JACUZZI BRANDS INC
Form 10-Q
August 12, 2003

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 28, 2003

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: **1-14557**

JACUZZI BRANDS, INC.

(formerly U.S. Industries, Inc.)
(Exact name of registrant as specified in its charter)

Delaware	**22-3568449**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

777 S. Flagler Drive; Suite 1108W
West Palm Beach, FL 33401
(Address of principal executive offices)

(561) 514-3838
(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 [X] No [ ]

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

As of July 31, 2003 Jacuzzi Brands, Inc. had one class of common stock, of which 74,948,832 shares were outstanding.

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(formerly U.S. Industries, Inc.)

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

JACUZZI BRANDS, INC. (F/K/A U.S. INDUSTRIES, INC.)
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(in millions except per share data)
(unaudited)

	Three Months Ended June 30,		Nine Months Ended June 30,	
	2003	**2002**	**2003**	**2002**
Net sales	$315.5	$289.9	$865.2	$782.1
Operating costs and expenses:				
Cost of products sold	221.4	194.6	599.2	535.3
Selling, general and administrative expenses	64.7	60.8	188.4	170.7
Restructuring and severance charges	5.2	6.4	8.3	6.4
Operating income	24.2	28.1	69.3	69.7
Interest expense	(14.3)	(17.3)	(46.9)	(59.7)
Interest income	0.4	0.6	1.3	3.3
Other expense, net	(1.0)	(2.4)	(3.5)	(7.2)
Income before income taxes and discontinued operations	9.3	9.0	20.2	6.1
(Provision) benefit for income taxes	(3.6)	(4.3)	5.8	(4.3)
Income from continuing operations	5.7	4.7	26.0	1.8
Discontinued operations:				
(Loss) income from operations (net of tax benefit (provision) of $0.2, $(0.7), $0.2, and $(0.7), respectively)	(0.4)	2.3	(0.4)	1.2
(Loss) gain on disposals (net of tax benefit of $6.5 for the nine months ended June 30, 2003)		15.0	(39.9)	15.0
(Loss) income from discontinued operations	(0.4)	17.3	(40.3)	16.2
Net income (loss)	$ 5.3	$ 22.0	$(14.3)	$ 18.0
Earnings per share information:				
Basic income (loss) per share:				
Continuing operations	$ 0.08	$ 0.06	$ 0.35	$ 0.02
Discontinued operations	(0.01)	0.24	(0.54)	0.22
	$ 0.07	$ 0.30	$ (0.19)	$ 0.24
Diluted income (loss) per share:				
Continuing operations	$ 0.08	$ 0.06	$ 0.35	$ 0.02
Discontinued operations	(0.01)	0.24	(0.54)	0.22

	$ 0.07	$ 0.30	$ (0.19)	$ 0.24

The accompanying notes are an integral part of these statements.

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JACUZZI BRANDS, INC. (F/K/A U.S. INDUSTRIES, INC.)
CONDENSED CONSOLIDATED BALANCE SHEETS
(in millions)

	June 30, 2003	September 30, 2002
	(unaudited)	
ASSETS		
Current assets:		
Cash and cash equivalents	$ 21.4	$ 32.1
Restricted cash collateral accounts	41.5	142.9
Trade receivables, net	233.9	209.8
Inventories	172.3	163.7
Deferred income taxes	32.1	31.0
Assets held for sale	11.8	237.8
Income taxes receivable		37.5
Other current assets	40.6	24.0
Total current assets	553.6	878.8
Restricted cash collateral accounts		15.4
Property, plant and equipment, net	129.2	130.0
Pension assets	145.7	136.0
Insurance for asbestos claims	145.0	145.0
Other assets	34.1	34.7
Goodwill, net	231.9	229.6
Other intangible assets, net	73.5	73.6
	$1,313.0	$1,643.1
LIABILITIES AND STOCKHOLDERS EQUITY		
Current liabilities:		
Notes payable	$ 21.7	$ 15.3
Current maturities of long-term debt	72.8	275.9
Trade accounts payable	103.3	94.7
Income taxes payable	12.7	
Liabilities associated with assets held for sale	5.9	78.6
Accrued expenses and other current liabilities	122.0	128.1
Total current liabilities	338.4	592.6
Long-term debt	441.4	516.9
Deferred income taxes	10.7	17.4
Asbestos claims	145.0	145.0
Other liabilities	128.4	133.5
Total liabilities	1,063.9	1,405.4
Commitments and contingencies		
Stockholders equity	249.1	237.7
	$1,313.0	$1,643.1

The accompanying notes are an integral part of these statements.

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JACUZZI BRANDS, INC. (F/K/A U.S. INDUSTRIES, INC.)
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(in millions)
(unaudited)

	Nine months ended June 30,	
	2003	**2002**
OPERATING ACTIVITIES:		
Income from continuing operations	$ 26.0	$ 1.8
Adjustments to reconcile income from continuing operations to net cash provided by (used in) operating activities of continuing operations:		
Depreciation and amortization	17.1	19.1
Amortization of deferred financing costs	8.1	5.2
Deferred income tax benefit	(15.0)	(0.5)
(Gain) loss on sale of excess real estate	(3.5)	(0.1)
Other, net	3.0	2.0
Changes in operating assets and liabilities, net	1.3	(41.6)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES OF CONTINUING OPERATIONS	37.0	(14.1)
(Loss) income from discontinued operations	(40.3)	16.2
Adjustments to reconcile (loss) income from discontinued operations to net cash (used in) provided by operating activities of discontinud operations:		
Loss (gain) on disposals of discontinued operations	39.9	(15.0)
Change in net assets of discontinued operations	(8.8)	39.9
NET CASH (USED IN) PROVIDED BY DISCONTINUED OPERATIONS	(9.2)	41.1
NET CASH PROVIDED BY OPERATING ACTIVITIES	27.8	27.0
INVESTING ACTIVITIES:		
Proceeds from sale of businesses, net	120.5	385.7
Proceeds from sale of Strategic Notes, net		105.9
Purchases of property, plant and equipment	(11.4)	(11.1)
Proceeds from sale of excess real estate	11.0	0.1
Proceeds from sale of fixed assets	0.1	1.5
Other investing activities, net		1.2
NET CASH PROVIDED BY INVESTING ACTIVITIES	120.2	483.3
FINANCING ACTIVITIES:		
Proceeds from long-term debt	42.1	81.9
Repayment of Restructured Facilities	(162.0)	(479.6)
Repayment of Senior Notes	(159.6)	
Escrow deposits	(60.9)	(148.6)
Escrow withdrawals	178.1	
Payment of financing fees	(8.9)	
Proceeds from notes payable, net	5.5	4.4
NET CASH USED IN FINANCING ACTIVITIES	(165.7)	(541.9)

Effect of exchange rate changes on cash and cash equivalents	7.0	11.8
DECREASE IN CASH AND CASH EQUIVALENTS	(10.7)	(19.8)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	32.1	65.2
CASH AND CASH EQUIVALENTS AT END OF PERIOD	$ 21.4	$ 45.4

The accompanying notes are an integral part of these statements.

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JACUZZI BRANDS, INC. (F/K/A U.S. INDUSTRIES, INC.)
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Tabular amounts in millions)
(unaudited)

Note 1 Basis of Presentation

We manufacture and distribute a broad range of consumer and industrial products through our three business segments Bath Products, Plumbing Products and Rexair. See Note 11 for changes made to our business segments. In April 2003, our Board of Directors authorized a change in the name of the corporation to Jacuzzi Brands, Inc., which was approved by stockholders on June 4, 2003.

We operate on a 52- or 53-week fiscal year ending on the Saturday nearest to September 30. Any three or nine month data contained in this Report on Form 10-Q reflects the results of operations for the 13-week and 39-week periods ended on the Saturday nearest June 30 of the respective year, but are presented as of June 30 for convenience. Our condensed consolidated interim financial statements as of June 30, 2003 and for the 13-week and 39-week periods ending June 30, 2003 (also referred to as the Third Quarter of 2003 and Year to Date 2003 , respectively) and June 30, 2002 (also referred to as the Third Quarter of 2002 and Year to Date 2002 , respectively) are unaudited. However, in our opinion, these financial statements reflect all normal, recurring adjustments necessary to provide a fair presentation of our financial position, results of operations and cash flows for the periods presented. These interim financial statements are condensed, and thus, do not include all of the information and footnotes required by accounting principles generally accepted in the United States for presentation of a complete set of financial statements. The balance sheet at September 30, 2002 has been derived from the audited financial statements at that date but does not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements.

Certain amounts have been reclassified in our prior year statements to conform them to the presentation used in the current year.

These interim results are not necessarily indicative of the results that should be expected for the full year. For a better understanding of the Company and our financial statements, the condensed interim financial statements should be read in conjunction with our audited financial statements for the year ended September 30, 2002, which are included in our 2002 Annual Report on Form 10-K, filed on December 24, 2002.

Note 2- New Accounting Pronouncements

In November 2002, the EITF reached a consensus on Issue 00-21, *Multiple-Deliverable Revenue Arrangements* (EITF 00-21). EITF 00-21 addresses how to account for arrangements that may involve the delivery or performance of multiple products, services and/or rights to use assets. The consensus mandates how to identify whether goods or services or both which are to be delivered separately in a bundled sales arrangement should be accounted for separately because they are separate units of accounting. The guidance can affect the timing of revenue recognition for such arrangements, even though it does not change rules governing the timing or pattern of revenue recognition of individual items accounted for separately. The final consensus will be applicable to agreements entered into in fiscal years beginning after June 15, 2003 with early adoption permitted. Additionally, companies will be permitted to apply the consensus guidance to all existing arrangements as the cumulative effect of a change in accounting principle in accordance with APB Opinion No. 20, *Accounting Changes*. We are assessing, but at this point do not believe the adoption of EITF 00-21 will have a material impact on our financial position or results of operations.

In January 2003, the FASB issued Interpretation Number 46, *Consolidation of Variable Interest Entities* (FIN 46). This interpretation of Accounting Research Bulletin No. 51, *Consolidated Financial Statements,* addresses consolidation by business enterprises of variable interest entities. Under current practice, two enterprises generally have been included in consolidated financial statements because one enterprise controls the other through voting interests. FIN 46 defines the concept of variable interests and requires existing unconsolidated variable interest entities to be consolidated by their primary beneficiaries if the entities do not effectively disperse risks among the parties involved. This interpretation applies immediately to variable interest entities created after January 31, 2003. It applies in the first fiscal year or interim period beginning after June 15, 2003, to variable interest entities in which an enterprise holds a variable interest that it acquired before February 1, 2003. The interpretation may be applied prospectively with a cumulative-effect adjustment as of the date on which it is first applied or by restating previously issued financial statements for one or more years with a cumulative-effect adjustment as of the beginning of the first year restated. We are assessing, but at this point do not believe the adoption will have a material impact on our financial position or results of operations.

In May 2003, the FASB issued Statement No. 150, *Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity*. This Statement establishes standards for how an issuer classifies and measures certain financial instruments with characteristics of both liabilities and equity. It requires that an issuer classify a financial instrument within its scope as a liability (or an asset in some circumstances). Many of those instruments were previously classified as equity. This Statement is effective for financial instruments entered into

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JACUZZI BRANDS, INC. (F/K/A U.S. INDUSTRIES, INC.)
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(Tabular amounts in millions)
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Note 2-New Accounting Pronouncement (continued)

or modified after May 31, 2003, and otherwise is effective at the beginning of the first interim period beginning after June 15, 2003. We do not believe the adoption of this Statement will have a material impact on our financial position or results of operations.

Note 3-Inventories

Inventories consist of the following:

	June 30, 2003	September 30, 2002
Finished products	$110.1	$101.8
Work-in process	12.1	13.3
Raw materials	50.1	48.6
	$172.3	$163.7

Note 4-Goodwill and Other Intangible Assets

Net goodwill by reporting unit is as follows:

	June 30, 2003	September 30, 2002
Bath Products	$106.1	$103.8
Plumbing Products	125.8	125.8
	$231.9	$229.6

In connection with our decision to dispose of our swimming pool, pool equipment, hearth and water systems businesses, which were included in our previously defined Bath & Plumbing segment (see Note 11), we performed an interim impairment test for the remaining goodwill within the reporting unit in accordance with SFAS No. 142. No impairment was indicated.

Identifiable intangible assets, which are included in the Rexair segment, are comprised of:

	June 30, 2003		September 30, 2002	
	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
Amortizable intangible asset	$ 0.9	$ 0.2	$ 0.9	$ 0.1
Non-amortizable intangible assets	72.8		72.8	

Total identifiable intangible assets	$73.7	$ 0.2	$73.7	$ 0.1

Amortizable intangible asset consists of patented technology, which is being amortized over its 10-year useful life. Non-amortizable intangible assets include $8.8 million and $64.0 million related to a trade name and distribution network, respectively.

The Company has been engaged in discussions with the Staff of the Securities and Exchange Commission (SEC) regarding the Company s accounting for the intangible asset associated with the Rexair distribution network. The asset has a current carrying value of $64.0 million. The Company believes that the distribution network represents an indefinite-lived intangible asset based on the provisions of SFAS No. 142 and has, therefore, not recorded amortization expense associated with the asset. The SEC has challenged the Company s position and has suggested that the asset should be accounted for as having a finite life. The SEC has also challenged the independent valuation used to assign value to the asset, which could result in a lower carrying value. The SEC also challenged the Company s accounting treatment of approximately $17 million of transaction costs that were deferred in connection with the March 2000 sale of its interest in Rexair and were charged to operations upon the re-acquisition of Rexair in August 2001. The SEC has indicated that these costs should have been accounted for as a component of the cost of re-acquiring Rexair. Management believes that it has a reasonable basis and adequate support for the accounting it has employed for these matters.

If it is determined that the $17 million of transaction costs should be part of the reacquisition price of Rexair, the prior period financial statements beginning fiscal 2001 would require restatement. The restatement would reduce the reported loss from continuing operations from $183 million to $166 million and increase the intangible assets from $72 million to $89 million for fiscal 2001.

If it is determined that the distribution network is a finite-lived intangible asset, it would be amortized over the period of expected benefit. Assuming the current $64 million carrying value is amortized on a straight line basis over a life of 40 years, the Company would record annual amortization expense of $1.6 million or $0.02 per share. Additionally, if the carrying value were to be increased by the $17 million of transaction costs, the Company would record additional annual amortization expense of $0.4 million or $0.01 per share. If the Company s required to amortize the asset over a shorter life, the resulting amortization expense would be greater. Due to the number of variables involved, the ultimate amount of amortization expense, if any, cannot be determined and could vary materially from the above amounts. The resulting change in life and carrying value could also potentially result in a restatement of the Company s prior period financial statements.

Management intends to continue discussions with the SEC and the ultimate outcome of these matters cannot be determined at this point in time.

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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Tabular amounts in millions)
(unaudited)

Note 5-Long-Term Debt

Long-term debt consists of the following:

	June 30, 2003	September 30, 2002
7.125% Senior Notes, net	$ 11.6	$ 249.5
7.25% Senior Notes, net	69.8	124.1
11.25% Senior Notes, net	133.4	
Restructured Facilities, Rexair	59.0	92.8
Restructured Facilities, Jacuzzi Brands	232.7	317.5
Other long-term debt	7.7	8.9
	514.2	792.8
Less current maturities	(72.8)	(275.9)
Long-term debt	$441.4	$ 516.9

On July 15, 2003, we completed a comprehensive re-financing of our corporate debt by closing on the issuance of $380.0 million in aggregate principal amount of 9.625% Senior Secured Notes, as well as a new five-year $200.0 million asset-based revolving credit facility and a five-year $65.0 million term loan. The net proceeds from the Notes, together with the initial borrowings under the new credit facilities were used to repay the outstanding debt under our Restructured Facilities and fund the redemption of our 7.125% Senior Notes, 7.25% Senior Notes and 11.25% Senior Notes. In accordance with SFAS No. 6, a portion of the debt was classified as long term based on the terms of the new debt agreements. See Note 15 for more information.

The 11.25% Senior Notes were issued in the first quarter of 2003 as the result of an offer to exchange cash and notes with an interest rate of 11.25% payable December 31, 2005 for all outstanding 7.125% Notes due October 2003. In connection with the Exchange Offer, we also received consents from a majority of the 7.125% Note holders to amend the indenture to allow the cash deposited into the related cash collateral account to be used to pay the cash consideration in the Exchange Offer. Approximately $238.2 million or 95% of the 7.125% Notes were tendered and accepted for exchange. All Note holders who tendered their 7.125% Notes received an amount of cash and principal amount of 11.25% Notes that together equaled the principal amount of the 7.125% Notes tendered. The transaction resulted in the payment of $104.8 million in cash and the issuance of $133.4 million of 11.25% Senior Notes, leaving a gross balance of $11.8 million payable to the 7.125% Note holders who did not tender their Notes for exchange. The terms of the 11.25% Notes are substantially the same as those of the 7.125% Notes. A consent payment of $15 per $1,000 principal amount of the 11.25% Notes issued was paid out of our general working capital to all holders who delivered their consents, resulting in an additional payment to tendering Note holders of approximately $2.0 million.

Also in the first quarter of 2003, we offered to redeem a portion of each outstanding 7.25% Note due December 1, 2006 up to an aggregate principal amount of $54.8 million. Virtually all of the 7.25% Notes were tendered and accepted for redemption. The transaction resulted in $54.8 million paid to the Note holders from the 7.25% Notes escrow account.

On October 18, 2002, we completed the sale of SiTeco Lighting to funds advised by JPMorgan Partners, the private equity arm of JPMorgan Chase & Company. Net proceeds of approximately $103.8 million were applied to reduce our funded and unfunded senior debt, including $34.0 million deposited into escrow accounts for the benefit of the holders of our Senior Notes and certain other creditors. Also during the first quarter of 2003, we received funds of $16.6 million related primarily to the sale of excess real estate and an income tax refund. These funds were applied to reduce our funded and unfunded senior debt, including $4.0 million deposited into escrow accounts for the benefit of the holders of our Senior Notes and certain other creditors.

In January 2003, we received funds totaling $48.3 million related primarily to a federal income tax refund, and in February 2003, we received $8.6 million upon granting a license to a non-related party for certain technology which had been the subject of patent litigation. These funds were also applied to reduce our funded and unfunded senior debt, including $20.4 million deposited into escrow accounts for the benefit of the holders of our Senior Notes and certain other creditors. The entire $8.6 million received upon the granting of the technology license was recognized as income in the second quarter of 2003 and was included in net sales in our Condensed Consolidated Statements of Operations. In the third quarter of 2003, we completed the sales of our pool and pool equipment businesses as well as our hearth business. Net cash proceeds of approximately $16.7 million were applied to reduce our funded and unfunded senior debt.

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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Tabular amounts in millions)
(unaudited)

Note 5-Long-Term Debt (continued)

In October 2002, the Restructured Facilities were amended, extending the maturity of the facilities to October 4, 2004. In conjunction with this amendment, the Company paid $6.9 million in fees. For more detailed information on these facilities, refer to our Annual Report on Form 10-K for the year ended September 30, 2002. The Restructured Facilities required cumulative permanent reductions of our senior debt over the term of the facilities. In addition, the Senior Notes and Restructured Facilities contained various financial covenants as well as cross-default and cross-acceleration provisions. We fulfilled all of the requirements for cumulative permanent reductions and were in material compliance with the covenants through the time we paid all outstanding obligations of the facilities on July 15, 2003.

Note 6-Commitments and Contingencies

Warranties

We record a reserve for future warranty costs based on current unit sales, historical experience and management s judgment regarding anticipated rates of warranty claims and cost per claim. The adequacy of the recorded warranty reserves is assessed each quarter and adjustments are made as necessary. The specific terms and conditions of the warranties vary depending on the products sold and the countries in which we do business. Changes in our warranty reserves during the period are as follows:

Balance at September 30, 2002	$11.8
Warranty accrual	12.1
Cash payments	(9.0)
Translation	0.1
Balance at June 30, 2003	$15.0

Guarantees & Indemnifications

We continue to guarantee the lease payments of an Ames True Temper master distribution center. The lease obligation will expire in 2015. The lease payments totaled $3.6 million for fiscal 2002, and increase by 2.25% each year thereafter. In connection with the sale of Ames True Temper in January 2002, we obtained a security interest and indemnification from Ames True Temper on the lease that would enable us to exercise remedies in the event of default.

We have sold a number of assets and operating entities over the last several years and have, on occasion, provided indemnifications for liabilities relating to product liability, environmental and other claims. We have recorded reserves totaling approximately $9.9 million as of June 30, 2003 for asserted and potential unasserted claims related to these liabilities.

Governmental Regulation

Our operating units are subject to numerous foreign, federal, state and local laws and regulations concerning such matters as zoning, health and safety and protection of the environment. If our operating units violate or fail to completely comply with those laws and regulations, we could be fined or otherwise sanctioned by regulators.

Litigation

A number of present and former operating sites, or portions thereof, currently or previously owned and/or leased by current or former operating units of the Company have remedial and investigatory activities underway. In addition, we have been named as a Potentially Responsible Party (PRP) at a number of superfund sites pursuant to the Comprehensive Environmental Response, Compensation and Liability Act of 1980 or comparable statutes. We accrue an amount for each case when the likelihood of an unfavorable outcome is probable and the amount of loss associated with such unfavorable outcome is reasonably estimable. As of June 30, 2003, we had accrued $9.7 million ($0.7 million accrued as current liabilities; $9.0 million as non-current liabilities), including $4.4 million for discontinued operations, for those environmental liabilities. We believe that the liability for such matters could reach $15.0 million if it were to include cases where the likelihood of an unfavorable outcome is only reasonably possible. For more detailed information regarding management s assessment of this potential liability, refer to our Annual Report on Form 10-K for the year ended September 30, 2002.

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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Tabular amounts in millions)
(unaudited)

Note 6-Commitments and Contingencies (continued)

In June 1998, we acquired Zurn Industries, Inc., which itself owned various subsidiaries (Zurn). Zurn is a wholly-owned subsidiary of the Company. Zurn, along with many other companies, is a co-defendant in numerous asbestos related lawsuits pending in the United States. Plaintiffs claims primarily allege personal injuries allegedly caused by exposure to asbestos used primarily in industrial boilers. Zurn did not manufacture asbestos or asbestos components but purchased it from other suppliers.

As of June 30, 2003, the number of asbestos claims pending against Zurn was approximately 58,000. These 58,000 claims were included in approximately 6,000 lawsuits, in which Zurn and an average of 100 other companies are named as defendants, and which cumulatively allege damages of approximately $12 billion against all defendants. Asbestos claims pending against Zurn as of September 30, 2000, September 30, 2001 and September 30, 2002 were approximately 38,000, 52,000 and 65,000, respectively. For the three months ending June 30, 2003, approximately 9,000 new asbestos claims were filed against Zurn. Asbestos claims filed against Zurn, and settled unfiled claims treated as if filed, for the twelve months ending September 30, 2001 and September 30, 2002 were approximately 34,000 and 31,000, respectively, and totaled approximately 29,000 for the nine months ending June 30, 2003.

Since Zurn received its first asbestos claim in the 1980 s, it has settled or agreed to settle approximately 86,000 and obtained dismissal of approximately 6,500 asbestos claims through June 30, 2003. These figures include settlement of approximately 16,000 claims and dismissal of approximately 1,000 claims during the period ended September 30, 2001; settlement of approximately 22,000 claims, including approximately 4,000 unfiled claims, and dismissals of approximately 3,000 claims during the period ended September 30, 2002; settlement of approximately 26,500 claims, including approximately 7,000 unfiled claims, and dismissal of approximately 2,500 claims during the nine-month period ended June 30, 2003; and settlement of approximately 500 claims and dismissal of approximately 500 claims during the three-month period ended June 30, 2003. Zurn s insurers have paid or have agreed to pay all settlement costs relating to these claims. Defense costs are currently being paid by Zurn s insurers without eroding the coverage amounts of its insurance policies, although a few policies that will be accessed in the future may count defense costs toward aggregate limits.

At September 30, 2002, Zurn and its actuarial consultant estimated that its potential liability for asbestos claims pending against it and for claims estimated to be filed through 2012 is approximately $145 million. This accrual comprises (i) $9.8 million in claims that had been settled but unpaid as of September 30, 2002; (ii) $58.2 million in proposed settlements of pending and future claims; and (iii) $76.9 million for other future claims. This estimate is based on the current and anticipated number of future asbestos claims, the timing and amounts of asbestos payments, the status of ongoing litigation and the potential impact of defense strategies and settlement initiatives. However, there are inherent uncertainties involved in estimating both the number of future asbestos claims as well as future settlement costs, and the actual liability could exceed Zurn s estimate due to changes in law and other factors beyond our control. Zurn s present estimate of its asbestos liability assumes (i) its recent vigorous defense strategy will enable it to reduce both its claim frequency and claim severity in the future; (ii) approximately 153,000 future asbestos claims; and (iii) Zurn s insurers will continue to pay defense costs without eroding the coverage amounts of its insurance policies. While Zurn believes there is evidence, in recent claims settlements, for such an impact of a successful defense strategy, if the defense strategy ultimately is not successful, to the extent assumed by Zurn, the severity and frequency of asbestos claims could increase substantially above Zurn s estimates. Further, while Zurn s current asbestos liability is based on an estimate of claims through 2012, such liability may continue beyond 2012, and such liability could be substantial.

Zurn s analysis of its available insurance to cover its potential asbestos liability is approximately $325 million. This total includes the remaining limits of $68 million in insurance coverage under certain excess policies which were a subject of a settlement of an action commenced by Zurn in the United States District Court for the Western District of Pennsylvania which sought, among other things, a declaration that the insurance coverage limits of certain excess policies provide $68 million in coverage. As part of the settlement, Zurn agreed to pay its insurer $5 million over four years. The first payment in the sum of $1.25 million was paid in March 2003, and we have agreed to secure the balance of the obligation with a letter of credit in the amount of $1.25 million.

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(Tabular amounts in millions)
(unaudited)

Zurn believes, based on its experience in defending and dismissing such claims and the amount of insurance coverage available, that it has sufficient insurance to cover the pending and reasonably estimable future claims. This conclusion was reached after considering Zurn s experience in asbestos litigation, the insurance payments made to date by Zurn s insurance carriers, existing insurance policies, the industry ratings of the insurers and the advice of insurance coverage counsel with respect to applicable insurance coverage law relating to the terms and conditions of those policies. After review of the foregoing with Zurn and its consultants, the Company believes that the resolution of Zurn s pending and reasonably estimable asbestos claims will not have a material adverse effect on our financial condition, results of operations or cash flows.

Certain of our subsidiaries are defendants or plaintiffs in lawsuits that have arisen in the normal course of business. While certain of these matters involve substantial amounts, it is our opinion, based on the advice of counsel, that the ultimate resolution of such litigation will not have a material adverse effect on our financial condition, results of operations or cash flows.

Note 7-Comprehensive Income

The components of comprehensive income are as follows:

	Third Quarter		Year to Date	
	2003	2002	2003	2002
Net income (loss)	$ 5.3	$22.0	$(14.3)	$18.0
Foreign currency translation:				
Adjustment arising during the period	14.3	8.9	22.1	7.0
Reclassification adjustment in earnings			2.1	
Derivative instruments and hedging activities:				
Fair value adjustment arising during period				(0.3)
Reclassification adjustment in earnings		0.6		1.7
Comprehensive income	$19.6	$31.5	$ 9.9	$26.4

Note 8-Earnings Per Share

The information required to compute basic and diluted net income (loss) per share is as follows:

	Third Quarter		Year to Date	
	2003	2002	2003	2002
Basic weighted average number of common shares outstanding	74.7	74.1	74.5	73.7
Shares issued upon assumed exercise of dilutive stock options	0.2		0.1	
Diluted weighted average number of common shares outstanding	74.9	74.1	74.6	73.7

The following shares were excluded from our computations of diluted earnings per share because they had an anti-dilutive effect:

	Third Quarter		Year to Date	
	2003	2002	2003	2002
Stock options	3.9	5.5	4.6	5.4
Restricted stock	0.2	0.4	0.2	0.7

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Note 9 Employee Stock Options

We apply Accounting Principles Board Opinion No. 25, *Accounting for Stock Issued to Employees,* and related Interpretations in accounting for our stock-based compensation plans. Thus, we use the intrinsic value method to determine the compensation cost for our stock-based awards. The compensation cost that has been charged against income for Stock Plans was $0.1 million and $1.3 million for the third quarters of 2003 and 2002, respectively, and $0.7 million and $2.2 million for year to date 2003 and 2002, respectively. No other compensation costs have been recognized under our stock-based compensation plans. Had compensation cost for awards under our stock-based compensation plans been determined using the fair value method prescribed by SFAS No. 123, *Accounting for Stock-Based Compensation,* our net income (loss) and income (loss) per share would have been reduced to the pro forma amounts presented below (in millions, except per share):

	Third Quarter		Year to Date	
	2003	2002	2003	2002
Net income (loss):				
As reported	$ 5.3	$22.0	$(14.3)	$18.0
Pro forma	5.0	21.8	(15.4)	16.5
Basic income (loss) per share:				
As reported	$0.07	$0.30	$(0.19)	$0.24
Pro forma	0.07	0.29	(0.21)	0.22
Diluted income (loss) per share:				
As reported	$0.07	$0.30	$(0.19)	$0.24
Pro forma	0.07	0.29	(0.21)	0.22

The fair value of each stock option granted is established on the date of the grant using the Black-Scholes option pricing model with the following weighted average assumptions for grants for year to date 2003 and 2002.

- expected volatility rates of 65% for 2003 and 58% for 2002
- risk-free interest rates of 2.67% for 2003 and 3.91% for 2002
- expected option lives of 4 years for both years
- expected dividend yield of 0% for both years

Note 10-Income Taxes

During the first quarter 2003, the IRS completed its examination of the federal income tax returns for fiscal 1995 through 1997. As a result of the audit settlement, a tax benefit of $13.6 million was recorded. A substantial portion of the proposed adjustments derived from the spin-off of the Company from Hanson plc in 1995. Excluding this adjustment, we provided for taxes at a 39% effective rate on income from continuing operations and expect to use this rate through the remainder of fiscal 2003. The tax provision recorded in the third quarter of 2002 was related to foreign and state tax obligations. We did not record a Federal tax provision for year to date 2002 because the tax effect of any income earned in the period would be offset by a reversal of the valuation allowance recorded during the year ended September 30, 2001.

Note 11-Segment Data

With the recent completion of its asset divestitures, which eliminated the Lighting and Lawn & Garden segments, we began transforming ourselves from a conglomerate to an operating company. As a result of the reorganization, we organized and combined the businesses within our former Bath & Plumbing segment into two distinct product lines, Bath Products and Plumbing Products. The Bath Products segment will focus primarily on the residential bath market. The Plumbing Products segment will focus primarily on the commercial and institutional plumbing markets. The Bath Products segment manufactures whirlpool baths, showers, sanitary ware, including sinks and toilets, and outdoor jetted spas. The Plumbing Products segment manufactures drains, flush valves, backflow preventers and other plumbing products. The Rexair segment manufactures premium vacuum cleaner systems sold through independent distributors in the direct sales retail channel. Prior period segment results have been restated to reflect these changes as well as the discontinuance of the swimming pools, pool equipment, hearth and water systems businesses. The following is a summary of the significant accounts and balances by segment, reconciled to the consolidated totals.

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Note 11 Segment Data (continued)

		Bath Products	Plumbing Products	Rexair	Corporate	Consolidated Total
Net Sales						
Third Quarter	2003	$217.2	$ 73.2	$ 25.1	$	$ 315.5
	2002	196.5	69.9	23.5		289.9
Year to Date	2003	584.5	203.1	77.6		865.2
	2002	518.0	187.6	76.5		782.1
Total Operating Income						
Third Quarter	2003	$ 9.5	$ 15.2	$ 7.5	$ (8.0)	$ 24.2
	2002	13.5	10.8	7.5	(3.7)	28.1
Year to Date	2003	17.2	45.8	20.2	(13.9)	69.3
	2002	20.4	32.3	22.8	(5.8)	69.7
Capital Expenditures						
Third Quarter	2003	$ 4.5	$ 0.7	$ 0.7	$	$ 5.9
	2002	2.6	0.6			3.2
Year to Date	2003	8.6	1.1	1.7		11.4
	2002	9.4	1.5	0.2		11.1
Depreciation and Amortization						
Third Quarter	2003	$ 3.4	$ 1.3	$ 0.4	$ 0.2	$ 5.3
	2002	3.4	1.3	0.8	1.3	6.8
Year to Date	2003	10.2	4.0	2.0	0.9	17.1
	2002	10.4	4.1	2.3	2.3	19.1
Assets						
As of June 30, 2003		$520.5	$258.9	$115.9	$417.7	$1,313.0
As of September 30, 2002		475.7	284.9	117.3	765.2	1,643.1

In connection with redefining our segments, goodwill of the former Bath & Plumbing reporting unit was allocated between the Bath Products and Plumbing Products reporting units based on their relative fair values. Subsequent to the reallocation, we performed an interim impairment test in accordance with SFAS No. 142. No impairment was indicated.

We have experienced seasonality in our Bath Products and Plumbing Products segments. Sales are affected when weather affects outside construction and installation. Sales of outdoor spas and other products are also sensitive to weather conditions and tend to experience a decrease in sales during the fall and winter months (predominantly the first and second fiscal quarters).

Note 12 Restructuring Reserves

For year to date 2003, we recorded $8.3 million in charges (included in corporate expenses) related to the restructuring and consolidation of our corporate headquarters, as well as the change in our corporate name and severance of certain employees and executives. The restructuring and consolidation included a number of management changes and the relocation and consolidation of the Walnut Creek, California headquarters of Jacuzzi into our principal offices in West Palm Beach, Florida. This will result in the termination of seventeen employees from California and three employees from Florida. The charges consisted of $7.1 million in cash related charges and $1.2 million in non-cash related charges. As of June 30, 2003, we have remaining accruals of $13.4 million for restructuring costs, for the corporate headquarters restructuring discussed as well as restructuring initiatives in prior years. The activity in the restructuring liability accounts by cost category is as follows:

	Lease and Contract Related Accruals	Severance and Related Accruals	Total Accruals

Balance at September 30, 2002	$ 8.8	$ 0.6	$ 9.4
Fiscal 2003 charges	0.7	6.4	7.1
Cash payments	(0.7)	(2.4)	(3.1)
Balance at June 30, 2003	$ 8.8	$ 4.6	$13.4

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Note 12 - Restructuring Reserves (continued)

Approximately $6.9 million of the reserves are included in the balance sheet caption Accrued expenses and other current liabilities, while the remaining $6.5 million are recorded in the balance sheet caption Other liabilities. We expect the remaining accruals to be paid with cash over the periods provided by the severance and lease agreements of two and five years, respectively.

Note 13- Discontinued Operations

In March 2003, the Board of Directors approved the disposal of the Company s swimming pool, pool equipment, hearth and water systems businesses. During the third quarter we disposed of the swimming pool, pool equipment and hearth businesses in two separate transactions. The net cash proceeds from these transactions were $16.7 million. We expect to dispose of our water systems business within the next nine months. In connection with the disposal plans we recorded a charge of $39.9 million, which represented the difference between the historical net carrying value (including goodwill) and the estimated net realizable value of the net assets of the businesses, less costs to sell. The assets and liabilities of the water systems business are included in assets held for sale and liabilities associated with assets held for sale, respectively.

These discontinued businesses were previously included in our former Bath & Plumbing segment. The operating results of these businesses are included in income (loss) from discontinued operations for all periods presented, in accordance with Statement of Financial Accounting Standards No. 144. Summarized results of these businesses are as follows:

	Third Quarter		Year to Date	
	2003	2002	2003	2002
Net sales	$10.5	$29.3	$53.0	$69.3
Operating income (loss)	(0.4)	3.2	0.2	2.7

In accordance with EITF 87-24, we allocated a portion of our interest expense related to the Restructured Facilities to discontinued operations. Amounts allocated reflect the interest expense on the estimated amount of debt that has or will be repaid as a result of the disposal transactions. Amounts reclassified were $0.2 million and $0.3 million for the third quarters of 2003 and 2002, respectively and $0.9 million and $0.8 million for year to date 2003 and 2002, respectively.

On December 28, 2001, the Board of Directors approved a formal Disposal Plan in connection with our obligation to pay debt amortization as set forth in the restructured debt agreements. The Disposal Plan called for the sale of five businesses - Ames True Temper, Selkirk, Lighting Corporation of America, Spear & Jackson and SiTeco Lighting. Assets held for sale and liabilities associated with assets held for sale at September 2002 include $171.2 million and $67.4 million, respectively, related to SiTeco Lighting, which was sold in October 2002 for $103.8 million. The other businesses were sold prior to the end of fiscal 2002 for a combined total of $388.2 million.

The operating results of these businesses were included in our expected loss on disposal, which was recorded in September 2001 and adjusted in fiscal 2002, in accordance with APB No. 30. These businesses reported sales of $130.5 million and $644.3 million, and operating income of $4.5 million and $24.2 million for the third quarter and year to date of 2002, respectively. The SiTeco business reported sales of $7.7 million and an operating loss of $0.4 million in fiscal 2003 prior to its disposal in October 2002.

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Note 13- Discontinued Operations (continued)

The major classes of assets and liabilities classified as held for sale are as follows:

	June 30, 2003	September 30, 2002
Cash	$	$ 16.7
Trade receivables, net	6.0	65.7
Inventories	5.7	52.8
Other current assets	0.1	5.5
Property, plant and equipment, net		63.5
Other assets		14.3
Goodwill		19.3
Assets held for sale	$ 11.8	$ 237.8
Trade accounts payable	2.0	16.1
Other current liabilities	2.5	28.3
Other liabilities	1.4	34.2
Liabilities associated with assets held for sale	$ 5.9	$ 78.6

Note 14-Supplemental Joint Issuer and Guarantor Financial Information

The following pages represent the supplemental consolidating condensed financial statements of Jacuzzi Brands Inc., (formerly U.S. Industries, Inc.) (JBI), USI Global Corp. (USI Global) and USI American Holdings, Inc. (USIAH), which are the jointly obligated issuers of the Company s Senior Notes, and USI Atlantic Corp. (USI Atlantic), which is the guarantor of the Notes, and their subsidiaries which are not guarantors of the Notes, as of June 30, 2003 and September 30, 2002 and for the three and nine months ended June 30, 2003 and 2002, respectively. Certain of the other subsidiaries have pledged their stock and assets as collateral for the Senior Notes. Refer to the Company s Annual Report on Form 10-K for the year ended September 30, 2002 with respect to certain security interests in favor of the holders of the Notes.

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Note 14-Supplemental Joint Issuer and Guarantor Financial Information (continued)

	Third Quarter 2003						
	JBI	USI Global	USI Atlantic	USIAH	Other Subsidiaries	Eliminations	Consolidated
Net sales	$	$	$	$	$ 315.5	$	$ 315.5
Operating costs and expenses:							
Cost of products sold					221.4		221.4
Selling, general and administrative expenses	4.9				59.8		64.7
Restructuring and severance charges	5.2						5.2
Operating (loss) income	(10.1)				34.3		24.2
Interest expense	(10.3)	(2.3)			(1.7)		(14.3)
Interest income	0.1				0.3		0.4
Intercompany interest (expense) income, net	(7.1)	9.9			(2.8)		
Other expense, net					(1.0)		(1.0)
Other intercompany income (expense)	0.3	(10.9)		15.4	(4.8)		
Minority interest (expense) income	(15.4)			15.4			
Equity in earnings (losses) of investees, net	38.7	10.3	33.5	2.7		(85.2)	
Income (loss) before income taxes	(3.8)	7.0	33.5	33.5	24.3	(85.2)	9.3
Benefit from (provision for) income taxes	9.5	(4.3)			(8.8)		(3.6)
Income from continuing operations	5.7	2.7	33.5	33.5	15.5	(85.2)	5.7
Loss from discontinued operations	(0.4)	(0.4)	(0.4)	(0.4)	(0.4)	1.6	(0.4)
Net income	$ 5.3	$ 2.3	$ 33.1	$ 33.1	$ 15.1	$ (83.6)	$ 5.3

	Third Quarter 2002						
	JBI	USI Global	USI Atlantic	USIAH	Other Subsidiaries	Eliminations	Consolidated
Net sales	$	$	$	$	$ 289.9	$	$ 289.9
Operating costs and expenses:							
Cost of products sold					194.6		194.6
Selling, general and administrative expenses	5.9				54.9		60.8
Restructuring and severance charges					6.4		6.4
Operating (loss) income	(5.9)				34.0		28.1
Interest expense	(8.9)	(5.1)			(3.3)		(17.3)
Interest income	0.5				0.1		0.6
Intercompany interest income (expense), net	(7.3)	13.0			(5.7)		
Other expense, net	(0.9)				(1.5)		(2.4)
Other intercompany income (expense)		(15.4)		15.4			
Minority interest income (expense)	34.1			(34.1)			

Equity in (losses) earnings of investees, net	(6.9)	47.4	21.2	39.9		(101.6)	
Income before taxes	4.7	39.9	21.2	21.2	23.6	(101.6)	9.0
Provision for income taxes					4.3		4.3
Income from continuing operations	4.7	39.9	21.2	21.2	19.3	(101.6)	4.7
Income from discontinued operations	17.3	17.3	17.3	17.3	17.3	(69.2)	17.3
Net income	$22.0	$ 57.2	$38.5	$ 38.5	$ 36.6	$(170.8)	$ 22.0

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Note 14-Supplemental Joint Issuer and Guarantor Financial Information (continued)

	Year to Date 2003						
	JBI	USI Global	USI Atlantic	USIAH	Other Subsidiaries	Eliminations	Consolidated
Net sales	$	$	$	$	$ 865.2	$	$ 865.2
Operating costs and expenses:							
Cost of products sold					599.2		599.2
Selling, general and administrative expenses	12.5				175.9		188.4
Restructuring charges	8.3						8.3
Operating (loss) income	(20.8)				90.1		69.3
Interest expense	(32.0)	(9.0)			(5.9)		(46.9)
Interest income	0.5				0.8		1.3
Intercompany interest (expense) income, net	(13.8)	25.0			(11.2)		
Other expense, net	(1.8)				(1.7)		(3.5)
Other intercompany income (expense)	0.4	(36.3)		46.2	(10.3)		
Minority interest (expense) income	(46.2)			46.2			
Equity in earnings (losses) of investees, net	116.1	26.0	89.0	(3.4)		(227.7)	
Income before income taxes and discontinued operations	2.4	5.7	89.0	89.0	61.8	(227.7)	20.2
Benefit from (provision for) income taxes	23.6	(9.1)			(8.7)		5.8
Income (loss) from continuing operations	26.0	(3.4)	89.0	89.0	53.1	(227.7)	26.0
Loss from discontinued operations	(40.3)	(40.3)	(40.3)	(40.3)	(40.3)	161.2	(40.3)
Net (loss) income	$ (14.3)	$ (43.7)	$ 48.7	$ 48.7	$ 12.8	$ (66.5)	$ (14.3)

	Year to Date 2002						
	JBI	USI Global	USI Atlantic	USIAH	Other Subsidiaries	Eliminations	Consolidated
Net sales	$	$	$	$	$ 782.1	$	$ 782.1
Operating costs and expenses:							
Cost of products sold					535.3		535.3
Selling, general and administrative expenses	16.1				154.6		170.7
Restructuring and severance charges					6.4		6.4
Operating (loss) income	(16.1)				85.8		69.7
Interest expense	(28.8)	(19.8)			(11.1)		(59.7)
Interest income	2.4				0.9		3.3
Intercompany interest income (expense), net	(21.9)	43.3			(21.4)		
Other expense, net	(2.5)				(4.7)		(7.2)

Other intercompany income (expense)		(46.2)		46.2			
Minority interest income (expense)	4.9			(4.9)			
Equity in (losses) earnings of investees, net	63.8	57.6	76.2	34.9		(232.5)	
(Loss) income before income taxes and discontinued operations	1.8	34.9	76.2	76.2	49.5	(232.5)	6.1
Provision (benefit) for income taxes					4.3		4.3
(Loss) income from continuing operations	1.8	34.9	76.2	76.2	45.2	(232.5)	1.8
Loss from discontinued operations	16.2	16.2	16.2	16.2	16.2	(64.8)	16.2
Net (loss) income	$ 18.0	$ 51.1	$92.4	$92.4	$ 61.4	$(297.3)	$ 18.0

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Note 14-Supplemental Joint Issuer and Guarantor Financial Information (Continued)

	At June 30, 2003						
	JBI	USI Global	USI Atlantic	USIAH	Other Subsidiaries	Eliminations	Consolidated
ASSETS							
Current assets:							
Cash and cash equivalents	$ 0.7	$	$	$	$ 20.7	$	$ 21.4
Restricted cash collateral accounts	41.5						41.5
Trade receivables, net					233.9		233.9
Inventories					172.3		172.3
Deferred income taxes	31.8				0.3		32.1
Assets held for sale					11.8		11.8
Other current assets	8.3	0.5			31.8		40.6
Total current assets	82.3	0.5			470.8		553.6
Property, plant and equipment, net	0.5				128.7		129.2
Pension assets	75.0				70.7		145.7
Insurance for asbestos claims					145.0		145.0
Other assets	11.0	1.0			22.1		34.1
Goodwill, net					231.9		231.9
Other intangibles, net					73.5		73.5
Investments in subsidiaries	1,155.3	832.5	766.1	636.5		(3,390.4)	
Intercompany receivable (payable), net	(668.6)	(94.2)		236.5	526.3		
Total assets	$ 655.5	$ 739.8	$ 766.1	$ 873.0	$ 1,669.0	$ (3,390.4)	$ 1,313.0
LIABILITIES AND STOCKHOLDERS EQUITY							
Current liabilities:							
Notes payable	$	$	$	$	$ 21.7	$	$ 21.7
Current maturities of long-term debt	71.5				1.3		72.8
Trade accounts payable					103.3		103.3
Income taxes payable	2.7				10.0		12.7
Liabilities associated with assets held for sale					5.9		5.9
Accrued expenses and other current liabilities	28.5	0.7			92.8		122.0
Total current liabilities	102.7	0.7			235.0		338.4
Long-term debt	273.4	102.6			65.4		441.4
Minority interest				106.9		(106.9)	
Deferred income taxes	0.8				9.9		10.7
Asbestos claims					145.0		145.0
Other liabilities	29.5				98.9		128.4
Total liabilities	406.4	103.3		106.9	554.2	(106.9)	1,063.9
Commitments and contingencies							
Stockholders equity	249.1	636.5	766.1	766.1	1,114.8	(3,283.5)	249.1

Total liabilities and stockholders equity	$ 655.5	$739.8	$766.1	$873.0	$1,669.0	$(3,390.4)	$1,313.0

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Note 14-Supplemental Joint Issuer and Guarantor Financial Information (Continued)

	At September 30, 2002						
	JBI	USI Global	USI Atlantic	USIAH	Other Subsidiaries	Eliminations	Consolidated
ASSETS							
Current assets:							
Cash and cash equivalents	$ 0.3	$	$	$	$ 31.8	$	$ 32.1
Restricted cash collateral accounts	98.2	44.7					142.9
Trade receivables, net					209.8		209.8
Inventories					163.7		163.7
Deferred income taxes	47.0	(12.4)			(3.6)		31.0
Net assets held for sale					237.8		237.8
Income taxes receivable	37.2				0.3		37.5
Other current assets	5.8	0.2			18.0		24.0
Total current assets	188.5	32.5			657.8		878.8
Restricted cash collateral accounts	15.4						15.4
Property, plant and equipment, net	0.6				129.4		130.0
Pension assets	70.9				65.1		136.0
Insurance for asbestos claims					145.0		145.0
Other assets	5.8	2.0			26.9		34.7
Goodwill, net					229.6		229.6
Other Intangibles, net					73.6		73.6
Investments in subsidiaries	1,046.4	889.1	696.6	659.4		(3,291.5)	
Intercompany receivable (payable), net	(573.1)	(8.2)		190.3	391.0		
Total assets	$ 754.5	$ 915.4	$ 696.6	$ 849.7	$ 1,718.4	$ (3,291.5)	$ 1,643.1
LIABILITIES AND STOCKHOLDERS EQUITY							
Current liabilities:							
Notes payable	$	$	$	$	$ 15.3	$	$ 15.3
Current maturities of long-term debt	198.0	54.5			23.4		275.9
Trade accounts payable					94.7		94.7
Liabilities associated with assets held for sale							