.5	7.7
Other non-current assets and liabilities	26.8	(85.3)
Net cash provided by operating activities of continuing operations	356.2	210.5
INVESTING ACTIVITIES		
Purchases of property	(56.5)	(134.6)
Proceeds from sale of property	5.9	0.7
Proceeds from sale of businesses	6.0	15.6
Proceeds from payment-in-kind note	4.8	
Payments made in connection with acquisitions, net of cash acquired	(0.3)	(119.2)
Net cash used by investing activities of continuing operations	(40.1)	(237.5)
FINANCING ACTIVITIES		
Increase (decrease) in short-term debt	169.4	(576.1)
Proceeds from issuance of long-term debt	0.4	
Repayment of long-term debt and capital lease obligations		(181.7)
Proceeds from issuance of capital stock	4.2	50.6
Purchases of treasury stock	(4.9)	(27.8)
Dividends	(76.5)	(85.1)
Distributions on Trust preferred securities	(7.9)	(13.8)
Net cash provided (used) by financing activities of continuing operations	84.7	(833.9)

DISCONTINUED OPERATIONS		
Net cash (used) provided by discontinued operations	(141.1)	865.2
Effect of Exchange Rate Changes on Cash and Cash Equivalents	0.8	2.5
Net Increase in Cash and Cash Equivalents	260.5	6.8
Cash and Cash Equivalents at Beginning of Period	85.8	77.5
Cash and Cash Equivalents at End of Period	$ 346.3	$ 84.3

See notes to unaudited condensed consolidated financial statements.

GOODRICH CORPORATION

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(UNAUDITED)

Note A: Basis of Interim Financial Statement Preparation

The accompanying unaudited condensed consolidated financial statements of Goodrich Corporation and its subsidiaries have been prepared in accordance with the instructions to Form 10-Q and do not include all of the information and footnotes required by accounting principles generally accepted in the United States for complete financial statements. Unless indicated otherwise or the context requires, the terms we, our, us , Goodrich or Company refer to Goodrich Corporation and its subsidiaries. In our opinion, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Certain amounts in prior year financial statements have been reclassified to conform to the current year presentation. Operating results for the three and nine months ended September 30, 2002 are not necessarily indicative of the results that may be achieved for the year ending December 31, 2002. For further information, refer to the consolidated financial statements and footnotes included in our Annual Report on Form 10-K for the year ended December 31, 2001.

As discussed in Note H, our former Performance Materials and Engineered Industrial Products segments have been accounted for as discontinued operations. Unless otherwise noted, disclosures herein pertain to our continuing operations.

Note B: Inventories

Inventories consist of:

	September 30, 2002	December 31, 2001
	(Dollars in millions)	
FIFO or average cost (which approximates current costs):		
Finished products	$168.8	$172.0
In process	539.3	538.9
Raw materials and supplies	215.7	217.1
	923.8	928.0
Less:		
Reserve to reduce certain inventories to LIFO	(42.4)	(42.2)
Progress payments and advances	(60.3)	(44.3)
Total	$821.1	$841.5

The pre-production inventory balance on the Boeing 717-200 contract was $32.0 million as of September 30, 2002.

Note C: Business Segment Information

Our operations are classified into four reportable business segments: Aerostructures and Aviation Technical Services, Landing Systems, Engine and Safety Systems, and Electronic Systems.

Aerostructures and Aviation Technical Services: Aerostructures is a leading supplier of nacelles, pylons, thrust reversers and related aircraft engine housing components. The aviation technical services division performs comprehensive total aircraft maintenance, repair, overhaul and modification for many commercial airlines, independent operations, aircraft leasing companies and airfreight carriers.

Landing Systems: Landing Systems provides systems and components pertaining to aircraft taxi, take-off, landing and stopping. Several divisions within the segment are linked by their ability to contribute

GOODRICH CORPORATION

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

to the integration, design, manufacture and service of entire aircraft undercarriage systems, including landing gear, wheels and brakes and certain brake controls.

Engine and Safety Systems: Engine and Safety Systems produces engine and fuel controls, pumps, fuel delivery systems, as well as structural and rotating components such as disks, blisks, shafts and airfoils for both aerospace and industrial gas turbine applications. This segment also produces aircraft evacuation, de-icing and passenger restraint systems, as well as ejection seats and crew and attendant seating.

Electronic Systems: Electronic Systems produces a wide array of products that provide flight performance measurements, flight management, and control and safety data. Included are a variety of sensors systems that measure and manage aircraft fuel and monitor oil debris; engine, transmission and structural health; and aircraft motion control systems. The segment s products also include instruments and avionics, warning and detection systems, ice detection systems, test equipment, aircraft lighting systems, landing gear cables and harnesses, satellite control, data management and payload systems, launch and missile telemetry systems, airborne surveillance and reconnaissance systems and laser warning systems.

Segment operating income is total segment revenue reduced by operating expenses identifiable with that business segment. Merger-related and consolidation costs are presented separately and are discussed in Note F of these unaudited condensed consolidated financial statements. The accounting policies of the reportable segments are the same as those for Goodrich consolidated. There are no significant inter-segment sales.

	Three Months Ended September 30,		**Nine Months Ended September 30,**	
	2002	**2001**	**2002**	**2001**
		(Dollars in millions)		
Sales				
Aerostructures and Aviation Technical Services	$269.4	$ 369.0	$ 889.7	$1,123.0
Landing Systems	255.7	293.1	772.4	862.8
Engine and Safety Systems	158.8	190.0	486.1	576.2
Electronic Systems	198.2	199.8	580.6	569.7
Total Sales	$882.1	$1,051.9	$2,728.8	$3,131.7
Segment Operating Income				
Aerostructures and Aviation Technical Services	$ 22.4	$ 61.5	$ 120.1	$ 177.9
Landing Systems	38.9	40.9	91.2	115.2
Engine and Safety Systems	20.8	35.3	61.5	104.3
Electronic Systems	35.9	29.2	96.2	93.1
	118.0	166.9	369.0	490.5
Corporate General and Administrative Expenses	(10.1)	(12.3)	(40.1)	(41.2)
Merger-related and consolidation costs	(7.2)	(1.5)	(29.3)	(14.9)
Total Operating Income	$100.7	$ 153.1	$ 299.6	$ 434.4
Segment Merger-related and Consolidation Costs				
Aerostructures and Aviation Technical Services	$ 1.5	$ 1.2	$ 7.2	$ 1.9
Landing Systems			1.8	7.2
Engine and Safety Systems	4.5		14.8	1.4

Electronic Systems	1.2	0.2	5.2	2.5
Total Segment Merger-related and Consolidation Costs	$ 7.2	$ 1.4	$ 29.0	$ 13.0

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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Segment assets include assets directly identifiable with each segment. Corporate assets include assets not specifically identified with a business segment, including cash.

	September 30, 2002	December 31, 2001
Assets		
Aerostructures and Aviation Technical Services	$1,170.7	$1,221.0
Landing Systems	907.4	949.0
Engine and Safety Systems	503.2	529.7
Electronic Systems	950.4	996.6
Assets of Discontinued Operations		873.9
Corporate	908.7	657.3
Total Assets	$4,440.4	$5,227.5

Note D: Earnings Per Share

The computation of basic and diluted earnings per share from continuing operations is as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2002	2001	2002	2001
	(In millions, except per share amounts)			
Numerator:				
Numerator for basic earnings per share income available to common shareholders	$ 46.0	$ 81.9	$154.2	$228.0
Denominator:				
Denominator for basic earnings per share weighted-average shares	102.1	103.9	102.0	103.5
Effect of dilutive securities:				
Stock options, performance shares, restricted and employee stock purchase plan shares	0.3	0.3	0.6	1.1
Convertible preferred securities		2.9	1.6	2.9
Dilutive potential common shares	0.3	3.2	2.2	4.0
Denominator for diluted earnings per share adjusted weighted-average shares and assumed conversions	102.4	107.1	104.2	107.5
Earnings per share:				
Basic	$ 0.45	$ 0.79	$ 1.51	$ 2.20
Diluted	$ 0.45	$ 0.76	$ 1.48	$ 2.12

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GOODRICH CORPORATION

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note E: Comprehensive Income

Total comprehensive income consists of the following:

	Three Months Ended September 30, 2002	Three Months Ended September 30, 2001	Nine Months Ended September 30, 2002	Nine Months Ended September 30, 2001
	(Dollars in millions)			
Net Income	$46.0	$88.0	$106.2	$343.6
Other Comprehensive Income				
Unrealized translation adjustments during period	(1.6)	(0.1)	21.9	(1.5)
Gain (loss) on cash flow hedge	(0.7)		2.8	
Total Comprehensive Income	$43.7	$87.9	$130.9	$342.1

Accumulated other comprehensive income consists of the following (dollars in millions):

	September 30, 2002	December 31, 2001
Cumulative unrealized translation adjustments	$(35.5)	$ (57.4)
Minimum pension liability adjustment	(52.7)	(52.7)
Accumulated gain on cash flow hedge	2.8	
	$(85.4)	$(110.1)

The minimum pension liability amounts above are net of deferred taxes of $26.8 million.

Note F: Merger-Related and Consolidation Costs

Through September 30, 2002, the Company recorded charges totaling $29.3 million. The charges were recorded across the Company s segments as follows:

	Nine Months Ended September 30, 2002
	(Dollars in millions)
Aerostructures and Aviation Technical Services	$ 7.2
Landing Systems	1.8
Engine and Safety Systems	14.8
Electronic Systems	5.2
Total Segment Charges	29.0

Corporate	0.3
	$29.3

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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Merger-related and consolidation reserves at December 31, 2001 and September 30, 2002, as well as activity during the nine months ended September 30, 2002, consisted of:

	(Dollars in millions)			
	Balance December 31, 2001	Provision	Activity	Balance September 30, 2002
Personnel-related costs	$26.6	$23.9	$(34.8)	$15.7
Consolidation	18.6	5.4	(14.6)	9.4
	$45.2	$29.3	$(49.4)	$25.1

The following is a description of key components of the $29.3 million provision for merger-related and consolidation costs in the first nine months of 2002:

Aerostructures and Aviation Technical Services: The segment recorded $7.2 million in merger-related and consolidation costs, consisting of $5.9 million in personnel-related costs and $1.3 million in consolidation costs.

The personnel-related charges were for employee severance and for voluntary termination benefits. During the nine-month period, a total of 1,113 employees were terminated. The consolidation costs related to machinery and equipment relocation costs incurred in connection with a facility consolidation or closure.

Landing Systems: The segment recorded $1.8 million in merger-related and consolidation costs, consisting of $1.5 million in personnel-related costs and $0.3 million in consolidation costs. Of the charge, $0.2 million represents non-cash items, including $0.8 million in asset impairments and a reserve reversal of $0.6 million related to a revision of estimated facility closure and consolidation costs.

The personnel-related charges are for employee severance and benefits. During the nine-month period, a total of 247 employees were terminated. Consolidation costs include asset impairment charges of $0.8 million to write down assets held for sale or disposal based on their estimated fair value and facility closure costs of $0.1 million for equipment relocation costs offset by the $0.6 million reserve reversal noted above.

Engine and Safety Systems: The segment recorded $14.8 million in merger-related and consolidation costs, consisting of $11.8 million in personnel-related costs and $3.0 million in consolidation costs. Of the charge, $0.6 million represents non-cash asset impairment charges. The personnel-related charges are for employee severance and benefits. During the nine-month period, a total of 666 employees were terminated. Consolidation costs include $0.6 million in accelerated depreciation and facility closure costs of $2.4 million for machinery and equipment relocation and other facility closure costs.

Electronic Systems: The segment recorded $5.2 million in merger-related and consolidation costs, consisting of $4.4 million in personnel related costs and $0.8 million in consolidation costs. Of the charge, $0.2 million represents a non-cash asset impairment charge.

The personnel related charges are for employee severance and benefits. During the nine-month period, a total of 337 employees were terminated. Consolidation costs included $0.2 million in accelerated depreciation and $0.6 million in equipment relocation costs in connection with facility closure or consolidation.

Corporate: Merger-related and consolidation costs of $0.3 million represented employee outplacement services and relocation costs.

As of September 30, 2002, we expect a minimum of 250 employees to be terminated company-wide during the remainder of 2002.

GOODRICH CORPORATION

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Merger-Related and Consolidation Costs Activity

Of the $49.4 million in activity, $44.2 million represented cash payments, $1.6 million represented asset write-offs and $3.6 million represented a reclassification of a reserve to other non-current liabilities.

Note G: Goodwill and Other Intangible Assets

Effective July 1, 2001, we adopted the provisions of Statement of Financial Accounting Standards No. 142 Goodwill and Other Intangible Assets (SFAS 142) applicable to business combinations completed after June 30, 2001. Effective January 1, 2002, additional provisions of SFAS 142, relating to business combinations completed prior to June 30, 2001 became effective and were adopted. Under the provisions of the standard, intangible assets deemed to have indefinite lives and goodwill are not subject to amortization. All other intangible assets are amortized over their estimated useful lives. Intangible assets and goodwill are subject to annual impairment testing using the guidance and criteria described in the standard. This testing requires comparison of carrying values to fair values, and when appropriate, the carrying value of impaired assets is reduced to fair value.

During the second quarter of 2002, we performed the first of the required impairment tests of goodwill and indefinite lived intangible assets. Based on those results, we determined that it was likely that goodwill relating to the Aviation Technical Services reporting unit (ATS) had been impaired. ATS is included in the Aerostructures and Aviation Technical Services business segment. During the third quarter of 2002, we completed our measurement of the goodwill impairment and recognized an impairment of $36.1 million (representing total goodwill of this reporting unit which was non-deductible for income tax purposes), which was reported as a cumulative effect of an accounting change in the first quarter of 2002. The results of operations have been restated accordingly.

Income from continuing operations and basic and diluted earnings per share for the three and nine months ended September 30, 2002 and 2001, adjusted to exclude amounts no longer being amortized, are as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2002	**2001**	**2002**	**2001**
	(In millions, except per share amounts)			
Reported Income from Continuing Operations	$46.0	$81.9	$154.2	$228.0
Adjustments:				
Goodwill amortization		7.9		22.4
Income taxes		(1.3)		(4.1)
Adjusted Income from Continuing Operations	$46.0	$88.5	$154.2	$246.3
Basic earnings per share:				
Reported	$0.45	$0.79	$ 1.51	$ 2.20
Adjusted	$0.45	$0.85	$ 1.51	$ 2.38
Diluted earnings per share:				
Reported	$0.45	$0.76	$ 1.48	$ 2.12
Adjusted	$0.45	$0.83	$ 1.48	$ 2.29

GOODRICH CORPORATION

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The changes in the carrying amount of goodwill for the nine months ended September 30, 2002, by segment are as follows:

	Balance December 31, 2001	Business Combinations Completed or Finalized	Other	Balance September 30, 2002
		(Dollars in millions)		
Aerostructures and Aviation Technical Services	$ 56.7	$	$(36.1)	$ 20.6
Landing Systems	67.9		(9.1)	58.8
Engine and Safety Systems	185.2	(0.4)		184.8
Electronic Systems	437.5	(5.7)		431.8
	$747.3	$(6.1)	$(45.2)	$696.0

The $36.1 million reduction in goodwill in Aerostructures and Aviation Technical Services represents the cumulative effect of adoption of SFAS 142, which resulted in goodwill impairment in the ATS reporting unit.

The $9.1 million reduction in goodwill in Landing Systems represented a reclassification of intellectual property rights to patents, trademarks and licenses upon the adoption of SFAS 142.

The $5.7 million reduction in goodwill in Electronic Systems primarily represents the finalization of the purchase price allocation relating to the acquisition of the lighting systems business acquired in September, 2001. The adjustment consists of additional value of $6.1 million assigned to customer relationships and reclassified to identifiable intangible assets offset by an adjustment to the minority interest of that business which slightly increased goodwill. This decrease was offset by a $0.4 million increase associated with an adjustment to the purchase price of an acquisition due to an earn-out agreement.

The $0.4 million reduction in goodwill in Engine and Safety Systems represents the elimination of an allowance that was established in the opening balance sheet against a receivable that was subsequently collected.

Identifiable intangible assets as of September 30, 2002 are comprised of:

(Dollars in Millions)	Gross Amount	Accumulated Amortization
Amortizable intangible assets:		
Patents, trademarks and licenses	$155.3	$39.5
Customer relationships	33.2	2.9
Non-compete agreements	7.8	5.5
Other	2.0	1.9
	$198.3	$49.8

There were no indefinite lived identifiable intangible assets as of September 30, 2002. Amortization of intangible assets for the nine months ended September 30, 2002 was $11.3 million. Amortization expense of these intangible assets for 2002 to 2006 is estimated to be approximately $16 million per year.

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GOODRICH CORPORATION

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note H: Discontinued Operations

The disposition of the former Performance Materials and Engineered Industrial Products segments represent the disposal of segments under APB Opinion No. 30 (APB 30) (the accounting principle effective at the respective measurement dates). Accordingly, the revenues, costs and expenses, assets and liabilities, and cash flows of Performance Materials and Engineered Industrial Products have been segregated in the accompanying unaudited condensed consolidated statement of income, unaudited condensed consolidated balance sheet and unaudited condensed consolidated statement of cash flows.

The following summarizes the results of discontinued operations:

	Three Months Ended September 30,	Nine Months Ended September 30,