

GOODRICH CORP  
Form 10-Q  
November 04, 2004

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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, 2004**

**OR**

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**For the transition period from            to            .**

**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, North Carolina**  
*(Address of Principal Executive Offices)*

**28217**  
*(Zip Code)*

**704-423-7000**

*Registrant's Telephone Number, Including Area Code*

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  No

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act). Yes  No

As of September 30, 2004, there were 118,931,857 shares of common stock outstanding (excluding 14,000,000 shares held by a wholly owned subsidiary). There is only one class of common stock.

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**PART I. FINANCIAL INFORMATION**

**Item 1. Financial Statements**

**Report of Independent Registered Public Accounting Firm**

To the Shareholders and Board of Directors of Goodrich Corporation

We have reviewed the accompanying condensed consolidated balance sheet of Goodrich Corporation and subsidiaries as of September 30, 2004, and the related condensed consolidated statements of income for the three-month and nine-month periods ended September 30, 2004 and 2003, and the condensed consolidated statements of cash flows for the nine-month periods ended September 30, 2004 and 2003. These financial statements are the responsibility of the Company's management.

We conducted our review in accordance with the standards of the Public Company Accounting Oversight Board (United States). A review of interim financial information consists principally of applying analytical procedures to financial data, and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with the standards of the Public Company Accounting Oversight Board, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our reviews, we are not aware of any material modifications that should be made to the accompanying condensed consolidated interim financial statements for them to be in conformity with U.S. generally accepted accounting principles.

We have previously audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheet of Goodrich Corporation and subsidiaries as of December 31, 2003, and the related consolidated statements of income, shareholders' equity, and cash flows for the year then ended not presented herein; and in our report dated February 9, 2004, except for Note W as to which the date is February 23, 2004, we expressed an unqualified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying condensed consolidated balance sheet as of December 31, 2003, is fairly stated, in all material respects, in relation to the consolidated balance sheet from which it has been derived.

/s/ Ernst & Young LLP

Charlotte, North Carolina  
November 2, 2004

**GOODRICH CORPORATION**  
**CONDENSED CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)**  
**(DOLLARS IN MILLIONS, EXCEPT PER SHARE AMOUNTS)**

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2004	2003	2004	2003
<b>Sales</b>	\$1,166.5	\$1,063.9	\$3,462.6	\$3,252.6
Operating costs and expenses:				
Cost of sales	853.5	785.2	2,548.8	2,504.7
Selling and administrative costs	201.2	170.8	595.1	533.3
Restructuring and consolidation costs	3.8	6.1	8.7	43.8
	<u>1,058.5</u>	<u>962.1</u>	<u>3,152.6</u>	<u>3,081.8</u>
<b>Operating Income</b>	108.0	101.8	310.0	170.8
Interest expense	(35.7)	(38.9)	(108.8)	(117.1)
Interest income	1.0	0.3	2.3	5.4
Other income (expense) net	(10.9)	(9.8)	(40.6)	(24.9)
	<u>62.4</u>	<u>53.4</u>	<u>162.9</u>	<u>34.2</u>
Income from continuing operations before income taxes and trust distributions	62.4	53.4	162.9	34.2
Income tax expense	(12.5)	(16.7)	(43.6)	(10.4)
Distributions on trust preferred securities	<u>        </u>	<u>(2.7)</u>	<u>        </u>	<u>(7.9)</u>
<b>Income From Continuing Operations</b>	49.9	34.0	119.3	15.9
Income from discontinued operations net of taxes	<u>        </u>	<u>        </u>	<u>        </u>	62.4
Cumulative effect of change in accounting	<u>        </u>	<u>        </u>	16.2	<u>(0.5)</u>
<b>Net Income</b>	<u>\$ 49.9</u>	<u>\$ 34.0</u>	<u>\$ 135.5</u>	<u>\$ 77.8</u>
<b>Basic Earnings Per Share:</b>				
Continuing operations	\$ 0.42	\$ 0.29	\$ 1.01	\$ 0.14
Discontinued operations	<u>        </u>	<u>        </u>	<u>        </u>	0.52
Cumulative effect of change in accounting	<u>        </u>	<u>        </u>	0.13	<u>        </u>
<b>Net Income</b>	<u>\$ 0.42</u>	<u>\$ 0.29</u>	<u>\$ 1.14</u>	<u>\$ 0.66</u>

**Diluted Earnings Per Share:**

Continuing operations	\$ 0.41	\$ 0.29	\$ 1.00	\$ 0.13
Discontinued operations				0.53
Cumulative effect of change in accounting			0.13	
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Net Income</b>	<b>\$ 0.41</b>	<b>\$ 0.29</b>	<b>\$ 1.13</b>	<b>\$ 0.66</b>
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Dividends declared per common share	\$ 0.20	\$ 0.20	\$ 0.60	\$ 0.60
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

See notes to unaudited condensed consolidated financial statements.

**GOODRICH CORPORATION**  
**CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)**  
**(DOLLARS IN MILLIONS)**

	<b>September 30, 2004</b>	<b>December 31, 2003</b>
	<u>                    </u>	<u>                    </u>
<b>Current Assets</b>		
Cash and cash equivalents	\$ 345.5	\$ 378.4
Accounts and notes receivable, less allowances for doubtful receivables (\$24.9 at September 30, 2004; \$28.2 at December 31, 2003)	683.5	608.5
Inventories	1,084.1	964.2
Deferred income taxes	83.2	53.3
Prepaid expenses and other assets	88.8	82.7
	<u>                    </u>	<u>                    </u>
<b>Total Current Assets</b>	<b>2,285.1</b>	<b>2,087.1</b>
	<u>                    </u>	<u>                    </u>
Property, plant and equipment net	1,124.4	1,175.9
Prepaid pension	214.3	219.5
Goodwill	1,258.6	1,259.5
Identifiable intangible assets net	489.0	484.7
Deferred income taxes	26.6	22.9
Other assets	597.0	640.3
	<u>                    </u>	<u>                    </u>
<b>Total Assets</b>	<b>\$5,995.0</b>	<b>\$5,889.9</b>
	<u>                    </u>	<u>                    </u>
<b>Current Liabilities</b>		
Short-term bank debt	\$ 1.0	\$ 2.7
Accounts payable	428.4	414.5
Accrued expenses	746.8	648.2
Income taxes payable	309.2	259.9
Current maturities of long-term debt and capital lease obligations	2.3	75.6
	<u>                    </u>	<u>                    </u>
<b>Total Current Liabilities</b>	<b>1,487.7</b>	<b>1,400.9</b>
	<u>                    </u>	<u>                    </u>
Long-term debt and capital lease obligations	2,030.6	2,136.6
Pension obligations	652.0	642.0
Postretirement benefits other than pensions	312.6	319.2
Other non-current liabilities	215.4	197.7
Commitments and contingent liabilities		
<b>Shareholders Equity</b>		

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Common stock \$5 par value Authorized 200,000,000 shares; issued 132,491,022 shares at September 30, 2004, and 131,265,173 shares at December 31, 2003 (excluding 14,000,000 shares held by a wholly-owned subsidiary at each date)	662.5	656.3
Additional paid-in capital	1,069.5	1,035.8
Income retained in the business	107.4	42.4
Accumulated other comprehensive income (loss)	(128.6)	(126.1)
Unearned compensation		(1.4)
Common stock held in treasury, at cost (13,559,165 shares at September 30, 2004, and 13,539,820 shares at December 31, 2003)	(414.1)	(413.5)
	<u>        </u>	<u>        </u>
<b>Total Shareholders Equity</b>	<u>1,296.7</u>	<u>1,193.5</u>
<b>Total Liabilities And Shareholders Equity</b>	<u>\$5,995.0</u>	<u>\$5,889.9</u>

See notes to unaudited condensed consolidated financial statements.

**GOODRICH CORPORATION**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)**  
**(DOLLARS IN MILLIONS)**

	<b>Nine Months Ended September 30,</b>	
	<b>2004</b>	<b>2003</b>
<b>Operating Activities</b>		
Income from continuing operations	\$ 119.3	\$ 15.9
Adjustments to reconcile income (loss) from continuing operations to net cash provided by operating activities:		
Restructuring and consolidation:		
Expenses	8.5	43.8
Payments	(22.6)	(37.8)
Asset impairments	0.2	86.1
Depreciation and amortization	165.3	163.6
Stock-based compensation expense (income)	13.8	(0.1)
Loss on extinguishment of debt	3.1	
Deferred income taxes	(31.0)	8.4
Payment-in-kind interest income		(4.3)
Change in assets and liabilities, net of effects of acquisitions and dispositions of businesses:		
Receivables	(72.8)	59.8
Change in receivables sold, net		(6.6)
Inventories	(106.3)	(15.5)
Other current assets	(2.1)	10.9
Accounts payable	13.0	(75.6)
Accrued expenses	110.1	41.4
Income taxes payable	41.0	59.7
Tax benefit on non-qualified options	2.9	
Other non-current assets and liabilities	(2.5)	(10.9)
	<b>239.9</b>	<b>338.8</b>
<b>Net Cash Provided By Operating Activities</b>		
<b>Investing Activities</b>		
Purchases of property, plant and equipment	(82.4)	(75.0)
Proceeds from sale of property, plant and equipment	9.7	5.4
Proceeds from payment-in-kind notes		151.9
Payments received (made) in connection with acquisitions, net of cash acquired	(0.5)	26.6
	<b>(73.2)</b>	<b>108.9</b>
<b>Net Cash Provided (Used) By Investing Activities</b>		



**Financing Activities**

Decrease in short-term debt	(2.8)	(379.9)
Proceeds from issuance of long-term debt		18.1
Repayment of long-term debt and capital lease obligations	(149.2)	(2.0)
Proceeds from issuance of capital stock	23.0	6.8
Purchases of treasury stock	(0.2)	(0.4)
Dividends	(70.9)	(70.4)
Distributions on trust preferred securities		(7.9)
	<u>          </u>	<u>          </u>

**Net Cash Used By Financing Activities**

(200.1) (435.7)

**Discontinued Operations**

Net cash provided by discontinued operations		161.5
	<u>          </u>	<u>          </u>

Effect of exchange rate changes on cash and cash equivalents	0.5	2.5
	<u>          </u>	<u>          </u>

Net increase (decrease) in cash and cash equivalents	(32.9)	176.0
Cash and cash equivalents at beginning of period	378.4	149.9
	<u>          </u>	<u>          </u>

Cash and cash equivalents at end of period	\$ 345.5	\$ 325.9
	<u>          </u>	<u>          </u>

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, 2004 are not necessarily indicative of the results that may be achieved for the year ending December 31, 2004. 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, 2003.

As discussed in Note J, our former Avionics business and our former Passenger Restraints Systems business have been accounted for as discontinued operations. Unless otherwise noted, disclosures herein pertain to our continuing operations.

**Note B: Stock-Based Employee Compensation**

During 2004, the Company granted stock options to certain employees and administered an employee stock purchase plan. Effective January 1, 2004, the Company changed its method of accounting for stock-based compensation. The Company adopted the provisions of Financial Accounting Standard No. 123 Accounting for Stock-Based Compensation (SFAS No. 123) and Financial Accounting Standard No. 148 Accounting for Stock-Based Compensation-Transition and Disclosure-an amendment of FASB Statement No. 123. As such, the Company expensed stock options and the shares issued under its employee stock purchase plan on a modified prospective basis. The expense will be recognized over the period the stock options and shares are earned and vest. Prior periods have not been restated. The adoption reduced before tax income by \$2.8 million and \$9.4 million for the three and nine months ended September 30, 2004, respectively, as compared to accounting for stock-based compensation in accordance with Accounting Principles Board Opinion No. 25, Accounting for Stock Issued to Employees (APB No. 25).

Prior to January 1, 2004, the Company granted stock options and performance shares to certain employees and administered an employee stock purchase plan. Prior to that date, the stock-based employee compensation was accounted for in accordance with APB No. 25 and no compensation expense was included in net income for stock options or employee stock purchase plan shares.

The following table represents the effect on net income and earnings per share if the Company had applied the fair value based method and recognition provisions of SFAS No. 123 for the three and nine months ended September 30, 2003. For purposes of the pro forma disclosures, the estimated fair value of stock options at the date of grant is amortized to expense over the stock option vesting period. Pro forma compensation expense for the employee stock purchase plan awards in a given period includes both the fair value of the option to purchase shares at the date of grant and additional compensation to reflect the discounted purchase price. The grant date fair value of performance shares is amortized to expense over the three-year plan cycle without adjustments for subsequent changes in the market price of the Company's common stock.

(In millions, except per share amounts)	Three Months Ended September 30, 2003	Nine Months Ended September 30, 2003
Net income, as reported	\$ 34.0	\$ 77.8
Reverse: Stock-based employee compensation expense (income) included in net income, as reported above (net of related tax effects)	1.5	(0.1)
Deduct: Stock-based employee compensation (expense) income determined under fair value method for all awards (net of related tax effects)	(3.9)	(8.1)
Pro forma net income	<u>\$ 31.6</u>	<u>\$ 69.6</u>
Earnings per share:		
Basic, as reported	<u>\$ 0.29</u>	<u>\$ 0.66</u>

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Basic, pro forma	\$ 0.27	\$ 0.59
	<u>          </u>	<u>          </u>
Diluted, as reported	\$ 0.29	\$ 0.66
	<u>          </u>	<u>          </u>
Diluted, pro forma	\$ 0.27	\$ 0.59
	<u>          </u>	<u>          </u>

The Company recorded income related to stock-based compensation in the nine months ended September 30, 2003 as a result of revisions to the estimated payout on performance share plans.

**Note C: Inventories**

Inventories consist of:

	<b>September 30, 2004</b>	<b>December 31, 2003</b>
	<b>(Dollars in millions)</b>	
FIFO or average cost (which approximates current costs):		
Finished products	\$ 176.2	\$ 185.2
In-process	747.4	644.6
Raw materials and supplies	257.6	241.6
	<hr/>	<hr/>
Total	1,181.2	1,071.4
Less:		
Reserve to reduce certain inventories to LIFO	(41.0)	(40.6)
Progress payments and advances	(56.1)	(66.6)
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Total	\$1,084.1	\$ 964.2
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The preproduction and excess-over-average in-process inventory balance and deferred engineering costs recoverable under long-term contractual arrangements, which are included in in-process inventory, were \$253.1 million and \$214.7 million as of September 30, 2004 and December 31, 2003, respectively.

At September 30, 2004, the Company revised the accounting treatment of a technology development grant from a non-U.S. government entity. See Note L. As a result, approximately \$16.0 million of funds received under the grant was reclassified from long-term debt and applied against the value of inventory on the Company's unaudited condensed consolidated balance sheet at September 30, 2004.

The impact of the cumulative effect of change in contract accounting resulted in an increase to the inventory balance of \$23.3 million as of January 1, 2004. See Note K.

**Note D: Business Segment Information**

The Company's operations are reported as three business segments: Airframe Systems, Engine Systems and Electronic Systems. Effective January 1, 2004, the Company realigned the business units within its three reportable segments. The customer services business was transferred from the Airframe Systems segment to the Engine Systems segment. In addition, the costs and sales associated with products or services provided to customers through the customer services business are reflected in the business providing the product or service rather than the customer services business. Prior period amounts have been reclassified to conform to the current year presentation.

**Airframe Systems:** Airframe Systems provides systems and components pertaining to aircraft taxi, take-off, landing and stopping. Several business units within the segment are linked by their ability to contribute to the integration, design, manufacture and service of entire aircraft undercarriage systems, including landing gear, wheels and brakes and certain brake controls. Airframe Systems also includes the aviation technical services business unit, which performs comprehensive total aircraft maintenance, repair, overhaul and modification services for many commercial airlines, independent operators, aircraft leasing companies and airfreight carriers. The segment includes the actuation systems and flight controls business units that were acquired as part of Aeronautical Systems. The actuation systems business unit provides systems that control the movement of steering systems for missiles and electro-mechanical systems that are characterized by high power, low weight, low maintenance, resistance to extreme temperatures and vibrations and high reliability. The actuation systems business unit also provides actuators for primary flight control systems that operate elevators, ailerons and rudders, and secondary flight controls systems such as flaps and slats. The engineered polymer products business unit provides large-scale marine composite structures, marine acoustic materials, acoustic/vibration damping structures, fireproof composites and high performance elastomer formulations to government and commercial customers.

**Engine Systems:** Engine Systems includes the aerostructures business unit, a leading supplier of nacelles, pylons, thrust reversers and related aircraft engine housing components. The segment also produces engine and fuel controls, pumps, fuel delivery systems, and structural and rotating components such as discs, blisks, shafts and airfoils for both aerospace and industrial gas turbine applications. The segment includes the cargo systems, engine controls and customer services business units, which were acquired as part of Aeronautical Systems. The cargo systems business unit produces fully integrated main deck and lower lobe cargo systems for wide body aircraft. The engine controls business unit provides engine control systems and components for jet engines used on commercial and military aircraft, including fuel metering controls, fuel pumping systems, electronic control software and hardware, variable geometry actuation controls, afterburner fuel pump and metering unit nozzles, and engine health monitoring systems. The customer services business unit supports aftermarket products for the businesses that were acquired as part of Aeronautical Systems.

**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 and transmission, and structural health. The segment's products also include 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, laser warning systems, aircraft evacuation systems, de-icing systems, ejection seats, and crew and attendant seating. The power systems business unit, which was acquired as part of Aeronautical Systems, provides systems that produce and control electrical power for commercial and military aircraft, including electric generators for both main and back-up electrical power, electric starters and electric starter generating systems and power management and distribution systems. Also acquired as part of Aeronautical Systems was the hoists and winches business unit, which provides airborne hoists and winches used on both helicopters and fixed wing aircraft, and a business that produces engine shafts primarily for helicopters.



Segment operating income is total segment revenue reduced by operating expenses identifiable with that business segment. The accounting policies of the reportable segments are the same as those for Goodrich consolidated.

	<b>Three Months Ended September 30,</b>		<b>Nine Months Ended September 30,</b>	
	<b>2004</b>	<b>2003</b>	<b>2004</b>	<b>2003</b>
	<b>(Dollars in millions)</b>			
Net customer sales				
Airframe Systems	\$ 399.5	\$ 373.6	\$1,205.9	\$1,171.1
Engine Systems	474.5	420.1	1,422.2	1,267.5
Electronic Systems	292.5	270.2	834.5	814.0
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total sales	\$1,166.5	\$1,063.9	\$3,462.6	\$3,252.6
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Intersegment sales				
Airframe Systems	\$ 11.4	\$ 13.3	\$ 39.3	\$ 44.0
Engine Systems	5.3	7.6	15.1	24.2
Electronic Systems	8.7	7.0	24.6	32.8
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total intersegment sales	\$ 25.4	\$ 27.9	\$ 79.0	\$ 101.0
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Segment operating income				
Airframe Systems	\$ 27.6	\$ 17.8	\$ 74.0	\$ 62.5
Engine Systems	65.2	63.0	209.0	53.6
Electronic Systems	38.8	37.0	93.5	101.2
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
	131.6	117.8	376.5	217.3
Corporate general and administrative expenses	(23.6)	(16.0)	(66.5)	(46.5)
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total operating income	\$ 108.0	\$ 101.8	\$ 310.0	\$ 170.8
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

The Company has five categories of substantially similar products that share common customers, similar technologies and similar end-use applications and share similar risks and growth opportunities. Product categories cross the Company's Business Segments and do not reflect the management structure of the Company. The Company's sales by these product categories for the full year 2003, 2002 and 2001 are as follows:



	<b>Year Ended December 31,</b>		
	<b>2003</b>	<b>2002</b>	<b>2001</b>
	<b>(Dollars in millions)</b>		
Engine Products & Services	\$1,557.5	\$1,402.6	\$1,705.6
Landing System Products & Services	871.4	962.2	1,075.7
Electrical and Optical Products & Services	707.5	617.2	578.2
Safety Products & Services	339.1	320.8	346.3
Airframe Products & Services	841.6	470.7	333.6
Other Products & Services	65.8	35.0	22.8
	<hr/>	<hr/>	<hr/>
Total Sales	\$4,382.9	\$3,808.5	\$4,062.2
	<hr/>	<hr/>	<hr/>

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

	<b>September 30,</b>	<b>December 31,</b>
	<b>2004</b>	<b>2003</b>
	<b>(Dollars in millions)</b>	
Assets		
Airframe Systems	\$1,699.5	\$1,665.8
Engine Systems	2,175.0	2,078.9
Electronic Systems	1,423.5	1,410.9
Corporate	697.0	734.3
	<hr/>	<hr/>
Total Assets	\$5,995.0	\$5,889.9
	<hr/>	<hr/>

**Note E: Earnings Per Share**

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

(In millions, except per share amounts)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2004	2003	2004	2003
Numerator:				
Numerator for basic earnings per share - income from continuing operations available to common shareholders	\$ 49.9	\$ 34.0	\$ 119.3	\$ 15.9
Denominator:				
Denominator for basic earnings per share - weighted-average shares	118.8	117.5	118.5	117.4
Effect of dilutive securities:				
Stock options, performance shares, restricted shares and employee stock purchase plan shares	1.8	1.1	1.7	0.6
Denominator for diluted earnings per share - adjusted weighted-average shares and assumed conversions	120.6	118.6	120.2	118.0

By: /s/ Christian Wang  
 Name: Christian Wang  
 Title: Director

**The Baring Asia Private Equity Fund V****Co-Investment L.P.**

By: Baring Private Equity Asia GP V, L.P. acting as its general partner

By: Baring Private Equity Asia GP V, Limited acting as its general partner

By: /s/ Christian Wang  
 Name: Christian Wang  
 Title: Director

**Baring Private Equity Asia GP V, L.P.**

By: /s/ Christian Wang  
 Name: Christian Wang  
 Title: Director

**Baring Private Equity Asia GP V Limited**

By: /s/ Ramesh Awatersing  
Name: Ramesh Awatersing  
Title: Director

**Jean Eric Salata**

/s/ Jean Eric Salata