GOODRICH CORP
Form 424B5
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The information in this prospectus supplement and the accompanying prospectus is not complete and may be changed. This prospectus supplement and the accompanying prospectus are not an offer to sell these securities and are not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

Subject to Completion
Preliminary Prospectus Supplement dated November 8, 2002

PROSPECTUS SUPPLEMENT

(To prospectus dated September 6, 2002)

13,000,000 Shares

Goodrich Corporation

Common Stock

We are selling 13,000,000 shares of our common stock in this offering.

Our common stock is listed on the New York Stock Exchange under the symbol GR. On November 7, 2002, the last reported sale price of our common stock on the New York Stock Exchange was $15.88 per share.

Investing in our common stock involves risks that are described in the Risk Factors section beginning on page S-13 of this prospectus supplement.

	Per Share	Total
Public offering price	$	$
Underwriting discount	$	$
Proceeds, before expenses, to Goodrich	$	$

The underwriters may also purchase up to an additional 1,950,000 shares from us, at the public offering price, less the underwriting discount, within 30 days from the date of this prospectus supplement to cover overallotments.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The shares will be ready for delivery on or about , 2002.

Joint Book-Running Managers

Merrill Lynch & Co.

Banc of America Securities LLC

Salomon Smith Barney

JPMorgan

BMO Nesbitt Burns

Credit Lyonnais Securities (USA) Inc

Deutsche Bank Securities

Wachovia Securities

The date of this prospectus supplement is , 2002.

[On the inside front cover of the Preliminary Prospectus Supplement dated November 8, 2002, there is a depiction of the body of a commercial jet airplane under the caption PRODUCTS AND SERVICES showing the location on the airplane of the following products and services provided by Goodrich Corporation: air data and engine sensors; cockpit instruments and avionics; pilot and crew seats; security systems; evacuation systems; fuel and utility systems; landing gear wheels and brakes; engine components; engine actuation; fuel system controls; power generation; flight control surfaces; nacelle systems; pylons/pylon fairings; exhaust nozzles; ice detection and removal; fuel measurement and management systems; primary flight controls; secondary flight controls; exterior lighting; fire detection; cargo systems; potable water systems; and APU tailcones.]

[In a fold-out of the inside front cover of the Preliminary Prospectus Supplement dated November 8, 2002, there is a chart captioned OUR SYSTEMS AND COMPONENTS CAN BE FOUND ON ALMOST EVERY MAJOR AIRCRAFT PLATFORM FLYING TODAY that shows the systems and components provided by Goodrich Corporation for commercial jet airplanes, military jet airplanes, helicopters and tiltrotors, regional/business aircraft and spaceflight, as follows:]

	COMMERCIAL											
	A300	A310	A320 Family	A330	A340	A340-500/600	A380	707	717	727	737 (Classic/ Next Gen.)	747-100/ 200/300
	Airbus							Boeing				
AEROSTRUCTURES												
Nacelle Systems and Pylons	X	X	X	X	X			X	X	X	X	X
Other Structures	X						X	X				
ELECTRONIC SYSTEMS												
Sensor Systems and MicroMachines	X	X	X	X	X	X		X	X	X	X	X
Fuel & Utility Systems	X		X	X	X				X	X	X	X
Optical & Space Systems												
Avionics Systems	X	X	X	X	X	X					X	
Lighting Systems	X	X	X	X	X		X		X	X	X	X
ENGINE AND SAFETY SYSTEMS												
Aircraft Interior Products	X	X		X	X	X	X	X		X	X	X
Propulsion Systems				X	X	X					X	X
De-Icing & Specialty Systems	X	X	X	X	X	X		X	X	X	X	X
Turbomachinery Products	X	X		X								X
Pump & Engine Control Systems	X	X						X				X
Turbine Fuel Technologies	X	X	X	X	X	X	X	X	X	X	X	X
LANDING SYSTEMS												
Wheels and Brakes			X	X	X	X				X	X	
Landing Gear							X	X		X	X	X
AERONAUTICAL SYSTEMS												
Engine Control Systems			X	X								X
Actuation Systems	X	X	X	X	X	X	X			X	X	
Power Systems			X	X	X	X	X					
Cargo Systems	X	X					X				X	X
Hoists and Winches												

	COMMERCIAL											MILITARY		
	747-400	757 Series	767 Series	777	DC-8	DC-9	MD-80 Series	MD-90	DC-10	MD-11	Lockheed L-1011	AIDC Ching Kuo IDF	AV-8B	B-1B
	Boeing												Boeing	
AEROSTRUCTURES														
Nacelle Systems and Pylons	X	X	X		X	X	X	X	X	X				
Other Structures									X	X			X	
ELECTRONIC SYSTEMS														
Sensor Systems and MicroMachines	X	X	X	X	X	X	X	X	X	X	X	X	X	X
Fuel & Utility Systems	X	X	X	X	X	X	X	X	X	X	X	X	X	X
Optical & Space Systems														
Avionics Systems					X	X	X	X	X	X			X	X
Lighting Systems	X	X	X	X		X	X	X		X			X	X
ENGINE AND SAFETY SYSTEMS														
Aircraft Interior Products	X		X	X	X	X	X	X	X					
Propulsion Systems	X	X	X	X		X	X		X	X			X	
De-Icing & Specialty Systems	X	X	X	X	X	X	X	X	X	X	X			X
Turbomachinery Products	X		X	X					X	X		X		X
Pump & Engine Control Systems		X	X		X				X			X		
Turbine Fuel Technologies	X	X	X	X		X		X	X	X		X	X	X
LANDING SYSTEMS														
Wheels and Brakes	X	X	X	X							X			
Landing Gear	X	X	X	X	X	X	X	X	X	X	X	X		X
AERONAUTICAL SYSTEMS														
Engine Control Systems	X	X	X	X				X					X	
Actuation Systems			X	X		X		X		X				
Power Systems	X												X	
Cargo Systems	X	X	X	X	X	X			X	X				
Hoists and Winches														

	MILITARY													
	C-17	**E-6**	**F-15**	**F/A-18**	**KC-135**	**T-45**	**EADS G.222/ C-27 (Alenia)**	**Embraer ALX**	**Embraer AMX**	**Eurofighter Typhoon**	**C-5A/B**	**C-130**	**C-141**	**F-16**
	Boeing										**Lockheed Martin**			
AEROSTRUCTURES														
Nacelle Systems and Pylons					X						X	X	X	
Other Structures		X	X	X	X									X
ELECTRONIC SYSTEMS														
Sensor Systems and MicroMachines	X		X	X	X	X	X				X	X	X	X
Fuel & Utility Systems			X	X		X	X				X	X	X	X
Optical & Space Systems														
Avionics Systems	X		X	X	X	X	X					X		X
Lighting Systems		X	X	X	X	X			X	X		X	X	X
ENGINE AND SAFETY SYSTEMS														
Aircraft Interior Products														
Propulsion Systems			X		X							X		X
De-Icing & Specialty Systems	X		X	X				X				X	X	X
Turbomachinery Products			X	X		X						X		X
Pump & Engine Control Systems			X	X	X						X	X	X	
Turbine Fuel Technologies	X		X	X	X					X		X	X	X
LANDING SYSTEMS														
Wheels and Brakes						X		X	X		X	X	X	X
Landing Gear	X	X	X	X	X	X					X	X	X	X
AERONAUTICAL SYSTEMS														
Engine Control Systems						X				X		X		
Actuation Systems	X					X	X		X	X				
Power Systems			X	X			X			X		X		X
Cargo Systems														
Hoists and Winches	X						X				X	X		

	MILITARY									
	F-22	**F-35**	**F-117**	**P-3**	**S-3**	**Northrup Grumman B-2**	**Northrup Grumman F-14**	**Panavia Tornado**	**Pilatus PC-7, 9**	**Raytheon T-6A JPATS**
	Lockheed Martin									
AEROSTRUCTURES										
Nacelle Systems and Pylons				X			X			
Other Structures	X						X			
ELECTRONIC SYSTEMS										
Sensor Systems and MicroMachines	X			X	X	X	X	X		
Fuel & Utility Systems	X	X	X	X	X	X	X	X	X	X
Optical & Space Systems										
Avionics Systems										X
Lighting Systems	X			X	X	X	X	X	X	
ENGINE AND SAFETY SYSTEMS										
Aircraft Interior Products										
Propulsion Systems	X		X	X		X				
De-Icing & Specialty Systems				X					X	X
Turbomachinery Products				X					X	X
Pump & Engine Control Systems				X			X			
Turbine Fuel Technologies	X		X	X	X	X				
LANDING SYSTEMS										
Wheels and Brakes	X	X		X	X	X	X		X	X
Landing Gear	X	X	X	X	X	X	X			
AERONAUTICAL SYSTEMS										
Engine Control Systems								X		
Actuation Systems	X	X						X	X	
Power Systems	X	X				X		X	X	
Cargo Systems										
Hoists and Winches										

	HELICOPTERS/TILTROTORS													
	Agusta A-109	AH-1	OH-58	212/412/ UH-1	222/430	Bell-Boeing V-22	AH-64	CH-46	CH-47	Explorer	EADS Eurocopter	CH-53/ S-65	S-76	S-92
		Bell					Boeing					Sikorsky		
AEROSTRUCTURES														
Nacelle Systems and Pylons														
Other Structures														
ELECTRONIC SYSTEMS														
Sensor Systems and MicroMachines		X		X	X	X	X	X	X	X	X	X	X	X
Fuel & Utility Systems						X	X	X	X	X	X	X	X	X
Optical & Space Systems	X		X	X		X	X		X					
Avionics Systems		X	X	X	X		X	X	X	X	X	X	X	X
Lighting Systems									X					
ENGINE AND SAFETY SYSTEMS														
Aircraft Interior Products				X									X	
Propulsion Systems														
De-Icing & Specialty Systems		X			X	X	X	X	X		X	X	X	
Turbomachinery Products						X	X	X				X		
Pump & Engine Control Systems	X	X	X	X	X		X		X	X	X		X	
Turbine Fuel Technologies	X	X	X	X	X	X	X	X	X			X	X	X
LANDING SYSTEMS														
Wheels and Brakes						X		X	X	X		X	X	
Landing Gear						X	X						X	
AERONAUTICAL SYSTEMS														
Engine Control Systems						X	X							
Actuation Systems						X				X				
Power Systems	X	X	X	X		X	X		X	X	X		X	X
Cargo Systems														
Hoists and Winches	X			X		X			X	X			X	X

	HELICOPTERS/TILTROTORS				REGIONAL/BUSINESS			
	SH-60	**UH-60**	**Westland WAH-64 Apache**	**Westland EH-101**	**AVRO RJ 70/85/100**	**Jetstream Series**	**Challenger (Canadair)**	**Continental (BD-100)**
	Sikorsky				**BAE SYSTEMS**		**Bombardier**	
AEROSTRUCTURES								
Nacelle Systems and Pylons								
Other Structures								
ELECTRONIC SYSTEMS								
Sensor Systems and MicroMachines	X	X	X	X	X	X	X	X
Fuel & Utility Systems	X	X	X	X			X	X
Optical & Space Systems			X	X				
Avionics Systems	X	X	X	X		X	X	X
Lighting Systems						X	X	
ENGINE AND SAFETY SYSTEMS								
Aircraft Interior Products		X					X	
Propulsion Systems		X			X	X	X	X
De-Icing & Specialty Systems	X	X				X	X	X
Turbomachinery Products	X	X				X	X	
Pump & Engine Control Systems	X	X			X		X	
Turbine Fuel Technologies	X	X	X	X	X	X	X	X
LANDING SYSTEMS								
Wheels and Brakes				X		X		X
Landing Gear	X							
AERONAUTICAL SYSTEMS								
Engine Control Systems			X	X				
Actuation Systems						X	X	
Power Systems	X	X	X	X		X		
Cargo Systems								
Hoists and Winches		X		X				

	REGIONAL/BUSINESS											
	Global Express	CL-215/ 415	CRJ Serires	CRJ 700	CRJ 900	DASH 6	DASH 7	DASH 8 (Q Series)	Lear 45	Lear 60	Cessna Citation Series	ATR-42
	Bombardier											EADS
AEROSTRUCTURES												
Nacelle Systems and Pylons												
Other Structures												
ELECTRONIC SYSTEMS												
Sensor Systems and MicroMachines	X	X	X	X		X	X	X	X	X	X	X
Fuel & Utility Systems	X		X	X		X	X	X			X	
Optical & Space Systems												
Avionics Systems	X	X	X	X		X	X	X	X	X	X	
Lighting Systems	X		X	X				X	X	X	X	X
ENGINE AND SAFETY SYSTEMS												
Aircraft Interior Products	X								X	X	X	
Propulsion Systems			X	X				X				
De-Icing & Specialty Systems	X	X	X	X	X	X	X	X	X	X	X	X
Turbomachinery Products			X				X	X	X	X		X
Pump & Engine Control Systems			X									
Turbine Fuel Technologies	X		X	X				X	X	X	X	X
LANDING SYSTEMS												
Wheels and Brakes	X					X	X	X	X		X	X
Landing Gear							X	X				
AERONAUTICAL SYSTEMS												
Engine Control Systems	X									X		
Actuation Systems			X	X	X							X
Power Systems	X					X	X	X	X	X	X	
Cargo Systems												
Hoists and Winches												

	REGIONAL/BUSINESS														
	ATR-72	212 (CASA)	CN 235 (CASA/IPTN)	EMB-110	EMB-120	ERJ-135	ERJ-145	ERJ-170	ERJ-190	Metro	DO-328	DO-528/ 728/928	50	70	100
	EADS			Embraer						Fairchild Dornier			Fokker		
AEROSTRUCTURES															
Nacelle Systems and Pylons								X	X			X			
Other Structures															
ELECTRONIC SYSTEMS															
Sensor Systems and MicroMachines	X	X	X		X	X	X	X	X	X	X	X	X	X	X
Fuel & Utility Systems		X	X	X	X					X		X	X	X	
Optical & Space Systems															
Avionics Systems		X	X	X	X	X	X			X	X	X	X	X	X
Lighting Systems	X				X						X		X	X	X
ENGINE AND SAFETY SYSTEMS															
Aircraft Interior Products								X	X						
Propulsion Systems											X				
De-Icing & Specialty Systems	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
Turbomachinery Products	X				X	X	X								
Pump & Engine Control Systems															
Turbine Fuel Technologies	X		X		X	X	X	X	X	X	X	X	X		
LANDING SYSTEMS															
Wheels and Brakes				X	X	X	X			X		X			
Landing Gear												X		X	X
AERONAUTICAL SYSTEMS															
Engine Control Systems						X	X						X	X	X
Actuation Systems	X					X	X				X				
Power Systems		X	X		X	X	X			X			X		
Cargo Systems															
Hoists and Winches			X												

	REGIONAL/BUSINESS												
	G-II/ G-III	**G-IV**	**G-V**	**100 (Astra)**	**200 (Galaxy)**	**IPTN 250**	**Piaggio P-180**	**Pilatus PC-12**	**Beech 1900**	**BeechJet**	**Hawker Series**	**Horizon**	**King Air Series**
	Gulfstream								**Raytheon Beech**				
AEROSTRUCTURES													
Nacelle Systems and Pylons													
Other Structures													
ELECTRONIC SYSTEMS													
Sensor Systems and MicroMachines	X	X	X	X	X	X	X	X	X	X	X		X
Fuel & Utility Systems		X			X	X							
Optical & Space Systems													
Avionics Systems	X	X	X	X	X	X	X	X	X	X	X		X
Lighting Systems		X		X	X	X							
ENGINE AND SAFETY SYSTEMS													
Aircraft Interior Products		X	X								X		
Propulsion Systems		X	X										
De-Icing & Specialty Systems	X	X	X	X	X	X	X	X	X	X	X	X	X
Turbomachinery Products			X			X	X	X	X	X	X		X
Pump & Engine Control Systems													
Turbine Fuel Technologies		X	X	X	X	X			X				
LANDING SYSTEMS													
Wheels and Brakes							X	X					X
Landing Gear		X	X										
AERONAUTICAL SYSTEMS													
Engine Control Systems		X	X										
Actuation Systems											X		
Power Systems				X	X			X	X	X	X		
Cargo Systems													
Hoists and Winches													

	REGIONAL/ BUSINESS		**SPACEFLIGHT**						
	340	**2000**	**Space Shuttle**	**Launch Vehicles**	**Space Station**	**Space Telescopes**	**Science Satellites**	**Commercial Satellites**	**Military Satellites**
	Saab								
AEROSTRUCTURES									
Nacelle Systems and Pylons									
Other Structures									
ELECTRONIC SYSTEMS									
Sensor Systems and MicroMachines	X	X	X	X					
Fuel & Utility Systems	X	X	X	X					
Optical & Space Systems				X	X	X	X	X	X
Avionics Systems	X	X							
Lighting Systems	X	X	X		X				
ENGINE AND SAFETY SYSTEMS									
Aircraft Interior Products									
Propulsion Systems			X						
De-Icing & Specialty Systems	X	X							
Turbomachinery Products	X	X	X						
Pump & Engine Control Systems	X								
Turbine Fuel Technologies	X	X							
LANDING SYSTEMS									
Wheels and Brakes									
Landing Gear									
AERONAUTICAL SYSTEMS									
Engine Control Systems		X							
Actuation Systems									
Power Systems	X	X							
Cargo Systems									
Hoists and Winches									

TABLE OF CONTENTS

Prospectus Supplement

	Page
About This Prospectus Supplement	S-4
Prospectus Supplement Summary	S-5
Risk Factors	S-13
Forward-Looking Statements	S-18
Use of Proceeds	S-20
Price Range of Common Stock and Dividend Policy	S-20
Capitalization	S-22
Unaudited Pro Forma Condensed Combined Financial Statements	S-23
Selected Historical Financial Data	S-30
Management s Discussion and Analysis of Financial Condition and Results of Operations	S-32
Business	S-67
Management	S-77
Underwriting	S-80
Legal Matters	S-82
Experts	S-82
Index to Financial Statements	F-1

Prospectus

	Page
About This Prospectus	3
Where You Can Find More Information	3
Forward-Looking Statements	4
The Company	5
Use of Proceeds	5
Ratio of Earnings to Fixed Charges	5
Description of Debt Securities	6
Description of Series Preferred Stock	14
Description of Common Stock	17
Description of Stock Purchase Contracts and Stock Purchase Units	22
Plan of Distribution	22
Legal Opinions	24
Experts	24

You should rely only on the information contained or incorporated by reference in this prospectus supplement and the accompanying prospectus. We have not, and the underwriters have not, authorized any other person to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. We are not, and the underwriters are not, making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. You should assume that the information appearing in this prospectus supplement, the accompanying prospectus and the documents incorporated by reference is accurate only as of their respective dates. Our business, financial condition, results of operations and prospects may have changed since those dates.

Neither we nor any of the underwriters has taken or will take action in any jurisdiction to permit a public offering of the common stock or the possession or distribution of this prospectus supplement or the accompanying prospectus, other than in the United States.

ABOUT THIS PROSPECTUS SUPPLEMENT

This document consists of two parts. The first part is this prospectus supplement, which describes our offering of shares of common stock and other matters relating to us and our financial condition. The second part, the accompanying prospectus, gives more general information about securities we may offer from time to time, some of which may not apply to the shares of common stock offered by this prospectus supplement and the accompanying prospectus. If information in this prospectus supplement is inconsistent with the accompanying prospectus, this prospectus supplement will apply and will supersede the information in the accompanying prospectus.

PROSPECTUS SUPPLEMENT SUMMARY

This summary highlights information more fully described elsewhere in this prospectus supplement. Because it is a summary, it may not include all the information that is important to you. You should read the entire prospectus supplement, the accompanying prospectus and the documents incorporated and deemed to be incorporated by reference in the accompanying prospectus, including the financial statements and related notes, before making an investment decision.

Unless this prospectus supplement indicates otherwise or the context otherwise requires:

the terms we, our, us or Goodrich as used in this prospectus supplement refer to Goodrich Corporation and its subsidiaries;

the term Aeronautical Systems refers to the Aeronautical Systems businesses that we acquired from TRW Inc. on October 1, 2002; and

all information in this prospectus supplement assumes that the underwriters overallotment option is not exercised.

Throughout this prospectus supplement we have included information on a pro forma basis to give effect to our acquisition of Aeronautical Systems, the borrowings required to fund the acquisition and the repayment of a portion of these borrowings with the net proceeds from this offering and our proposed sale of $900 million principal amount of our senior notes in a separate offering. Unless indicated otherwise, a reference to on a pro forma basis for a specified period or date gives effect to these transactions as if they had occurred at the beginning of the specified period or on the specified date. Pro forma financial statements with respect to these transactions are included in Unaudited Pro Forma Condensed Combined Financial Statements.

Goodrich Corporation

We are one of the largest worldwide suppliers of components, systems and services to the large commercial, regional, business and general aviation markets. We believe we offer our customers the broadest portfolio of major aircraft systems in the industry. We are also a leading supplier of aircraft and satellite systems products to the global military and space markets. We had sales of approximately $4.2 billion for the year ended December 31, 2001 and sales of approximately $2.7 billion for the nine months ended September 30, 2002. On a pro forma basis including Aeronautical Systems, 2001 sales were approximately $5.3 billion, and sales for the nine months ended September 30, 2002 were approximately $3.5 billion.

We have been in business since 1870 and are one of the oldest continuously traded companies on the New York Stock Exchange. Over the last two decades, we have aggressively transformed our business into a leading global aerospace provider through acquisitions and organic growth and by divesting our tire, plastics, chemical and industrial operations.

More than 85% of our sales in 2001 on a pro forma basis were from businesses or product platforms in which we are a leading supplier. We have global leadership positions in numerous aircraft products and services, including: ejection seats; engine nacelle systems; evacuation slides and rafts; flight attendant and cockpit seats; fuel measurement and management systems; ice protection systems; landing gear; lighting systems; maintenance, repair and overhaul services for commercial airframes and components; optical and electro-optical systems; sensors and sensor-based systems; and wheels and brakes. Through our acquisition of Aeronautical Systems, we have acquired additional global leadership positions in: cargo systems; engine controls; flight controls; hoists and winches; and power systems. We also have substantial market positions in space satellite applications, special avionics equipment, and products for industrial gas turbine engines.

We design, engineer and manufacture most of our products for use on specific airframes. Because most of these products are proprietary and require certification by the Federal Aviation Administration (FAA) or similar foreign regulatory agencies, we are generally the exclusive supplier of replacement, or

aftermarket, components during the life of the aircraft, which usually is 20 to 40 years. Most of our aviation products serve critical operating systems that are required for flight certification. Applicable regulations require that these products be periodically replaced, repaired or overhauled at specified intervals during the life of the aircraft.

Approximately 42% of our actual and pro forma sales in 2001 were from systems, components and services sold in the aftermarket. Approximately 25% of our sales in 2001, 24% on a pro forma basis, were attributable to products sold in the aftermarket directly or indirectly to operators of large commercial aircraft, which we define as commercial aircraft with a capacity for 100 or more seats. Aftermarket products generally have higher profit margins than original equipment products.

In 2001, approximately 32% of our sales, 31% on a pro forma basis, were to The Boeing Company and Airbus S.A.S. for new commercial aircraft production. Boeing and Airbus supply virtually all of the world s large commercial aircraft. Because we provide substantial systems for each large commercial aircraft platform currently manufactured by Boeing and Airbus, our business is not materially affected by a change in the mix of sales of new aircraft between them.

We are also a major supplier of systems and components for regional jet aircraft, which are commercial aircraft with a capacity for less than 100 seats, and to the business jet and general aviation markets. Approximately 11% of our 2001 sales, 13% on a pro forma basis, were directed to these markets. Approximately 50% of our 2001 sales to these markets, 55% on a pro forma basis, were for new aircraft production, while the balance is attributable to aftermarket sales.

Approximately 20% of our 2001 sales, 21% on a pro forma basis, were to the military and space markets. In these markets, we design, manufacture and sell landing gear, wheels and brakes, sensors, ejection seats, laser warning systems, the optical components of satellite and aircraft-based surveillance systems, and satellite attitude determination and on-orbit systems. Our most significant applications are on fighter and transport aircraft, helicopters, and surveillance and reconnaissance equipment.

While our near-term sales and earnings are influenced by conditions in each of these markets, our success in winning contracts to provide products and services for new airframes has positioned us for long-term growth. During the last two years, two major new airframe platforms have been announced. In the commercial market, Airbus launched its A380 super jumbo airliner, which will be the largest commercial aircraft ever built. We have been selected to supply the main and wing landing gear, the evacuation slides, the exterior lighting systems and other components for the A380. As a result of our acquisition of Aeronautical Systems, we also will supply flight control, power generation and cargo systems for the A380. In the military market, Lockheed Martin Corporation has commenced development of the F-35 Joint Strike Fighter, a supersonic, multi-role stealth fighter being developed for the United States and its allies. Current estimates reported in *Inside the Air Force* indicate that between 4,000 and 5,000 of these aircraft are expected to be built over the life of the program. We will supply integrated landing systems for this aircraft as well as critical sensors and other systems, and as a result of our acquisition of Aeronautical Systems, we also will supply an actuation system and a power system for this aircraft.

Our principal executive offices are located at Four Coliseum Centre, 2730 West Tyvola Road, Charlotte, North Carolina 28217. Our telephone number is (704) 423-7000.

Acquisition of Aeronautical Systems

On October 1, 2002, we acquired Aeronautical Systems from TRW Inc. for approximately $1.5 billion in cash. These businesses design and manufacture commercial and military aerospace systems and equipment, including engine controls, flight controls, power systems, cargo systems, hoists and winches, and actuation systems. They employ approximately 6,200 employees in 22 facilities in nine countries, including manufacturing and service operations in the United Kingdom, France, Germany, Canada, the United States and several Asia/ Pacific countries.

The acquired businesses sell aeronautical systems to major airlines, aircraft producers and other aircraft systems providers, as well as to the U.S. government and foreign governments and agencies. Many of these customers are also customers of ours. In 2001, approximately 54% of the sales generated by these businesses were from products sold to customers located in Europe. Sales of products for new aircraft production and for aftermarket applications represented 55% and 45%, respectively, of total 2001 sales. For 2001, military customers represented approximately 25% of sales, and all other customers accounted for the remaining 75% of sales.

We financed the acquisition through a $1.5 billion, 364-day credit facility provided by some of our existing lenders. This facility expires on July 29, 2003. We expect to repay amounts outstanding under this credit facility from:

- the net proceeds from the sale of approximately $200 million of our common stock in this offering,
- the net proceeds from our proposed sale of $900 million principal amount of our senior notes in a separate offering, and
- estimated net proceeds of approximately $400 million from the sale of non-core operating and non-operating assets.

As a result of integration activities with respect to the businesses acquired, we expect to realize annual cost savings of approximately $30 to $40 million, net of anticipated incremental costs, by the beginning of 2005. These cost savings are expected to result from consolidation of duplicate facilities, reduction in personnel, reduction of expenditures, expansion of procurement initiatives, and the use of best practices across the combined businesses.

Business Strengths

We believe that the key strengths critical to our success as a leading provider of aerospace components, systems and services are our:

- established global leadership positions in each major market we serve;
- large installed base of proprietary flight critical products, many of which have non-discretionary replacement, repair and maintenance cycles;
- recent contract wins on new aircraft programs, which will drive future growth from both original equipment sales and aftermarket sales;
- diverse, balanced mix of business:
  - among the commercial, military and space markets,
  - between new aircraft production and aftermarket sales,
  - across most makes and models of jet aircraft,
  - over numerous high value products and systems, and
  - with virtually all commercial jet aircraft manufacturers and commercial aircraft operators worldwide;
- strong, established, strategic relationships with key customers in each of our markets, which we believe is attributable to our track record of innovation and reliability and our expansive product capabilities; and
- experienced senior management team, which has led the transformation of our company into a leader in the global aerospace industry.

Business Strategy

Our strategy is designed to achieve sustainable above-market sales growth and increased levels of free cash flow. To accomplish these objectives, we intend to:

- maintain and enhance our diverse and balanced business mix within the aerospace industry, with global leadership in a broad range of key aircraft systems;
- reduce costs through continuous process improvement, Lean Manufacturing and aggressive supply chain management; and
- systematically leverage our technological strengths to enhance growth by developing advanced products and processes for application throughout the aerospace industry.

Industry Trends

The downturn in the commercial air transport market, together with the terrorist attacks on September 11, 2001, has adversely affected the airline industry. In response, some airlines have reduced their aircraft fleet sizes, and Boeing and Airbus have both announced that new commercial aircraft deliveries for 2002 and 2003 will be lower than 2001 as a result of reduced demand. Despite current conditions in the airline industry, there are several identifiable trends that we expect may have a positive effect on our business over the long term, including the following:

- available seat miles flown (ASMs), which have been a good predictor of our aftermarket sales, are expected to grow at a long-term rate of approximately 5% per annum through 2020, consistent with the historical rate of growth over the last 20 years;
- the worldwide fleet of active commercial aircraft is expected to grow again after a decline following the terrorist attacks on September 11, 2001, and Boeing projects that this fleet will more than double over the next 20 years;
- the market for regional jet aircraft is growing at a faster rate than the market for large commercial aircraft;
- aircraft manufacturers are increasingly favoring suppliers with the ability to integrate aviation components and supply complete systems, which has resulted in consolidation among suppliers, and aircraft manufacturers and airlines continue to outsource an increasing percentage of components, systems and services; and
- military spending and operations have increased, which we would expect to benefit our business to the extent spending is allocated for fighter and transport aircraft, helicopters, and reconnaissance and surveillance systems.

Recent Events

On October 28, 2002, we announced our intention to offer $900 million aggregate principal amount of our senior notes during the fourth quarter of 2002. We intend to apply the net proceeds from the sale of these senior notes to repay a portion of the amounts we borrowed to acquire Aeronautical Systems. Our proposed senior note offering may commence during or after the completion of this offering. This offering is not contingent on the commencement or completion of our proposed senior note offering, and our proposed senior note offering is not contingent on the completion of this offering.

Risk Factors

Investing in our common stock involves risks. You should refer to the section entitled Risk Factors for an explanation of the material risks before investing in our common stock.

The Offering

Common stock offered in this offering	13,000,000 shares
Common stock outstanding after this offering	115,106,452 shares (excluding 14,018,598 shares held by wholly owned subsidiaries)
Use of proceeds	We will use the estimated net proceeds of approximately $ million that we will receive from this offering to repay a portion of the amounts we borrowed to acquire Aeronautical Systems. See Use of Proceeds.
NYSE Symbol	GR

The number of shares outstanding after the offering excludes shares reserved for issuance under our benefit plans. For information about shares of our common stock issuable under our benefit plans as of December 31, 2001, see note R to our 2001 consolidated financial statements included elsewhere in this prospectus supplement.

Summary Historical and Pro Forma Financial Information of Goodrich

You should read the following summary historical and unaudited pro forma financial information together with Management s Discussion and Analysis of Financial Condition and Results of Operations, the financial statements and related notes of Goodrich and TRW Aeronautical Systems included elsewhere in this prospectus supplement and the pro forma financial statements and related notes included in Unaudited Pro Forma Condensed Combined Financial Statements.

The summary historical financial information as of December 31, 2001, 2000, and 1999, and for each of the three years in the period ended December 31, 2001, has been derived from our audited consolidated financial statements and the related notes. The summary historical financial information for the nine months ended September 30, 2002 and 2001 has been derived from our unaudited condensed consolidated financial statements. The historical amounts have been restated to present our Performance Materials and Engineered Industrial Products businesses as discontinued operations.

The summary unaudited pro forma financial information presented below gives effect to the acquisition of Aeronautical Systems, the borrowing of $1.5 billion under a 364-day credit facility to fund that acquisition, and the repayment of a portion of these borrowings with the net proceeds from the sale of approximately $200 million of our common stock in this offering and the sale of $900 million principal amount of our senior notes in our proposed note offering. Pro forma statement of income information gives effect to these transactions as if they occurred at the beginning of the periods presented, and pro forma balance sheet information gives effect to these transactions as if they occurred on September 30, 2002. The sale of common stock in this offering is not contingent on the commencement or completion of our proposed senior note offering, and our proposed senior note offering is not contingent on the completion of this offering. We cannot assure you that we will be able to complete either of these offerings on terms that are consistent with our assumptions or at all. The unaudited pro forma financial information is not intended to represent or be indicative of the consolidated results of operations or financial condition that we would have reported had these transactions occurred as of the dates presented, and should not be taken as representative of our future consolidated results of operations or financial condition.

	Year Ended December 31,				Nine Months Ended September 30,		
	1999	2000	2001	Pro Forma 2001	2001	2002	Pro Forma 2002
				(Unaudited)		(Unaudited)	
	(In millions, except per share data)						
Statement of Income Data:							
Sales	$3,646.2	$3,700.5	$4,184.5	$5,286.3	$3,131.7	$2,728.8	$3,484.3
Operating income(1)	274.1	489.7	384.6	462.7	434.4	299.6	353.0
Income from continuing operations:							
As reported(1)	85.9	235.2	176.9	178.3	228.0	154.2	146.7
As adjusted(1)(3)	253.9	265.5	306.3		233.2	172.3	
Balance Sheet Data (at end of period):							
Working capital	$ 445.0	$ 857.8	$ 762.7		$ 859.9	$ 529.7	$ 373.0
Total assets	5,468.4	6,052.3	5,227.5		5,432.6	4,440.4	6,129.4
Total debt	1,741.9	2,236.2	1,426.4		1,483.9	1,614.0	2,784.0
Mandatory redeemable preferred securities of trust	124.0	124.5	125.0		124.8	125.3	125.3
Total shareholders equity	1,295.6	1,228.5	1,361.4		1,483.9	1,021.1	1,211.5
Cash Flow Data:							
Operating cash flow	$ 210.5	$ 168.2	$ 382.6		$ 210.5	$ 356.2	
Investing cash flow	(166.5)	(349.4)	(288.8)		(237.5)	(40.1)	
Financing cash flow	(72.2)	80.6	(936.3)		(833.9)	84.7	
Free cash flow(2)	241.6	229.5	222.5		98.1	343.9	

	Year Ended December 31,				Nine Months Ended September 30,		
	1999	2000	2001	Pro Forma 2001	2001	2002	Pro Forma 2002
				(Unaudited)		(Unaudited)	
			(In millions, except per share data)				
Other Financial Data:							
EBITDA(3)(4)	$631.6	$668.7	$734.7		$555.3	$432.5	
Capital expenditures	144.7	133.8	190.5		134.6	56.5	
Depreciation and amortization(1)	137.6	165.4	173.8		129.3	120.4	
Diluted Earnings Per Share:							
Income from continuing operations(1)	$ 0.76	$ 2.16	$ 1.65	$1.49	$ 2.12	$ 1.48	$1.26
Income from continuing operations, as adjusted(1)(3)	2.23	2.43	2.87		2.17	1.65	

(1) Included in operating results for the nine months ended September 30, 2001 and the years ended December 31, 2001, 2000 and 1999 are $22.4 million ($18.3 million after-tax), $30.4 million ($22.9 million after-tax), $22.2 million ($16.6 million after-tax) and $20.9 million ($14.7 million after-tax), respectively, for the pre-tax amortization of goodwill. Beginning January 1, 2002, we adopted Statement of Financial Accounting Standard No. 142, which requires that goodwill no longer be amortized. For further information, you should read note U to our 2001 consolidated financial statements and note G to our 2002 unaudited condensed consolidated financial statements included elsewhere in this prospectus supplement.

(2) Free cash flow as used in this prospectus supplement means operating cash flow adjusted for cash payments related to special items, less capital expenditures. We believe that free cash flow provides meaningful additional information on our operating results and on our ability to service our long-term debt and other fixed obligations and to fund our continued growth. Free cash flow should not be construed as an alternative to operating income (loss) as determined in accordance with generally accepted accounting principles in the United States (GAAP), as an alternative to cash flow from operating activities (as determined in accordance with GAAP), or as a measure of liquidity. Because free cash flow is not calculated in the same manner by all companies, our presentation may not be comparable to other similarly titled measures reported by other companies. For a description of how we calculate free cash flow for the periods presented, please refer to note (3) under Selected Historical Financial Data on page S- 30.

(3) Excludes special items. For a description of special items excluded for the periods presented, see note (2) under Selected Historical Financial Data on page S-30. We believe excluding special items provides meaningful additional information on our operating results. Amounts adjusted to exclude special items should not be construed as an alternative to amounts determined in accordance with GAAP. Because amounts adjusted to exclude special items are not calculated in the same manner by all companies, our presentation may not be comparable to other similarly titled amounts reported by other companies.

(4) EBITDA as used in the table above means income from continuing operations before distributions on trust preferred securities, income tax expense, net interest expense, depreciation and amortization and special items. We believe that EBITDA provides meaningful additional information on our operating results and on our ability to service our long-term debt and other fixed obligations and to fund our continued growth. EBITDA should not be construed as an alternative to operating income (loss) as determined in accordance with GAAP, as an alternative to cash flow from operating activities (as determined in accordance with GAAP), or as a measure of liquidity. Because EBITDA is not calculated in the same manner by all companies, our presentation may not be comparable to other similarly titled measures reported by other companies.

Summary Historical Financial Information of Aeronautical Systems

You should read the following summary historical financial information together with the audited and unaudited combined financial statements and related notes for TRW Aeronautical Systems included elsewhere in this prospectus supplement. The summary historical financial information as of December 31, 2001 and 2000, and for each of the two years in the period ended December 31, 2001, has been derived from the audited combined financial statements of TRW Aeronautical Systems. The summary historical financial information for the nine months ended September 30, 2002 has been derived from the unaudited combined financial statements of TRW Aeronautical Systems. These audited and unaudited combined financial statements appear elsewhere in this prospectus supplement.

	Year Ended December 31,		Nine Months Ended
	2001	2000	September 30, 2002
			(Unaudited)
		(In millions)	
Statement of Income Data:			
Sales	$1,101.8	$1,105.0	$ 755.5
Operating income (loss)(1)(3)	65.0	128.3	(405.6)
Income (loss) from continuing operations(1)(3)	(11.5)	(4.1)	(446.2)
Balance Sheet Data (at end of period):			
Working capital	$ 108.2	$ 225.1	$ 215.2
Total assets	2,037.0	2,149.3	1,775.2
Total debt	31.5	39.8	4.0
Total stockholder s investment	1,562.2	1,708.1	1,379.8
Cash Flow Data:			
Operating cash flow	$ 199.0	$ 30.1	$ (141.7)
Investing cash flow	(66.4)	(51.8)	(54.3)
Financing cash flow	(116.4)	(18.2)	178.5
Other Financial Data:			
EBITDA(2)	$ 162.9	$ 198.9	$ 91.7
Capital expenditures	88.6	50.0	53.2
Depreciation and amortization(1)(3)	69.7	66.5	22.4

(1) Includes a $483.2 million ($459.6 million after-tax) goodwill impairment charge and excludes $19.1 million ($12.4 million after-tax) of depreciation expense during the nine months ended September 30, 2002, as described in the notes to the audited and unaudited combined financial statements of TRW Aeronautical Systems included elsewhere in this prospectus supplement.

(2) Excludes for the nine months ended September 30, 2002 a $483.2 million goodwill impairment charge and $4.3 million of income representing the reversal of a restructuring reserve. For 2001, excludes a $23.6 million charge for restructuring activities. For 2000, excludes $43.6 million representing unrealized losses on foreign currency hedges. EBITDA as used in the table above means income from continuing operations before income tax expense, net interest expense, depreciation and amortization and the items described above. We believe that EBITDA provides meaningful additional information on Aeronautical Systems operating results and on its ability to service its long-term debt and other fixed obligations and to fund continued growth. EBITDA should not be construed as an alternative to operating income (loss) as determined in accordance with GAAP, as an alternative to cash flow from operating activities (as determined in accordance with GAAP), or as a measure of liquidity. Because EBITDA is not calculated in the same manner by all companies, this presentation may not be comparable to other similarly titled measures reported by other companies.

(3) Includes goodwill amortization of approximately $20 million ($19 million after-tax) and $17 million ($15 million after-tax) for the years ended December 31, 2001 and December 31, 2000, respectively. As a result of the adoption of Financial Accounting Standards Board Statement No. 142, Goodwill and Other Intangible Assets, on January 1, 2002, goodwill was not amortized in 2002.

RISK FACTORS

Before you invest in our common stock, you should carefully consider the following risk factors, and cautionary statements described below, as well as other information contained in this prospectus supplement and the accompanying prospectus and the documents incorporated or deemed to be incorporated by reference in the accompanying prospectus. If any of the following risks actually occur, our business, financial condition or results of operations may suffer. As a result, the trading price of our common stock could decline, and you could lose all or part of your investment.

Risks Related to Goodrich

The markets we serve are cyclical and sensitive to domestic and foreign economic considerations that could adversely affect our business and financial results.

The markets in which we sell our products are, to varying degrees, cyclical and have experienced periodic downturns. For example, markets for certain of our commercial aviation products sold to aircraft manufacturers have experienced downturns during periods of slowdowns in the commercial airline industry and during periods of weak general economic conditions, as demand for new aircraft typically declines during these periods. Although we believe that aftermarket demand for many of our products may reduce our exposure to these business downturns, we have experienced these conditions in our business in the past and may experience downturns in the future.

The U.S. and other world markets are currently experiencing an economic downturn, and many of the markets that we serve have been affected by this downturn. As a result, our business and financial results have been adversely affected. If this economic downturn were to continue for an extended period or if conditions were to worsen, there would be further negative impact on our business and financial results.

Further, the terrorist attacks of September 11, 2001 adversely impacted the U.S. and world economies and a wide range of industries. These terrorist attacks, the allied military response and subsequent developments may lead to future acts of terrorism and additional hostilities, including possible retaliatory attacks on sovereign nations, as well as financial, economic and political instability. While the precise effects of such instability on our industry and our business is difficult to determine, it may negatively impact our business, financial condition, results of operations and cash flows.

Current conditions in the airline industry could adversely affect our business and financial results.

The downturn in the commercial air transport market, exacerbated by the terrorist attacks of September 11th, has adversely affected the financial condition of many commercial airlines. In response, some airlines have reduced their aircraft fleet sizes, resulting in decreased aftermarket demand for many of our products. In addition, Boeing and Airbus have both announced that new commercial aircraft deliveries for 2002 and 2003 will be lower than 2001, as a result of reduced demand. We expect that this reduction in the active fleet, coupled with reduced commercial aircraft deliveries by Boeing and Airbus, could adversely affect our results of operations and cash flows.

Several airlines recently have declared bankruptcy or indicated that bankruptcy may be imminent. A portion of our sales are derived from the sale of products directly to airlines, and we sometimes provide sales incentives to airlines and record unamortized sales incentives as other assets. If an airline declared bankruptcy, we may be unable to collect our outstanding accounts receivable from the airline and we may be required to record a charge related to unamortized and unrecoverable sales incentives.

Our acquisition of Aeronautical Systems exposes us to risks, including the risk that we may not be able to successfully integrate these businesses or achieve expected operating synergies.

Our acquisition of Aeronautical Systems involves risks that could adversely affect our operating results, including difficulties in integrating the operations and personnel of these businesses and the potential loss of key employees of these businesses. We may not be able to satisfactorily integrate these

acquired businesses in a manner and a timeframe that achieves the costs savings and operating synergies that we expect.

Our plan to repay our $1.5 billion, 364-day credit facility that we used to acquire Aeronautical Systems may not be successful.

We funded our acquisition of Aeronautical Systems with borrowings under a $1.5 billion, 364-day credit facility. This facility expires on July 29, 2003. We expect to repay these borrowings with the net proceeds from the sale of $200 million of our common stock in this offering, the net proceeds from our proposed senior note offering, cash from operations and the net proceeds from the sale of non-core operating and non-operating assets. We cannot assure you that we will be able to complete this offering or our proposed senior note offering or that we will be able to raise sufficient funds from the sale of non-core operating and non-operating assets to repay the credit facility in full. If we are unable to repay the credit facility, we will be required to refinance the facility or obtain new financing. Although in the past we have been able to refinance our existing credit facilities and obtain new financing, we have substantially increased the level of our debt in connection with our acquisition of Aeronautical Systems, and we cannot assure you that we would be able to refinance the credit facility or obtain new financing on acceptable terms.

A significant decline in business with Boeing or Airbus could adversely affect our business and financial results.

For the year ended December 31, 2001, approximately 23% and 13% of our sales, 24% and 16% on a pro forma basis, were made to Boeing and Airbus, respectively, for all categories of products, including original equipment and aftermarket products for commercial and military aircraft and space applications. Accordingly, a significant reduction in purchases by either of these customers could have a material adverse effect on our financial condition, results of operations and cash flows.

Demand for our defense and space-related products is dependent upon government spending.

Approximately 20% of our net sales for the year ended December 31, 2001, 21% on a pro forma basis, was derived from the military and space markets. The military and space markets are largely dependent upon government budgets, particularly the U.S. defense budget. We cannot assure you that an increase in defense spending will be allocated to programs that would benefit our business. Moreover, we cannot assure you that new military aircraft programs in which we participate will enter full-scale production as expected. A change in levels of defense spending could curtail or enhance our prospects in these markets, depending upon the programs affected. A change in the level of anticipated new product development costs for military aircraft could negatively impact our business.

Competitive pressures may adversely affect our business and financial results.

The aerospace industry in which we operate is highly competitive. We compete worldwide with a number of United States and international companies that are both larger and smaller than we are in terms of resources and market share, and some of which are our customers. While we are the market and technology leader in many of our products, in certain areas some of our competitors may have more extensive or more specialized engineering, manufacturing and marketing capabilities. As a result, these competitors may be able to adapt more quickly to new or emerging technologies and changes in customer requirements or may be able to devote greater resources to the development, promotion and sale of their products than we can.

The significant consolidation occurring in the aerospace industry could adversely affect our business and financial results.

The aerospace industry in which we operate has been experiencing significant consolidation among suppliers, including us and our competitors, and the customers we serve. Commercial airlines have

increasingly been merging and creating global alliances to achieve greater economies of scale and enhance their geographic reach. Aircraft manufacturers have made acquisitions to expand their product portfolios to better compete in the global marketplace. In addition, aviation suppliers have been consolidating and forming alliances to broaden their product and integrated system offerings and achieve critical mass. This supplier consolidation is in part attributable to aircraft manufacturers and airlines more frequently awarding long-term sole source or preferred supplier contracts to the most capable suppliers, thus reducing the total number of suppliers from whom components and systems are purchased. We cannot assure you that our business and financial results will not be adversely impacted as a result of consolidation by our competitors or customers.

The aerospace industry is highly regulated.

The aerospace industry is highly regulated in the United States by the FAA and in other countries by similar regulatory agencies. We must be certified by these agencies and, in some cases, by individual original equipment manufacturers in order to engineer and service systems and components used in specific aircraft models. If material authorizations or approvals were revoked or suspended, our operations would be adversely affected. New or more stringent governmental regulations may be adopted, or industry oversight heightened, in the future, and we may incur significant expenses to comply with any new regulations or any heightened industry oversight.

We may have liabilities relating to environmental laws and regulations that could adversely affect our financial results.

We are subject to various domestic and international environmental laws and regulations which may require that we investigate and remediate the effects of the release or disposal of materials at sites associated with past and present operations. We are currently involved in the investigation and remediation of a number of sites under these laws. Based on currently available information, we do not believe that future environmental costs in excess of those accrued with respect to such sites will have a material adverse effect on our financial condition. There can be no assurance, however, that additional future developments, administrative actions or liabilities relating to environmental matters will not have a material adverse effect on our results of operations or cash flows in a given period.

Any product liability claims in excess of insurance may adversely affect our financial condition.

Our operations expose us to potential liability for personal injury or death as a result of the failure of an aircraft component that has been serviced by us, the failure of an aircraft component designed or manufactured by us, or the irregularity of metal products processed or distributed by us. While we believe that our liability insurance is adequate to protect us from these liabilities, our insurance may not cover all liabilities. Additionally, insurance coverage may not be available in the future at a cost acceptable to us. Any material liability not covered by insurance or for which third-party indemnification is not available could have a material adverse effect on our financial condition, results of operations and cash flows.

Our operations depend on our production facilities throughout the world. These production facilities are subject to physical and other risks that could disrupt production.

Our production facilities could be damaged or disrupted by a natural disaster, labor strike, war, political unrest or terrorist activity. Although we have obtained property damage and business interruption insurance, a major catastrophe such as an earthquake or other natural disaster at any of our sites, or significant labor strikes, work stoppages, political unrest, war or terrorist activities in any of the areas where we conduct operations, could result in a prolonged interruption of our business. Any disruption resulting from these events could cause significant delays in shipments of products and the loss of sales and customers. We cannot assure you that we will have insurance to adequately compensate us for any of these events.

Creditors may seek to recover from us if the businesses that we spun off are unable to meet their obligations in the future, including obligations to asbestos claimants.

On May 31, 2002, we completed the spin-off of our wholly owned subsidiary, EnPro Industries, Inc. Prior to the spin-off, we contributed the capital stock of Coltec Industries Inc to EnPro. It is possible that asbestos-related claims might be asserted against us on the theory that we have some responsibility for the asbestos-related liabilities of EnPro, Coltec or its subsidiaries, even though the activities that led to those claims occurred prior to our ownership of any of those subsidiaries. Also, it is possible that a claim might be asserted against us that Coltec s dividend of its aerospace business to us prior to the spin-off was made at a time when Coltec was insolvent or caused Coltec to become insolvent. Such a claim could seek recovery from us on behalf of Coltec of the fair market value of the dividend.

No such claims have been asserted against us to date. We believe that we would have substantial legal defenses against any such claims. In addition, the agreement between EnPro and us that was used to effectuate the spin-off provides us with an indemnification from EnPro covering, among other things, these liabilities. Any such asbestos-related claims would likely require, as a practical matter, that Coltec s subsidiaries were unable to satisfy their asbestos-related liabilities and that Coltec was found to be responsible for these liabilities and was unable to meet its financial obligations. We believe any such claims would be without merit and that Coltec was solvent both before and after the dividend. If we are ultimately found to be responsible for the asbestos-related liabilities of Coltec s subsidiaries, we believe it would not have a material adverse effect on our financial condition, but could have a material adverse effect on our results of operations and cash flows in a particular period. However, because of the uncertainty as to the number, timing and payments related to future asbestos-related claims, there can be no assurance that any such claims will not have a material adverse effect on our financial condition, results of operations and cash flows. If a claim related to the dividend of Coltec s aerospace business were successful, it could have a material adverse impact on our financial condition, results of operations and cash flows.

We have significant international operations and assets and are therefore subject to additional financial and regulatory risks.

We have operations and assets throughout the world. In addition, we sell our products and services in foreign countries and seek to increase our level of international business activity. Accordingly, we are subject to various risks, including: U.S.-imposed embargoes of sales to specific countries; foreign import controls (which may be arbitrarily imposed or enforced); price and currency controls; exchange rate fluctuations; dividend remittance restrictions; expropriation of assets; war, civil uprisings and riots; government instability; the necessity of obtaining governmental approval for new and continuing products and operations; legal systems of decrees, laws, taxes, regulations, interpretations and court decisions that are not always fully developed and that may be retroactively or arbitrarily applied; and difficulties in managing a global enterprise. We may also be subject to unanticipated income taxes, excise duties, import taxes, export taxes or other governmental assessments. Any of these events could result in a loss of business or other unexpected costs that could reduce sales or profits and have a material adverse effect on our financial condition, results of operations and cash flows.

We are exposed to foreign currency risks that arise from normal business operations. These risks include the translation of local currency balances of our foreign subsidiaries, intercompany loans with foreign subsidiaries and transactions denominated in foreign currencies. Our international operations also expose us to translation risk when the local currency financial statements are translated to U.S. dollars, our functional currency. As currency exchange rates fluctuate, translation of the statements of income of international businesses into U.S. dollars will affect comparability of revenues and expenses between years.

Risks Related to Our Common Stock

Our stock price may be volatile and could experience substantial declines.

The market price of our common stock has historically experienced and may continue to experience volatility. This volatility may cause wide fluctuations in the price of our common stock on the New York Stock Exchange. The market price is likely to be affected by:

- changes in general conditions in the economy or the financial markets;
- variations in our quarterly operating results;
- other developments affecting us or our industry, customers or competitors; and
- the operating and stock price performance of companies that investors deem comparable to us.

The entire stock market has experienced significant volatility in recent months. This volatility has affected the market prices of securities issued by many companies for reasons unrelated to their operating performance. Therefore, we cannot predict the market price for our common stock after this offering.

Our shareholder rights plan, charter and bylaws could make it difficult for a third party to acquire our company.

We have a shareholder rights plan that may have the effect of discouraging unsolicited takeover proposals. The rights issued under the shareholder rights plan would cause substantial dilution to a person or group that attempts to acquire us on terms not approved in advance by our board of directors. In addition, our charter and bylaws contain provisions that could delay, defer or prevent a change in control of our company or our management. These provisions could also discourage proxy contests and make it more difficult for you and other shareholders to elect directors and take other corporate actions. These provisions:

- authorize us to issue blank check preferred stock, which is preferred stock that can be created and issued by our board of directors, without shareholder approval, with rights senior to those of common stock;
- require us to get the approval of the holders of at least 80% of our voting stock before we enter into a business combination with a person or group that owns more than 20% of our voting stock, unless the transaction is approved by a majority of our disinterested directors or certain price and procedural requirements are satisfied; and
- establish advance notice requirements for submitting nominations for election to the board of directors and for proposing matters that can be acted upon by shareholders at a meeting.

In addition, we are subject to anti-takeover provisions under New York law, which could also delay, defer or prevent a change of control. For information about all these provisions, please refer to the section titled Description of Common Stock Anti-Takeover Provisions in the accompanying prospectus.

Together, these provisions of our charter and bylaws, New York law and our shareholder rights plan may discourage transactions that otherwise could provide for the payment of a premium over prevailing market prices for our common stock, and also could limit the price that investors are willing to pay in the future for shares of our common stock.

Our issuance of preferred stock could adversely affect holders of our common stock.

Our board of directors is authorized to issue up to 7,598,327 shares of series preferred stock without any action on the part of our shareholders. Our board of directors also has the power, without shareholder approval, to set the terms of any series of series preferred stock that may be issued, including voting rights, dividend rights, preferences over our common stock with respect to dividends or if we liquidate, dissolve or wind up our business and other terms. If we issue series preferred stock in the future that has preference

over our common stock with respect to the payment of dividends or upon our liquidation, dissolution or winding up, or if we issue series preferred stock with voting rights that dilute the voting power of our common stock, the rights of holders of our common stock or the market price of our common stock could be adversely affected.

FORWARD-LOOKING STATEMENTS

Certain statements made in this document are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 regarding our future plans, objectives and expected performance. Specifically, statements that are not historical facts, including statements accompanied by words such as believe, expect, anticipate, intend, estimate or plan, are intended to identify forward-looking statements and convey the uncertainty of future events or outcomes. We caution readers that any such forward-looking statements are based on assumptions that we believe are reasonable, but are subject to a wide range of risks, and actual results may differ materially.

Important factors that could cause actual results to differ include, but are not limited to:

- the extent to which we are successful in integrating Aeronautical Systems and achieving expected operating synergies;
- the extent to which we are successful in implementing our plan to repay amounts borrowed to fund the acquisition of Aeronautical Systems;
- the prepayment of the Noveon International, Inc. payment-in-kind notes held by us;
- global demand for aircraft spare parts and aftermarket services;
- the impact of the terrorist attacks on September 11, 2001 and their aftermath;
- the timing related to restoring consumer confidence in air travel;
- the health of the commercial aerospace industry, including the impact of bankruptcies in the airline industry;
- the effect of current stock market conditions on pension plan assets, including 2002 year-end plan asset valuations, and the effect of those valuations on shareholders equity and 2003 pension expense and plan contributions;
- the solvency of Coltec Industries Inc at the time of and subsequent to the spin-off of EnPro Industries, Inc. and the ability of Coltec s subsidiaries to satisfy their asbestos-related liabilities following the spin-off;
- demand for and market acceptance of new and existing products;
- potential cancellation of orders by customers;
- successful development of products and advanced technologies;
- competitive product and pricing pressures;
- domestic and foreign government spending, budgetary and trade policies;
- economic and political changes in international markets where we compete, such as changes in currency exchange rates, inflation rates, recession and other external factors over which we have no control; and

the outcome of contingencies (including completion of acquisitions, divestitures, litigation and environmental remediation efforts).

We caution you not to place undue reliance on the forward-looking statements contained in this document, which speak only as of the date on which these statements were made. We undertake no obligation to release publicly any revisions to these forward-looking statements to reflect events or circumstances after the date on which these statements were made or to reflect the occurrence of unanticipated events.

USE OF PROCEEDS

We estimate that we will receive net proceeds of approximately $ million from this offering, or approximately $ million if the underwriters overallotment option is exercised in full, in each case after deducting the estimated underwriting discount and expenses of the offering.

We intend to use the net proceeds from this offering to repay a portion of the amounts we borrowed under a $1.5 billion, 364-day credit facility that we used to acquire Aeronautical Systems. This facility expires on July 29, 2003, and the principal amount outstanding under this facility as of November 7, 2002 was $1.45 billion. Amounts outstanding under this facility bear interest at variable rates determined by a ratings and leverage ratio grid based on the Eurodollar rate. The interest rate, on a fully drawn basis, varies between .75% to 2.25% over the Eurodollar rate depending on our long-term debt ratings from Standard & Poor s and Moody s Investors Services and our ratio of debt to EBITDA. The applicable fully drawn, weighted-average rate as of November 7, 2002 is 2.599%, which represents the Eurodollar rate plus .875%.

Affiliates of the underwriters are lenders under this credit facility. These affiliates will receive some of the net proceeds of this offering.

PRICE RANGE OF COMMON STOCK AND DIVIDEND POLICY

Our common stock trades on the New York Stock Exchange under the symbol GR. The following table sets forth on a per share basis the high and low sale prices for our common stock for the periods indicated as reported on the New York Stock Exchange composite transactions reporting system, as well as the dividends declared on our common stock for these periods.

	High	Low	Dividends
2000			
First Quarter	$ 29 9/16	$ 21 9/16	$ .275
Second Quarter	37 13/16	27 3/4	.275
Third Quarter	43 1/8	31 3/16	.275
Fourth Quarter	42 3/4	32 1/2	.275
2001			
First Quarter	42.65	33.06	.275
Second Quarter	44.50	36.01	.275
Third Quarter	38.80	15.91	.275
Fourth Quarter	26.89	18.65	.275
2002			
First Quarter	32.19	24.12	.275
Second Quarter	34.42	26.17	.200
Third Quarter	27.49	18.31	.200
Fourth Quarter (through November 7, 2002)	20.38	14.70	.200

On November 7, 2002, the last reported sale price of our common stock on the New York Stock Exchange was $15.88 per share. As of September 30, 2002, there were approximately 9,850 holders of record of our common stock.

On May 17, 2002, our board of directors reduced our quarterly dividend rate from $0.275 per share to $0.20 per share to achieve a net income payout ratio that we believe is consistent with other leading aerospace companies. Our board of directors will continue to consider appropriate dividend policies and practices relating to future dividends on our common stock.

On May 31, 2002, we completed the tax-free spin-off of our Engineered Industrial Products segment. The spin-off was made through a tax-free distribution to our shareholders of all the capital stock of EnPro Industries, Inc., a subsidiary that we formed in connection with the spin-off. In the spin-off, our

shareholders received one share of EnPro common stock for every five shares of our common stock owned on the record date, May 28, 2002.

Our debt agreements contain various restrictive covenants that, among other things, place limitations on the payment of cash dividends and our ability to repurchase our capital stock. Under the most restrictive of these agreements, $246.4 million of income retained in the business and additional capital was free from such limitations at September 30, 2002. In addition, under the agreement for our 8.3% Cumulative Quarterly Income Preferred Securities, Series A, if we defer any interest payments due to the holders of these securities, we may not, among other things, pay any dividends on our capital stock until all interest in arrears is paid in full.

CAPITALIZATION

The following table sets forth our cash and cash equivalents and combined capitalization as of September 30, 2002

on an actual basis, and

on a pro forma basis to reflect the following transactions as if they had been completed on September 30, 2002:

our acquisition of Aeronautical Systems;

the borrowing of $1.5 billion under a 364-day credit facility to fund that acquisition; and

the sale of approximately $200 million of our common stock in this offering, the sale of $900 million principal amount of our senior notes in the proposed note offering, and the application of the net proceeds from these offerings to repay a portion of the borrowings under our $1.5 billion, 364-day credit facility.

The pro forma financial data appearing below are based upon a number of other assumptions and estimates and are subject to uncertainties, and this table should be read in conjunction with the information appearing under Unaudited Pro Forma Condensed Combined Financial Statements, Management s Discussion and Analysis of Financial Condition and Results of Operations and the historical financial statements and related notes of Goodrich and TRW Aeronautical Systems included elsewhere in this prospectus supplement. The sale of common stock in this offering is not contingent on the commencement or completion of our proposed senior note offering, and our proposed senior note offering is not contingent on the completion of this offering. We cannot assure you that we will be able to complete either of these offerings on terms that are consistent with our assumptions or at all.

	As of September 30, 2002	
	Actual	**Pro Forma**
	(In millions, except share amounts)	
Cash and cash equivalents	$ 346.3	$ 226.4
Short-term bank debt	$ 284.0	$ 550.0
Long-term debt and capital lease obligations, including current maturities	1,330.0	2,234.0
Mandatory redeemable preferred securities of trust	125.3	125.3
Shareholders Equity:		
Series F Preferred Stock, $1.00 par value, 200,000 shares authorized, none outstanding		
Common stock, $5.00 par value, 200,000,000 shares authorized; 115,620,951 and 128,120,951 shares issued, actual and pro forma; and 102,106,452 and 114,606,452 shares outstanding, actual and pro forma	578.1	644.8
Additional capital	895.2	1,018.9
Income retained in the business	47.8	47.8
Accumulated other comprehensive income	(85.4)	(85.4)
Unearned compensation	(1.8)	(1.8)
Common stock held in treasury, at cost (13,514,499 shares)	(412.8)	(412.8)
Total shareholders equity	1,021.1	1,211.5
Total capitalization	$2,760.4	$4,120.8

UNAUDITED PRO FORMA CONDENSED COMBINED

FINANCIAL STATEMENTS

The following unaudited pro forma condensed combined financial statements are based on the historical consolidated financial statements of Goodrich and the historical combined financial statements of TRW Aeronautical Systems, which are included elsewhere in this prospectus supplement. The unaudited pro forma condensed combined financial statements give effect to:

- our acquisition of Aeronautical Systems,
- the borrowing of $1.5 billion under a 364-day credit facility to fund the acquisition, and
- the sale of approximately $200 million of our common stock in this offering, the sale of $900 million principal amount of our senior notes in the proposed senior note offering, and the application of the net proceeds from these offerings to repay a portion of the borrowings under our $1.5 billion, 364-day credit facility.

The sale of our common stock in this offering is not contingent on the commencement or completion of our proposed senior note offering, and our proposed senior note offering is not contingent on completion of this offering. We cannot assure you that we will be able to complete either of these offerings on terms that are consistent with our assumptions or at all. The following unaudited pro forma condensed combined financial statements have been prepared in accordance with the assumptions and adjustments as described in the accompanying notes. The unaudited pro forma condensed combined statement of income for the year ended December 31, 2001 gives effect to the transactions described above as if they had been completed on January 1, 2001, and the unaudited pro forma condensed combined statement of income for the nine months ended September 30, 2002 gives effect to these transactions as if they had been completed on January 1, 2002. The unaudited pro forma condensed combined balance sheet as of September 30, 2002 gives effect to these transactions as if they had been completed on September 30, 2002.

The total estimated purchase price, calculated as described in note (f) to these unaudited pro forma condensed combined financial statements, is allocated under the purchase method of accounting to the net tangible and intangible assets of the acquired businesses based on preliminary estimates of their fair values as of the completion of the acquisition. Independent valuation specialists are currently assisting us in determining the fair value of a significant portion of these assets. Final determination of these fair values will include our consideration of a final valuation prepared by the independent valuation specialists. This final valuation will be based on the actual net tangible assets of Aeronautical Systems that existed as of October 1, 2002.

These unaudited pro forma condensed combined financial statements have been prepared based on preliminary estimates of fair values. Amounts preliminarily allocated to intangible assets with indefinite lives may change significantly or be eliminated, amounts allocated to intangible assets with definite lives may change significantly, and amortization methods and useful lives may be different from the assumptions used herein, any of which could result in a material change in amortization of intangible assets. Therefore, the actual amounts recorded based on our final assessment of asset fair values may differ materially from the information presented in these unaudited pro forma condensed combined financial statements. In addition to the receipt of the final valuation, the impact of ongoing integration activities could cause material differences in the information presented. The unaudited pro forma condensed combined financial statements do not reflect any operating efficiencies and cost savings that we may achieve or any expense associated with achieving these benefits.

The unaudited pro forma condensed combined financial statements should be read in conjunction with the historical financial statements and accompanying notes of Goodrich and TRW Aeronautical Systems, which are included elsewhere in this prospectus supplement. The unaudited pro forma condensed combined consolidated financial statements are not intended to represent or be indicative of the consolidated results of operations or financial condition that we would have reported had the acquisition been completed as of the dates presented, and should not be taken as representative of our future consolidated results of operations or financial condition.

Unaudited Pro Forma Condensed Combined Balance Sheet

of Goodrich and TRW Aeronautical Systems
September 30, 2002

	Historical			
	Goodrich	Aeronautical Systems	Pro Forma Adjustments	Pro Forma Combined
		(In millions)		
Assets				
Current Assets:				
Cash and cash equivalents	$ 346.3	$ 3.6	$ (3.6)(a)	$ 226.4
			30.1(b)	
			(150.0)(b)	
Accounts and notes receivable, net	511.3	222.0		733.3
Inventories	821.1	220.7	26.0(g)	1,067.8
Deferred income taxes	99.2			99.2
Prepaid expenses and other assets	33.0	23.4	(3.1)(a)	60.4
			0.7(b)	
			6.4(c)	
Total current assets	1,810.9	469.7	(93.5)	2,187.1
Property, plant and equipment	918.5	311.5	(3.1)(a)	1,226.9
Prepaid pension	230.7	116.4	(113.4)(a)	233.7
Goodwill	696.0	331.5	(7.2)(f)	1,020.3
Identifiable intangible assets	148.5	344.0	131.0(f)	623.5
Payment-in-kind notes receivable, less discount	180.8			180.8
Other assets	455.0	202.1		657.1
	$4,440.4	$1,775.2	$ (86.2)	$6,129.4
Liabilities and Shareholders Equity				
Current liabilities:				
Short-term bank debt	$ 284.0	$	$1,500.0(b)	$ 550.0
			(893.6)(c)	
			(190.4)(d)	
			(150.0)(b)	
Accounts payable	274.4	146.0		420.4
Accrued expenses	486.4	108.5	(4.6)(a)	607.3
			17.0(j)	
Income taxes payable	232.9			232.9
Current maturities of long-term debt and capital lease obligations	3.5			3.5
Total current liabilities	1,281.2	254.5	278.4	1,814.1
Long-term debt and capital lease obligations	1,326.5	4.0	900.0(c)	2,230.5
Pension obligations	158.3	25.3	(13.3)(a)	170.3
Postretirement benefits other than pensions	309.7	28.9	(7.9)(a)	330.7
Deferred income taxes	15.0	50.7	(50.7)(a)	15.0
Other non-current liabilities	203.3	32.0	(3.3)(a)	232.0
Mandatory redeemable preferred securities of trust	125.3			125.3
Total shareholders equity	1,021.1	1,379.8	190.4(d)	1,211.5

			(1,379.8)(h)	
	$4,440.4	$1,775.2	$ (86.2)	$6,129.4

See accompanying notes to unaudited pro forma condensed combined financial statements.

Unaudited Pro Forma Condensed Combined Statement of Income

of Goodrich and TRW Aeronautical Systems
Nine Months Ended September 30, 2002

	Historical			
	Goodrich	Aeronautical Systems	Pro Forma Adjustments	Pro Forma Combined
	(In millions, except per share amounts)			
Sales	$2,728.8	$ 755.5	$	$3,484.3
Operating costs and expenses:				
Cost of sales	1,987.3	498.7	9.4(f) 14.8(k)	2,510.2
Selling and administrative expenses	412.6	179.2		591.8
Impairment of goodwill		483.2	(483.2)(f)	
Merger-related and consolidation costs	29.3			29.3
	2,429.2	1,161.1	(459.0)	3,131.3
Operating income (loss)	299.6	(405.6)	459.0	353.0
Interest expense	(69.9)	(61.2)	(9.5)(b) (51.1)(c) 61.2(i)	(130.5)
Interest income	25.9			25.9
Other income (expense) net	(13.6)	(4.0)		(17.6)
Income before income taxes and trust distributions	242.0	(470.8)	459.6	230.8
Income tax expense	(79.9)	24.6	(20.9)(e)	(76.2)
Distributions on trust preferred securities	(7.9)			(7.9)
Income (loss) from continuing operations	$ 154.2	$ (446.2)	$ 438.7	$ 146.7
Income (loss) from continuing operations per share:				
Basic	$ 1.51			$ 1.28
Diluted	$ 1.48			$ 1.26
Average shares used in computing income (loss) from continuing operations per share (in millions):				
Basic	102.0		12.5(d)	114.5
Diluted	104.2		12.5(d)	116.7

See accompanying notes to unaudited pro forma condensed combined financial statements.

Unaudited Pro Forma Condensed Combined Statement of Income

of Goodrich and TRW Aeronautical Systems
Year Ended December 31, 2001

	Historical			
	Goodrich	Aeronautical Systems	Pro Forma Adjustments	Pro Forma Combined
	(In millions, except per share amounts)			
Sales	$4,184.5	$1,101.8	$	$5,286.3
Operating costs and expenses:				
Cost of sales	3,127.6	772.3	(13.1)(f)	3,886.8
Selling and administrative expenses	565.0	240.9		805.9
Merger-related and consolidation costs	107.3	23.6		130.9
	3,799.9	1,036.8	(13.1)	4,823.6
Operating income	384.6	65.0	13.1	462.7
Interest expense	(107.8)	(82.0)	(12.4)(b)	(188.3)
			(68.1)(c)	
			82.0(i)	
Interest income	24.1			24.1
Other income (expense) net	(19.2)	4.6		(14.6)
Income (loss) before income tax and trust distributions	281.7	(12.4)	14.6	283.9
Income tax (expense) benefit	(94.3)	0.9	(1.7)(e)	(95.1)
Distributions on trust preferred securities	(10.5)			(10.5)
Income (loss) from continuing operations	$ 176.9	$ (11.5)	$ 12.9	$ 178.3
Income (loss) from continuing operations per share:				
Basic	$ 1.72			$ 1.54
Diluted	$ 1.65			$ 1.49
Average shares used in computing income (loss) from continuing operations per share (in millions):				
Basic	103.1		12.5(d)	115.6
Diluted	106.9		12.5(d)	119.4

See accompanying notes to unaudited pro forma condensed combined financial statements.

Notes to Unaudited Pro Forma Condensed Combined Financial Statements

(a) Reflects the elimination of assets and liabilities we are not acquiring under the terms of the Master Agreement of Purchase and Sale, including cash, prepaid expenses, certain fixed assets, pension and postretirement assets and liabilities, deferred income taxes, bank debt, environmental liabilities and accrued liabilities.

(b) Reflects the borrowing of $1.5 billion to finance the acquisition of Aeronautical Systems under a 364-day credit facility provided by some of our existing lenders. The interest rate on the credit facility is variable, and is determined based upon LIBOR for the applicable borrowing period plus a credit spread (0.725%). We also may borrow under the credit facility at the prime rate. For purposes of determining the adjustment to interest expense in the pro forma statements of income, the one-month LIBOR rate was used with a credit spread of 0.725%, resulting in an interest rate of 2.525%.

We incurred approximately $0.7 million in fees associated with the credit facility, which will be amortized to income as a component of interest expense over the term of the facility. We also pay an annualized facility fee of 0.15% based on the average commitment amount, and a one-time facility fee of 0.15% based on the commitment amount at December 31, 2002. Based on pro forma net borrowings of $416 million under the facility, the annualized facility fee is $0.6 million.

As the borrowings under the credit facility are reduced by the proceeds from our proposed common stock and senior note offerings, the pro forma annual interest expense is based on net borrowing under the facility of $416 million, resulting in annual interest expense of $10.5 million. Pro forma annual interest expense also includes amortization of the closing fees ($0.7 million), the annualized facility fee ($0.6 million) and the one-time facility fee based on the commitment amount at December 31, 2002 ($0.6 million).

The pro forma adjustment to cash of $30.1 million represents the borrowings of $1.5 billion under the credit facility, reduced by $0.7 million in closing fees and $1,469.2 million in net cash paid to TRW at closing. (See note (f).)

At September 30, 2002, we had pre-positioned $150 million of cash in a foreign subsidiary to effect the acquisition. As part of the purchase transaction, we used $150 million to repay amounts outstanding under our short-term borrowing arrangements.

(c) Reflects the issuance and sale of $900 million aggregate principal amount of senior notes maturing in 10 years, with an estimated interest rate of 7.5% and estimated issuance costs of $6.4 million. The net proceeds of $893.6 million will be used to reduce the borrowings under the credit facility described above.

The pro forma annual interest expense of $68.1 million is comprised of $67.5 million in interest payments on the debt and $0.6 million representing amortization of the debt issuance costs.

(d) Reflects the estimated proceeds from the sale of 12.5 million shares of common stock at a public offering price of $16.00 per share, net of estimated offering costs totaling approximately $9.6 million.

(e) Reflects the adjustment of income tax expense to the estimated combined effective rate for Goodrich and TRW Aeronautical Systems of 33.5% for the year ended December 31, 2001 and 33.0% for the nine months ended September 30, 2002.

(f) Reflects the estimated net fair value adjustment to Aeronautical Systems goodwill and identifiable intangible assets as a result of the following estimated purchase price allocation:

	(In millions)
Original purchase price for Aeronautical Systems	$ 1,500.0
Shares in joint venture not acquired	(3.0)
Cash paid to TRW	1,497.0
Cash received from TRW:	
For retiree medical	(21.0)
For foreign currency contracts terminated prior to closing	(5.6)
For foreign currency contract transfer costs	(1.2)
Net cash paid at closing	1,469.2
Estimated direct acquisition costs, including financial advisory, legal, accounting and other costs	17.0
Aggregate purchase price	$ 1,486.2
Book value of the net assets of Aeronautical Systems	$(1,379.8)
Elimination of net balances not being acquired (see note (a))	43.4
Capitalized estimated manufacturing profit in inventory acquired (see note (g))	(26.0)
Net adjustment to goodwill and identifiable intangible assets	$ 123.8

This reflects our preliminary estimates of the purchase price allocation for the acquisition of Aeronautical Systems, which may change upon completion of appraisals. For purposes of computing pro forma adjustments, we assumed historical values of current assets acquired and current liabilities assumed reflect fair value. The pro forma condensed combined balance sheet does not include any fair value adjustments for property, plant and equipment to fair value since we have not completed the appraisal process for these assets. The purchase price allocation does not include the effects of any anticipated restructuring activities that may occur in connection with the integration of Aeronautical Systems. Further, we may identify other assets and liabilities to which a portion of the purchase price will be allocated.

The identifiable intangible assets with definite lives have been adjusted to $475 million. This amount was estimated as part of our initial assessment in determining the total purchase price value. The amount preliminarily allocated to intangible assets with definite lives may change significantly and amortization methods and useful lives may be different from the assumptions used herein, any of which could result in a material change in amortization of intangible assets. The identifiable intangible assets are estimated to have an average life of 25 years, which results in pro forma annual amortization expense (using the straight line method) of $19 million, which is recorded in cost of sales. The pro forma condensed combined income statements for the nine months ended September 30, 2002 and the year ended December 31, 2001 have been adjusted to exclude $4.9 million and $12.1 million, respectively, representing the historical intangible assets amortization for TRW s Aeronautical Systems businesses.

In July 2001, the Financial Accounting Standards Board issued Statement No. 141, Business Combinations (SFAS 141), and Statement No. 142, Goodwill and Other Intangible Assets (SFAS 142). SFAS No. 141 requires that all business combinations initiated after June 30, 2001 be accounted for using the purchase method. Additionally, SFAS No. 141 establishes specific criteria for the recognition of intangible assets separately from goodwill. SFAS No. 142 primarily addresses the accounting for goodwill and intangible assets subsequent to their acquisition and became effective January 1, 2002. The most significant changes made by SFAS No. 142 require that goodwill and indefinite lived intangible assets no longer be amortized and be tested for impairment at least on an annual basis. This provision of SFAS No. 142 applies to business combinations with effective dates

after June 30, 2001. The pro forma condensed combined income statement does not include amortization for goodwill and other intangible assets with indefinite lives acquired with Aeronautical Systems since the business combination was consummated after June 30, 2001. In addition, the condensed combined pro forma income statement has been adjusted to exclude $20 million representing the historical goodwill amortization for Aeronautical Systems, which is recorded in cost of sales. The pro forma condensed combined income statement for the nine months ended September 30, 2002 has been adjusted to exclude the $483.2 million impairment of goodwill.

We have not eliminated the $30.4 million of goodwill amortization of Goodrich included in our historical financial statements for the year ended December 31, 2001.

The purchase price payable by us to TRW for the purchase of the Aeronautical Systems is subject to potential upward or downward adjustment after the closing based on the difference between the net asset value of Aeronautical Systems on October 1, 2002 (the closing date) and the net asset value of Aeronautical Systems on May 31, 2002, both calculated in the manner set forth in the Master Agreement of Purchase and Sale. This adjustment has not been reflected in the pro forma financial statements.

The purchase price will also be adjusted based on the funding of the pension plans of Aeronautical Systems, based on the terms of the Master Agreement of Purchase and Sale. In general, the purchase price will be reduced by the amount by which the plans projected benefit obligation exceeds the fair value of the assets of these plans. There is no purchase price adjustment if the fair value of the assets of the plans exceed the projected benefit obligation. The computation of this adjustment will be based on actuarial valuations of the plans which are not yet available. We do not anticipate that this adjustment will be material to the purchase price and no adjustment has been reflected in the pro forma financial statements.

(g) Reflects the estimated purchase accounting adjustment for capitalization of estimated manufacturing profit in inventory acquired with Aeronautical Systems. This amount was estimated as part of our initial assessment in determining the total purchase price value. The amount preliminarily allocated to inventory may change significantly from the assumptions used herein. The pro forma condensed combined statement of income does not reflect the impact of the one-time adjustment to cost of sales during the periods this inventory will be sold.

(h) Reflects the elimination of the historical stockholder s investment in Aeronautical Systems.

(i) Reflects the elimination of interest expense allocated to Aeronautical Systems by TRW and the interest expense associated with debt not assumed by Goodrich under the terms of the Master Agreement of Purchase and Sale.

(j) Reflects the accrual of the estimated direct acquisition costs, including financial advisory, legal, accounting and other costs.

(k) Reflects depreciation of property, plant and equipment of Aeronautical Systems for the period June 18, 2002 through September 30, 2002. The property, plant and equipment was considered held for sale by TRW for financial statement purposes, and therefore the financial statements of TRW Aeronautical Systems do not reflect depreciation expense during that period.

SELECTED HISTORICAL FINANCIAL DATA

The selected financial data as of December 31, 2001 and 2000, and for the three years in the period ended December 31, 2001, are derived from our audited consolidated financial statements included elsewhere in this prospectus supplement. The selected financial data as of December 31, 1999 and for the year ended December 31, 1998 have been derived from our audited consolidated financial statements not included in this prospectus supplement or the accompanying prospectus. The selected financial data as of December 31, 1998 and 1997 and for the year ended December 31, 1997 have been derived from our unaudited financial statements not included in this prospectus supplement or the accompanying prospectus. The selected financial data for the nine months ended September 30, 2002 and 2001 are derived from our unaudited financial statements included elsewhere in this prospectus supplement. The historical amounts have been restated to present our Performance Materials and Engineered Industrial Products businesses as discontinued operations. You should read the selected financial data with our Management s Discussion and Analysis of Financial Condition and Results of Operations and our consolidated financial statements and related notes included elsewhere in this prospectus supplement.

	Year Ended December 31,					Nine Months Ended September 30,	
	2001	2000	1999	1998	1997	2002	2001
	(In millions, except per share data) (Unaudited)						
Statement of Income Data:							
Sales	$4,184.5	$3,700.5	$3,646.2	$3,510.3	$3,060.3	$2,728.8	$3,131.7
Operating income(1)	384.6	489.7	274.1	440.6		299.6	434.4
Income from continuing operations:							
As reported(1)	176.9	235.2	85.9	213.3	67.8	154.2	228.0
As adjusted(1)(2)	306.3	265.5	253.9	219.8		172.3	233.2
Net Income	289.2	325.9	169.6	353.7		106.2	343.6
Balance Sheet Data (at end of period):							
Working capital	$ 762.7	$ 857.8	$ 445.0	$ 536.4		$ 529.7	$ 859.9
Total assets	5,227.5	6,052.3	5,468.4	5,223.5	4,450.0	4,440.4	5,432.6
Total debt	1,426.4	2,236.2	1,741.9	1,704.2	1,487.5	1,614.0	1,483.9
Mandatory redeemable preferred securities of trust	125.0	124.5	124.0	123.6		125.3	124.8
Total shareholders equity	1,361.4	1,228.5	1,295.6	1,238.9		1,021.1	1,499.1
Cash Flow Data:							
Operating cash flow	$ 382.6	$ 168.2	$ 210.5	$ 341.7		$ 356.2	$ 210.5
Investing cash flow	(288.8)	(349.4)	(166.5)	(208.8)		(40.1)	(237.5)
Financing cash flow	(936.3)	80.6	(72.2)	199.1		84.7	(833.9)
Free cash flow(3)	222.5	229.5	241.6	247.3		343.9	98.1
Other Financial Data:							
Segment operating income	$ 444.8	$ 562.5	$ 529.5	$ 495.0		$ 340.0	$ 477.5
Segment operating income, as adjusted(2)	644.1	593.6	561.7	505.5		369.0	490.5
EBITDA(2)(4)	734.7	668.7	631.6	557.7		432.5	555.3
Capital expenditures	190.5	133.8	144.7	163.0		56.5	134.6
Depreciation and amortization(1)	173.8	165.4	137.6	124.4		120.4	129.3
Dividends	113.7	117.6	91.6	75.7		76.5	85.1
Distributions on trust preferred securities	10.5	10.5	10.5	10.5		7.9	7.9
Diluted Earnings per Share:							
Income from continuing operation(1)	$ 1.65	$ 2.16	$ 0.76	$ 1.87	$ 0.61	$ 1.48	$ 2.12
Income from continuing operations, as adjusted(1)(2)	2.87	2.43	2.23	1.93		1.65	2.17
Dividends Declared per Common Share	1.10	1.10	1.10	1.10		0.675	0.825

(1) Reflects amortization of goodwill. Beginning January 1, 2002, we adopted Statement of Financial Accounting Standard No. 142, which requires that goodwill no longer be amortized. For further information, you should read note U to our 2001 consolidated financial statements and note G to our unaudited condensed consolidated financial statements for the nine months ended September 30, 2002 included elsewhere in this prospectus supplement.

(2) Excludes special items, as follows (in millions, except per share amounts):

	Year Ended December 31,								Nine Months Ended			
	2001		2000		1999		1998		2002		2001	
	After Tax	Per Diluted Share	After Tax	Per Diluted Share	After Tax	Per Diluted Share	After Tax	Per Diluted Share	After Tax	Per Diluted Share	After Tax	Per Diluted Share
Merger-related and consolidation costs	$ (71.3)	$ (0.67)	$ (28.6)	$ (0.26)	$ (170.4)	$ (1.49)	$ (6.5)	$ (0.06)	$ (19.7)	$ (0.19)	$ (9.9)	$ (0.09)
Gain from sale of interest in business	4.7	0.04			2.4	0.02			1.6	0.02	4.7	0.04
Inventory adjustments	(62.8)	(0.59)										
Impairment charge on business held for sale			(1.7)	(0.01)								
Total adjustments to income from continuing operations	$ (129.4)	$ (1.22)	$ (30.3)	$ (0.27)	$ (168.0)	$ (1.47)	$ (6.5)	$ (0.06)	$ (18.1)	$ (0.17)	$ (5.2)	$ (0.05)

We believe excluding special items provides meaningful additional information on our operating results. Amounts adjusted to exclude special items should not be construed as an alternative to amounts determined in accordance with GAAP. Because amounts adjusted to exclude special items are not calculated in the same manner by all companies, our presentation may not be comparable to other similarly titled amounts reported by other companies.

(3) Free cash flow as used in this prospectus supplement means operating cash flow adjusted for cash payments related to special items, less capital expenditures. Cash paid for special items was $44.2 million and $22.2 million for the nine months ended September 30, 2002 and 2001, respectively. Cash paid for special items was $30.3 million, $81.4 million, $175.8 million and $68.5 million for the years ended December 31, 2001, 2000, 1999 and 1998, respectively. Free cash flow in 2000 also excludes a $113.7 million payment to the IRS related to an income tax assessment and the associated accrued interest. We believe that free cash flow provides meaningful additional information on our operating results and on our ability to service our long-term debt and other fixed obligations and to fund our continued growth. Free cash flow should not be construed as an alternative to operating income (loss) as determined in accordance with GAAP, as an alternative to cash flow from operating activities (as determined in accordance with GAAP), or as a measure of liquidity. Because free cash flow is not calculated in the same manner by all companies, our presentation may not be comparable to other similarly titled measures reported by other companies.

(4) EBITDA as used in the table above means income from continuing operations before distributions on trust preferred securities, income tax expense, net interest expense, depreciation and amortization and special items. We believe that EBITDA provides meaningful additional information on our operating results and on our ability to service our long-term debt and other fixed obligations and to fund our continued growth. EBITDA should not be construed as an alternative to operating income (loss) as determined in accordance with GAAP, as an alternative to cash flow from operating activities (as determined in accordance with GAAP), or as a measure of liquidity. Because EBITDA is not calculated in the same manner by all companies, our presentation may not be comparable to other similarly titled measures reported by other companies.

MANAGEMENT S DISCUSSION AND ANALYSIS OF

FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion and analysis in conjunction with Selected Historical Financial Data and our consolidated financial statements and related notes included elsewhere in this prospectus supplement. The following discussion and analysis contains forward-looking statements, and you should refer to the information in the sections titled Risk Factors and Forward-Looking Statements for a description of some of the uncertainties, risks and assumptions that may cause our actual results to differ materially from what we expect.

As discussed below, our former Engineered Industrial Products (EIP) and Performance Materials (PM) segments have been accounted for as discontinued operations. Unless otherwise noted herein, disclosures pertain only to our continuing operations.

Special items, as used throughout this prospectus supplement, include merger-related and consolidation costs, certain gains or losses on the sale of businesses, results of discontinued operations, cumulative effect of change in accounting, asset impairment charges and other restructuring costs.

Overview

We are one of the largest worldwide suppliers of aerospace components, systems and services to the large commercial, regional, business and general aviation markets. We are also a leading supplier of aircraft and satellite systems products to the global military and space markets. Our business is conducted on a global basis with manufacturing, service and sales undertaken in various locations throughout the world.

Due to the sale of our Performance Materials segment in 2001, as well as the spin-off of our Engineered Industrial Products segment in 2002, we have redefined our segments. Our operations are now classified into four reportable business segments: Aerostructures and Aviation Technical Services; Landing Systems; Engine and Safety Systems; and Electronic Systems. We plan to manage and report Aeronautical Systems as a separate reportable segment until our integration plan is completed in 2003.

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 services for many commercial airlines, independent operators, 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 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 discs, 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.

Outlook

Goodrich, as well as the entire aerospace industry, continues to experience weak market conditions in commercial aerospace that have negatively impacted our customers and demand for our products. We have proactively addressed these issues by taking actions to realign our capacity and cost structure with anticipated market demand.

Including the contributions of Aeronautical Systems for the fourth quarter, we expect the full-year 2002 sales to be $3.90 to $3.95 billion. Diluted earnings per share, excluding special items, are expected to be in excess of $2.30.

Looking forward to 2003, we expect that while the airline industry will continue to experience a challenging environment, overall available seat miles, which are generally correlated with aftermarket sales, should be flat, compared to 2002. Production of commercial transport aircraft (including regional jets) is expected to be lower than 2002, in line with public guidance from the manufacturers. Military and space sales are expected to increase 5% to 10% in 2003.

Our expectations for Goodrich in 2003 are dependent on a large number of factors. These factors include: (a) the timing and net proceeds of the expected sale of non-core assets; (b) the timing and number of shares issued in the expected equity offering; (c) the timing and terms of the expected debt offering; (d) the amount of increase in non-cash pension expense; and (e) the payment of all, or only a portion, of the Noveon payment-in-kind notes held by us.

We continue to realize significant savings from our previously announced restructuring activities, and now expect to exceed our prior expectations for headcount reductions and annual savings. These activities are expected to be largely complete by the end of 2002. Upon completion, it is expected that these actions will result in reductions in total headcount in excess of 3,200 personnel and annual pre-tax savings in excess of $170 million. Additional restructuring activities, including activities related to the Aeronautical Systems acquisition and the achievement of the synergy savings, may be considered due to the continuing weak environment for commercial aircraft production and lower expectations for the air travel industry.

Acquisition of Aeronautical Systems

On October 1, 2002, we completed our acquisition of Aeronautical Systems from TRW Inc. for approximately $1.5 billion in cash. The acquired businesses design and manufacture commercial and military aerospace systems and equipment, including engine controls, flight controls, power systems, cargo systems, hoists and winches, and actuation systems. They employ approximately 6,200 employees in 22 facilities in nine countries, including manufacturing and service operations in the United Kingdom, France, Germany, Canada, the United States and several Asia/Pacific countries.

We financed the acquisition through a $1.5 billion, 364-day credit facility provided by some of our existing lenders. This facility expires on July 29, 2003. We expect to repay amounts outstanding under the credit facility from:

the net proceeds from the proposed sale of approximately $200 million of our common stock in this offering;

the net proceeds from the proposed sale of approximately $900 million principal amount of our debt securities; and

the estimated net proceeds of approximately $400 million from the proposed sale of non-core operating and non-operating assets.

We expect to market the new equity and debt securities during the fourth quarter of 2002.

As a result of integration activities with respect to Aeronautical Systems, we expect to realize annual cost savings of approximately $30-$40 million, net of anticipated incremental costs, by the beginning of 2005. These cost savings are expected to result from consolidation of duplicate facilities, reduction of personnel, reduction of expenditures, expansion of procurement initiatives, and the use of best practices across the combined businesses.

Spin-Off of Engineered Industrial Products

On May 31, 2002, we completed the tax-free spin-off of our Engineered Industrial Products segment. The spin-off was made through a tax-free distribution to our shareholders of all the capital stock of EnPro Industries, Inc., a subsidiary that we formed in connection with the spin-off. In the spin-off, our shareholders received one share of EnPro common stock for every five shares of our common stock owned on the record date, May 28, 2002.

At the time of the spin-off, EnPro s only material asset was all of the capital stock and certain indebtedness of Coltec Industries Inc. Coltec and its subsidiaries own substantially all of the assets and liabilities of the EIP segment, including the associated asbestos liabilities and related insurance.

Prior to the spin-off, Coltec also owned and operated an aerospace business. Before completing the spin-off, Coltec s aerospace business assumed all intercompany balances outstanding between Coltec and us, and Coltec then transferred to us as a dividend all the assets, liabilities and operations of its aerospace business, including these assumed balances. Following this transfer and prior to the spin-off, all the capital stock of Coltec was contributed to EnPro, with the result that at the time of the spin-off Coltec was a wholly owned subsidiary of EnPro.

In connection with the spin-off, we and EnPro entered into a distribution agreement, a tax matters agreement, a transition services agreement, an employee matters agreement and an indemnification agreement, which govern the relationship between us and EnPro after the spin-off and provide for the allocation of employee benefits, tax and other liabilities and obligations attributable to periods prior to the spin-off.

The spin-off was recorded as a dividend and resulted in a reduction in shareholders equity of $399.9 million representing the recorded value of net assets of the business distributed (including cash of $56.0 million). The distribution agreement provides for certain post-distribution adjustments relating to the amount of cash to be included in the net assets distributed. At September 30, 2002, we had recorded an account receivable for $16.6 million from EnPro with respect to these adjustments; however, the final adjustment amount has not been determined. The difference, if any, between the final adjustment amount and the account receivable will be recorded as an adjustment to the dividend.

The $150 million of outstanding Coltec Capital Trust 5 1/4% convertible trust preferred securities (TIDES) that were reflected in liabilities of discontinued operations remain outstanding as part of the EnPro capital structure following the spin-off. The TIDES are convertible into shares of both Goodrich and EnPro common stock until April 15, 2028. We have guaranteed amounts owed by Coltec Capital Trust with respect to the TIDES and have guaranteed Coltec s performance of its obligations with respect to the TIDES and the underlying Coltec convertible subordinated debentures. EnPro, Coltec and Coltec Capital Trust have agreed to indemnify us from any costs and liabilities arising under or related to the TIDES after the spin-off.

Prior to the spin-off, Coltec acquired certain call options on our common stock in order to partially hedge its exposure to fluctuations in the market price of our stock resulting from the TIDES. These call options remain an asset of Coltec following the spin-off.

Sale of Performance Materials

On February 28, 2001, we completed the sale of our Performance Materials segment to an investor group led by AEA Investors, Inc. for approximately $1.4 billion. Total net proceeds, after anticipated tax payments and transaction costs, included approximately $1 billion in cash and $172 million in pay-in-kind (PIK) debt securities issued by the buyer, which is now known as Noveon International Inc. The transaction resulted in an after-tax gain of $93.5 million. During the second quarter of 2002, we and Noveon resolved a dispute over the computation of a post-closing working capital adjustment. The resolution of this matter had no effect on the previously reported gain.

In July 2002, we entered into an agreement with Noveon to amend certain provisions of the PIK notes held by us to give Noveon the option to prepay the securities at a discount greater than the original discount if they are prepaid on or before February 28, 2003. As a result of prepayments made in June and October 2002, Noveon has prepaid a total of $62.5 million of the outstanding principal of the PIK notes for $49.8 million in cash. Because these prepayments did not exceed the original discount recorded at the inception of the note, no gain or loss was required to be recognized. Should Noveon prepay the securities in full on or before February 28, 2003, the cash received could be less than the then recorded amount of the securities by approximately $4 million.

Pursuant to the terms of the transaction, we have retained certain assets and liabilities (primarily pension, postretirement and environmental liabilities) of the Performance Materials segment. We have also agreed to indemnify Noveon for liabilities arising from certain events as defined in the agreement. Such indemnification is not expected to be material to our financial condition, but could be material to our results of operations in a given period.

Other Acquisitions and Dispositions

Pooling of Interests

On July 12, 1999, we completed the merger with Coltec by exchanging 35.5 million shares of our common stock for all the common stock of Coltec. Each share of Coltec common stock was exchanged for 0.56 of one share of our common stock. The merger was accounted for as a pooling of interests, and all prior period financial statements were restated to include the financial information of Coltec as though Coltec had always been a part of us.

Acquisitions

The following acquisitions were recorded using the purchase method of accounting. Their results of operations have been included in our results since their respective dates of acquisition. Acquisitions made by businesses included within the Performance Materials and Engineered Industrial Products segments are not discussed below.

There were no acquisitions made during the first nine months of 2002.

During 2001, we acquired a manufacturer of aerospace lighting systems and related electronics, as well as the assets of a designer and manufacturer of inertial sensors used for guidance and control of unmanned vehicles and precision-guided systems. Total consideration aggregated $114.4 million, of which $101.6 million represented goodwill and other intangible assets.

During 2000, we acquired a manufacturer of earth and sun sensors for attitude determination and control ejection seat technology; a manufacturer of fuel nozzles; a developer of avionics and displays; the assets of a developer of precision electro-optical instrumentation serving the space and military markets; an equity interest in a joint venture focused on developing and operating a comprehensive open electronic marketplace for aerospace aftermarket products and services; a manufacturer of precision and large optical systems, laser encoding systems, and visual surveillance systems for day and night use; and a supplier of pyrotechnic devices for space, missile and aircraft systems. Total consideration aggregated $242.6 million, of which $105.4 million represented goodwill and other intangible assets.

During 1999, we acquired a manufacturer of spacecraft attitude determination and control systems and sensor and imaging instruments; the remaining 50% interest in a joint venture, located in Singapore, that overhauls and repairs thrust reversers, nacelles and nacelle components; an ejection seat business; and a manufacturer and developer of micro-electromechanical systems, which integrate electrical and mechanical components to form smart sensing and control devices. Total consideration aggregated $56.5 million, of which $55.0 million represented goodwill.

The purchase agreements for the manufacturer and developer of micro-electromechanical systems provides for additional consideration to be paid over six years based on a percentage of net sales. The additional consideration for the first five years, however, is guaranteed not to be less than $3.5 million. As the $3.5 million of additional consideration is not contingent on future events, it has been included in the purchase price and allocated to the net assets acquired. All additional contingent amounts payable under the purchase agreement will be recorded as additional purchase price/goodwill when earned.

The impact of these acquisitions was not material in relation to our results of operations. Consequently, pro forma information is not presented.

Dispositions

In addition to the spin-off of our EIP segment, during the first nine months of 2002, we sold a portion of our interest in a business, resulting in a pre-tax gain of $2.4 million, which has been reported in other income (expense), net.

In addition to the sale of our PM segment, during 2001, we sold a minority interest in one of our businesses, resulting in a pre-tax gain of $7.2 million, which has been reported in other income (expense), net.

During 2000, we sold a product line of one of our businesses, resulting in a pre-tax gain of $2.0 million, which has been reported in other income (expense), net.

During 1999, we sold all or a portion of our interest in two of our businesses, resulting in a pre-tax gain of $6.8 million, which has been reported in other income (expense), net.

Share Repurchase Program

On September 17, 2001, we announced a program to repurchase up to $300 million of our common stock. We repurchased 2.5 million shares through December 31, 2001. The total cost of these shares was approximately $50 million with an average price of $20.29 per share.

No shares were repurchased under this program during the first nine months of 2002.

Change in Dividend Policy

On May 17, 2002, we announced that our board of directors had approved a change in our dividend policy to achieve a net income payout ratio that we believe is consistent with other leading aerospace companies. Specifically, our quarterly dividend on our common stock was reduced to $0.20 per share from the previous level of $0.275 per share, effective with the regular quarterly dividend payable July 1, 2002, to shareholders of record as of June 10, 2002.

Results of Operations

2002 Third Quarter and Year-to-Date Results

The following table summarizes our results of operations for the three and nine months ended September 30, 2002 and 2001.

	Three Months Ended September 30,			
	2002	2002(A) Adjusted	2001	2001(B) Adjusted
	(In millions, except per share data)			
Sales	$882.1	$882.1	$1,051.9	$1,051.9
Segment Operating Income	$110.8	$118.0	$ 165.5	$ 166.9
Income from Continuing Operations	$ 46.0	$ 50.9	$ 81.9	$ 83.0
Income (Loss) from Discontinued Operations			6.1	
Net Income	$ 46.0	$ 50.9	$ 88.0	$ 83.0
Diluted EPS	$ 0.45	$ 0.50	$ 0.83	$ 0.77

	Nine Months Ended September 30,			
	2002	2002(C) Adjusted	2001	2001(D) Adjusted
	(In millions, except per share data)			
Sales	$2,728.8	$2,728.8	$3,131.7	$3,131.7
Segment Operating Income	$ 340.0	$ 369.0	$ 477.5	$ 490.5
Income from Continuing Operations	$ 154.2	$ 172.3	$ 228.0	$ 233.2
Income (Loss) from Discontinued Operations	(11.9)		115.6	
Cumulative Effect of Change in Accounting	(36.1)			
Net Income	$ 106.2	$ 172.3	$ 343.6	$ 233.2
Diluted EPS	$ 1.04	$ 1.65	$ 3.24	$ 2.17

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2002	2001	2002	2001
	(In millions, except per share data)			
Cash Flow Data:				

Net Cash Provided by Operating Activities	$193.1	$156.9	$356.2	$210.5
Free Cash Flow(E)	$184.6	$114.1	$343.9	$ 98.1

(A) Results exclude the effect of a $7.2 million charge ($4.9 million after-tax), or $0.05 a diluted share, for merger-related and consolidation costs.

(B) Results exclude the effect of a $1.5 million charge ($1.1 million after-tax), or $0.01 a diluted share, for merger-related and consolidation costs. Results also exclude the after-tax effect of income from discontinued operations ($6.1 million, or $0.07 a diluted share).

(C) Results exclude the effect of a $29.3 million charge ($19.7 million after-tax), or $0.19 a diluted share, for merger-related and consolidation costs and a $2.4 million pre-tax gain ($1.6 million after-tax), or $0.02 a diluted share, in other income (expense) from the sale of a portion of our interest in a business. Results also exclude the after-tax effect of loss from discontinued operations ($11.9 million, or $0.09 a diluted share) and the cumulative effect of change in accounting ($36.1 million, or $0.35 a diluted share).

(D) Results exclude the effect of a $14.9 million charge ($9.9 million after-tax), or $0.09 a diluted share, for merger-related and consolidation costs and a $7.2 million pre-tax gain ($4.7 million after-tax), or $0.04 a diluted share, in other income (expense) from the sale of a portion of our interest in a

business. Results also exclude the after-tax effect of income from discontinued operations ($115.6 million, or $1.12 a diluted share).

(E) Free cash flow is defined as operating cash flow from continuing operations adjusted for cash payments related to special items less capital expenditures. We believe free cash flow provides meaningful additional information on our operating results and on our ability to service our long-term debt and other fixed obligations and to fund our continued growth. Free cash flow should not be construed as an alternative to operating income(loss) as determined in accordance with GAAP, as an alternative to cash flow from operating activities (as determined in accordance with GAAP), or as a measure of liquidity. Because free cash flow is not calculated in the same manner by all companies, our presentation may not be comparable to other similarly titled measures reported by other companies.

Third Quarter of 2002 Compared With Third Quarter of 2001

	Three Months Ended September 30,	
	2002	2001
	(Dollars in millions)	
Sales	$882.1	$1,051.9
Segment Operating Income	118.0	166.9
Corporate General and Administrative Costs	(10.1)	(12.3)
Merger-related and Consolidation Costs	(7.2)	(1.5)
Total Operating Income	100.7	153.1
Net Interest Expense	(16.9)	(17.6)
Other Income (Expense) net	(11.1)	(8.1)
Income Tax Expense	(24.0)	(42.8)
Distribution on Trust Preferred Securities	(2.7)	(2.7)
Income from Continuing Operations	46.0	81.9
Income from Discontinued Operations		6.1
Net Income	$ 46.0	$ 88.0

Sales and Segment Operating Income. For a discussion of our sales and segment operating income, refer to Segment Analysis below.

Corporate General and Administrative Costs. Corporate general and administrative costs of $10.1 million during the third quarter were lower by $2.2 million, or 17.9%, from the $12.3 million recorded during the third quarter of 2001. The decrease was principally a result of lower accruals for incentive compensation plans during the third quarter of 2002 as compared to the same period of 2001.

Merger-Related and Consolidation Costs. Merger-related and consolidation costs of $7.2 million and $1.5 million were recorded during the third quarter of 2002 and 2001, respectively (see further discussion in Note F of our unaudited condensed consolidated financial statements included elsewhere in this prospectus supplement). We expect to incur additional merger-related and consolidation costs during the remainder of 2002. The timing of these costs (accruable or period costs) is dependent on the nature of the costs. These charges will consist primarily of costs associated with the reorganization of operating facilities and for employee relocation and severance costs.

Net Interest Expense. Net interest expense decreased $0.7 million from $17.6 million in 2001 to $16.9 million during the third quarter of 2002. The decrease was primarily attributable to lower interest expense. Improved cash flow from operations, lower capital expenditures and significantly lower interest rates reduced total interest expense.

Other Income (Expense) Net. Other income (expense) net increased by $3.0 million from expense of $8.1 million in the third quarter of 2001 to expense of $11.1 million in the third quarter of 2002. During the third quarter of 2002, we recorded expense of approximately $1.2 million relating to the

settlement of litigation. In addition, we sold certain real estate of a previously discontinued business at a loss of $0.3 million. The third quarter of 2002 also includes approximately $0.7 million of legal costs related to litigation monitoring.

Income Tax Expense. Our estimated effective tax rate from continuing operations during the third quarter of 2002 was 33.0%. This compares to an estimated effective tax rate from continuing operations of 33.6% during the third quarter of 2001. The estimated effective tax rate in the third quarter of 2002 is consistent with the rate expected for all of 2002.

Income from Discontinued Operations. Income from discontinued operations was $6.1 million during the third quarter of 2001. On May 31, 2002, we completed the tax-free spin-off of our Engineered Industrial Products segment. As a result, there were no discontinued operations during the third quarter of 2002.

First Nine Months of 2002 as Compared to the First Nine Months of 2001

	Nine Months Ended September 30,	
	2002	2001
	(Dollars in millions)	
Sales	$2,728.8	$3,131.7
Segment Operating Income	369.0	490.5
Corporate General and Administrative Costs	(40.1)	(41.2)
Merger-related and Consolidation Costs	(29.3)	(14.9)
Total Operating Income	299.6	434.4
Net Interest Expense	(44.0)	(64.4)
Other Income (Expense) net	(13.6)	(15.2)
Income Tax Expense	(79.9)	(118.9)
Distribution on Trust Preferred Securities	(7.9)	(7.9)
Income from Continuing Operations	154.2	228.0
Income (loss) from Discontinued Operations	(11.9)	115.6
Cumulative Effect of Change in Accounting	(36.1)	
Net Income	$ 106.2	$ 343.6

Sales and Segment Operating Income. For a discussion of our sales and segment operating income, refer to Segment Analysis below.

Merger-Related and Consolidation Costs. Merger-related and consolidation costs of $29.3 million and $14.9 million were recorded during the first nine months of 2002 and 2001, respectively (see further discussion in Note F of our unaudited condensed consolidated financial statements included elsewhere in this prospectus supplement). We expect to incur additional merger-related and consolidation costs during the remainder of 2002. The timing of these costs (accruable or period costs) is dependent on the nature of the costs. These charges will consist primarily of costs associated with the reorganization of operating facilities and employee relocation and severance costs.

Net Interest Expense. Net interest expense decreased $20.4 million from $64.4 million during the first nine months of 2001 to $44.0 million during the first nine months of 2002. Interest expense decreased approximately $13.4 million during the first nine months of 2002 as compared to the same period last year principally due to significantly lower interest rates in 2002 as compared to 2001. Interest income increased approximately $7.0 million over the same period. The increase in interest income was due primarily to interest on the Noveon PIK note for the full nine months of 2002 and interest income of $5.4 million on the F-14 claim settlement.

Other Income (Expense) Net. Other income (expense) net decreased $1.6 million from expense of $15.2 million during the first nine months of 2001 to $13.6 million during the first nine months of 2002. During the first nine months of 2002 we recorded gains from the sale of an intangible asset, including the resolution of certain prior claims, amounting to $11.8 million and a gain from the sale of a portion of an investment in a subsidiary of $2.4 million. Offsetting these gains were losses related to the settlement of litigation for approximately $1.2 million; the sale of certain real estate of a previously discontinued business at a loss of $0.3 million and approximately $0.7 million of legal costs related to litigation monitoring. During the first nine months of 2001, we recorded a gain from the sale of a portion of an investment in a subsidiary of $7.2 million.

Income Tax Expense. Our estimated effective tax rate from continuing operations during the first nine months of 2002 was 33.0%. This compares to an estimated effective tax rate of 33.5% during the first nine months of 2001. The estimated tax rate during the first nine months of 2002 is consistent with the rate expected for all of 2002.

Income from Discontinued Operations. Income from discontinued operations decreased $127.5 million from income during the first nine months of 2001 of $115.6 million to a loss of $11.9 million during the first nine months of 2002. Sales from discontinued operations declined from $674.5 million during the first nine months of 2001 to $289.5 million during the first nine months of 2002. The 2001 sales included two months of Performance Materials sales of $187.0 million which did not recur in 2002. In addition, the first nine months of 2002 include only five months of EIP sales due to the EnPro spin-off, which occurred on May 31, 2002. Also, the decrease results from lower earnings from operations of the EIP segment, discontinued in 2001, compared to the first nine months of 2002 resulting, in part, to a $11.0 million pre-tax charge for a court ruling relating to an employee benefit matter of a previously discontinued business. Fees and expenses related to the spin-off recorded during the second quarter of 2002 also contributed to the loss. Also, discontinued operations for the first nine months of 2001 include the operations of the Performance Materials segment for two months and the gain on sale of that segment of $93.5 million.

Cumulative Effect of Change in Accounting. 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 reported as a cumulative effect of an accounting change in the first quarter of 2002. The results of operations have been restated accordingly.

Segment Analysis

An expanded analysis of sales and operating income by business segment follows.

In the following tables, segment operating income, as recorded, is total segment revenue reduced by operating expenses directly identifiable with that business segment. Segment operating income, as adjusted, is total segment revenue reduced by operating expenses directly identifiable with that business segment, except for merger-related and consolidation costs which are presented separately (see further discussion of

merger-related and consolidation costs in Note C and Note F of our unaudited condensed consolidated financial statements included elsewhere in this prospectus supplement).

Third Quarter 2002 Compared with Third Quarter 2001

	Three Months Ended September 30,				
				% of Sales	
	2002	2001	% Change	2002	2001
			(Dollars in millions)		
Sales:					
Aerostructures and Aviation Technical Services	$269.4	$ 369.0	(27.0)		
Landing Systems	255.7	293.1	(12.8)		
Engine and Safety Systems	158.8	190.0	(16.4)		
Electronic Systems	198.2	199.8	(0.8)		
Total Sales	$882.1	$1,051.9	(16.1)		
Segment Operating Income, as recorded:					
Aerostructures and Aviation Technical Services	$ 20.9	$ 60.3	(65.3)	7.8	16.3
Landing Systems	38.9	40.9	(4.9)	15.2	14.0
Engine and Safety Systems	16.3	35.3	(53.8)	10.3	18.6
Electronic Systems	34.7	29.0	19.7	17.5	14.5
Segment Operating Income	$110.8	$ 165.5	(33.1)	12.6	15.7
Segment Operating Income, as adjusted:					
Aerostructures and Aviation Technical Services	$ 22.4	$ 61.5	(63.6)	8.3	16.7
Landing Systems	38.9	40.9	(4.9)	15.2	14.0
Engine and Safety Systems	20.8	35.3	(41.1)	13.1	18.6
Electronic Systems	35.9	29.2	22.9	18.1	14.6
Segment Operating Income	$118.0	$ 166.9	(29.3)	13.4	15.9

Aerostructures and Aviation Technical Services. Sales decreased $99.6 million, or 27.0%, from $369.0 million during the third quarter of 2001 to $269.4 million during the third quarter of 2002. The decrease was primarily due to a decline in original equipment (OE) sales coupled with a slight decline in overall aftermarket sales. There was also a slight decline in Aviation Technical Services sales (i.e., airframe maintenance and modification services, component overhauls, etc.). The decrease in Aerostructures original equipment sales was primarily driven by declines in the B757, B717 and the RB211-535 programs with Boeing and declines in the A330 program with Airbus resulting from the industry-wide reduction in aircraft deliveries.

Operating income, as adjusted, decreased $39.1 million, or 63.6%, from $61.5 million during the third quarter of 2001 to $22.4 million during the third quarter of 2002. The decrease was primarily due to contract loss provisions on five contracts amounting to $26.8 million. These loss provisions resulted from increased overhead rates due, in part, to a lower manufacturing base as volume declined consistent with the lower level of aircraft production rates. The increased overhead rates also resulted from projected cost increases in fringe benefit rates, in part resulting from expected future increases in pension expense. Also, higher than anticipated spending on pre-certification costs on one contract and program warranty costs on another contract added to the loss. Also in the quarter adjustments of $6.6 million were made to specific reserves resulting from improved costing data from the implementation of a new enterprise resource planning system in early 2002.

Landing Systems. Sales decreased $37.4 million, or 12.8%, from $293.1 million during the third quarter of 2001 to $255.7 million during the third quarter of 2002. The decrease in sales was primarily attributable to decreased original equipment sales and decreased wheel and brake commercial aftermarket sales compared to the same period a year ago. The reduced sales resulted from decreased demand for new aircraft original equipment as well as decreased airline utilization, lowering demand for landing gear original equipment and aftermarket wheel and brake replacements. Landing gear sales decreased primarily in the commercial market due to decreased sales of original equipment to Boeing primarily on the B737 next generation and B777 aircraft programs. Wheel and brake sales were reduced from the third quarter of 2001 due to reduced airline utilization in the commercial market primarily on B727 and B737 classics programs. Military sales for both landing gear original equipment and aftermarket wheels and brakes increased for the comparable period primarily due to additional volume on the C-17, F-14 and F-16 programs.

Operating income, as adjusted, decreased $2.0 million, or 4.9%, from $40.9 million in the third quarter of 2001 to $38.9 million in the third quarter of 2002. The decrease in operating income over the same period a year ago was primarily attributable to the decreased sales discussed above for landing gear original equipment in the commercial market, and commercial aftermarket sales of wheels and brakes, primarily on the B727 and B737 classics programs. The improvement in operating margins during the third quarter of 2002 as compared to 2001 is principally a result of the implementation of productivity initiatives at our landing gear services division and reduced deliveries of free of charge wheel and brake original equipment.

Engine and Safety Systems. Sales decreased $31.2 million, or 16.4%, from $190.0 million during the third quarter of 2001 to $158.8 million during the third quarter of 2002. Sales declined in virtually all of the product lines caused by less demand in OE shipments and lower sales of aftermarket spares and services activities due to generally weaker conditions in the aerospace and power generation markets. An increase in military aftermarket product sales over the same period of 2001 was not enough to overcome the declines in commercial, regional, business and general aviation markets.

Operating income, as adjusted, decreased $14.5 million, or 41.1%, from $35.3 million during the third quarter of 2001 to $20.8 million during the third quarter of 2002. Operating income results declined at a faster rate than the sales declines due to significantly lower volume, weaker product mix with less sales in the aftermarket and not yet realizing full cost reduction benefits associated with the restructuring programs that have been initiated. The segment continued its research and development spending associated with passenger restraint systems but at a lower rate than the third quarter last year.

Electronic Systems. Sales decreased $1.6 million, or 0.8%, from $199.8 million during the third quarter of 2001 to $198.2 million during the third quarter of 2002. Sales in the third quarter include $8.0 million of incremental sales related to an acquisition completed in September 2001. Excluding the effect of this acquisition, segment sales declined quarter over quarter by $9.6 million or 4.9%. The decreases were a result of lower commercial aircraft production and a general slowdown of aftermarket demand partially offset by increased fuel and utility systems retrofit sales, and increased sales in the military and space markets. Improved sales also occurred as a result of strong performance in the optical and space systems business and by increases in military aftermarket sales, primarily helicopters.

Operating income, as adjusted, increased $6.7 million, or 22.9%, from $29.2 million during the third quarter of 2001 to $35.9 million during the third quarter of 2002. The impact of sales volume decreases was more than offset by margin improvements at the optical systems business, costs related to new business proposal activity that occurred during 2001 but not in 2002, and a reduction in goodwill amortization.

First Nine Months of 2002 Compared with First Nine Months of 2001

	Nine Months Ended September 30,				
				% of Sales	
	2002	2001	% Change	2002	2001
	(Dollars in millions)				
Sales:					
Aerostructures and Aviation Technical Services	$ 889.7	$1,123.0	(20.8)		
Landing Systems	772.4	862.8	(10.5)		
Engine and Safety Systems	486.1	576.2	(15.6)		
Electronic Systems	580.6	569.7	1.9		
Total Sales	$2,728.8	$3,131.7	(12.9)		
Segment Operating Income, as recorded:					
Aerostructures and Aviation Technical Services	$ 112.9	$ 176.0	(35.9)	12.7	15.7
Landing Systems	89.4	108.0	(17.2)	11.6	12.5
Engine and Safety Systems	46.7	102.9	(54.6)	9.6	17.9
Electronic Systems	91.0	90.6	0.4	15.7	15.9
Segment Operating Income	$ 340.0	$ 477.5	(28.8)	12.5	15.2
Segment Operating Income, as adjusted:					
Aerostructures and Aviation Technical Services	$ 120.1	$ 177.9	(32.5)	13.5	15.8
Landing Systems	91.2	115.2	(20.8)	11.8	13.4
Engine and Safety Systems	61.5	104.3	(41.0)	12.7	18.1
Electronic Systems	96.2	93.1	3.3	16.6	16.3
Segment Operating Income	$ 369.0	$ 490.5	(24.8)	13.5	15.7

Aerostructures and Aviation Technical Services. Sales decreased $233.3 million, or 20.8%, from $1,123.0 million during the first nine months of 2001 to $889.7 million during the first nine months of 2002. The decrease in sales was primarily due to original equipment sales declines on most Boeing and Airbus programs. Aftermarket spares sales on in-production aircraft increased slightly year over year. Sales in the Aviation Technical Services business decreased slightly for the nine months of 2002 compared to the same period of 2001.

Operating income, as adjusted, decreased $57.8 million, or 32.5%, from $177.9 million during the first nine months of 2001 to $120.1 million during the first nine months of 2002. The decrease was primarily due to the third quarter contract loss provisions on five contracts amounting to $26.8 million. These loss provisions resulted from increased overhead rates due, in part, to a lower manufacturing base as volume declined consistent with the lower level of aircraft production rates. The increased overhead rates also resulted from projected cost increases in fringe benefit rates, in part resulting from expected future increases in pension expense. Also, higher than anticipated spending on pre-certification costs on another contract and program warranty costs on one contract added to the loss. During the third quarter, adjustments of $6.6 million were made to specific reserves resulting from improved costing data from the implementation of a new enterprise resource planning system in early 2002. In addition, during the second quarter of 2002, Aerostructures wrote off $3.4 million of an account receivable relating to the F-14 claim settlement. Operating losses for the Aviation Technical Services business for the nine months of 2002 increased slightly over 2001.

Landing Systems. Sales decreased $90.4 million, or 10.5%, from $862.8 million during the first nine months of 2001 to $772.4 million during the first nine months of 2002. The decrease was primarily attributable to a decrease in original equipment and aftermarket sales on the programs discussed for the

third quarter of 2002 above. Sales in our landing gear services division also declined year over year due to reduced aftermarket demand. The overall sales decrease was partially offset by increased military sales for both landing gear original equipment and aftermarket wheels and brakes for the comparable prior year period primarily due to additional volume on the C-17, F-14, and F-16 programs.

Operating income, as adjusted, decreased $24.0 million, or 20.8%, from $115.2 million for the first nine months of 2001 to $91.2 million for the first nine months of 2002. The decrease in operating income over the same period a year ago was primarily attributable to the decreased sales noted above for landing gear original equipment in the commercial market, and commercial aftermarket sales of wheels and brakes, primarily on the B727 and B737 classics programs. Operating margins declined slightly during the nine-month period of 2002 as compared to 2001 principally as a result of the second quarter write-off of inventory, capitalized sales incentive and supplier termination costs of $16.6 million relating to the Fairchild Dornier 728 and 928 programs. The implementation of productivity initiatives at our landing gear services division, reduced wheel and brake sale incentives and a June 2002 settlement with an insurance company on prior claims and coverage of $8.9 million partially offset the overall margin decline.

Engine and Safety Systems. Sales decreased $90.1 million, or 15.6%, from $576.2 million during the first nine months of 2001 to $486.1 million during the first nine months of 2002. Sales were lower than the first nine months of last year throughout the product lines in both OE and aftermarket. Propulsion products and pump and engine controls both supporting the military sector showed stronger sales than during the same period of last year.

Operating income, as adjusted, decreased $42.8 million, or 41.0%, from $104.3 million during the first nine months of 2001 to $61.5 million during the first nine months of 2002. Operating income results declined at a faster rate than sales due to lower volume and weaker product mix with less sales in the aftermarket. We continued our research and development spending associated with passenger restraint systems at a higher rate than during the first nine months of last year.

Electronic Systems. Sales increased $10.9 million, or 1.9%, from $569.7 million during the first nine months of 2001 to $580.6 million during the first nine months of 2002. Sales in the first nine months of 2002 include $30.1 million in incremental sales related to an acquisition completed in September 2001. Excluding the effect of this acquisition, segment sales decreased $19.2 million or 3.4%. The decrease in sales occurred in most of the businesses and most commercial and regional OE markets. The decreases were a result of lower aircraft manufacturing rates and a general slowdown of aftermarket demand. These decreases were somewhat offset by increased deliveries of military sensor products. Sales increases also occurred in the optical systems business as a result of new contract awards.

Operating income, as adjusted, increased $3.1 million, or 3.3%, from $93.1 million during the first nine months of 2001 to $96.2 million during the first nine months of 2002. Excluding the effect of the acquisition referred to above, operating income increased $2.1 million due to margin improvements at the optical systems business and the reduction of goodwill amortization offset by decreased volume at most of the group s businesses. Improvements at the optical systems business had the effect of slightly increasing margins.

Years Ended December 31, 2001, December 31, 2000 and December 31, 1999

Financial Results for 2001

The following table summarizes our results of operations for 2001 and 2000.

	Year Ended December 31,			
	2001	2001(A) Adjusted	2000	2000(B) Adjusted
	(In millions)			
Sales	$4,184.5	$4,184.5	$3,700.5	$3,700.5
Segment Operating Income	$ 444.8	$ 644.1	$ 562.5	$ 593.6
Income from Continuing Operations	$ 176.9	306.3	$ 235.2	$ 265.5
Income from Discontinued Operations	112.3		90.7	
Net Income	$ 289.2	$ 306.3	$ 325.9	$ 265.5
Diluted EPS	$ 2.76	$ 2.87	$ 3.04	$ 2.43

	Year Ended December 31,	
	2001	2000
	(In millions)	
Cash Flow Data:		
Net Cash Provided by Operating Activities	$382.6	$168.2
Free Cash Flow(C)	$222.5	$229.5

(A) Results exclude the effect of a $107.3 million charge ($71.3 million after-tax), or $0.67 a diluted share, for merger-related and consolidation costs, a $94.5 million charge ($62.8 million after-tax), or $0.59 a diluted share, recorded in cost of sales for inventory adjustments and a $7.2 million gain ($4.7 million after-tax), or $0.04 a diluted share, from the sale of a portion of our interest in a business. Results also exclude the after-tax effect of income from discontinued operations ($112.3 million, or $1.11 a diluted share).

(B) Results exclude the effect of a $44.2 million charge ($28.6 million after-tax), or $0.26 a diluted share, for merger-related and consolidation costs and a $2.5 million charge ($1.7 million after-tax), or $0.01 a diluted share, related to an impairment loss on businesses held for disposal. Results also exclude the after-tax effect of income from discontinued operations ($90.7 million, or $0.88 a diluted share).

(C) Free cash flow is defined as operating cash flow adjusted for cash payments related to special items less capital expenditures. Free cash flow in 2000 also excludes a $113.7 million payment to the IRS related to an income tax assessment and the associated accrued interest. We believe free cash flow provides meaningful additional information on our operating results and on our ability to service our long-term debt and other fixed obligations and to fund our continued growth. Free cash flow should not be construed as an alternative to operating

income (loss) as determined in accordance with GAAP, as an alternative to cash flow from operating activities (as determined in accordance with GAAP), or as a measure of liquidity. Because free cash flow is not calculated in the same manner by all companies, our presentation may not be comparable to other similarly titled measures reported by other companies.

Sales. Sales increased $484.0 million, or 13.1%, from $3,700.5 million in 2000 to $4,184.5 million in 2001. The increase was primarily attributable to increased volumes in almost all our businesses as well as from acquisitions (approximately $190 million). These increases were partially offset by lower sales in our landing gear overhaul and aircraft maintenance businesses.

The increase in sales at our core businesses was due primarily to higher sales to the commercial transport OE; regional, business and general aviation OE and aftermarket; and industrial gas turbine markets in 2001. The decrease in sales at our legacy landing gear and aircraft maintenance businesses was

due mostly to reduced work as airlines sought to defer or reduce discretionary maintenance and overhaul work and as we decided not to accept certain work due to pricing and profitability concerns.

Segment Operating Income. Changes in segment operating income are discussed under Segment Analysis below.

Income from Continuing Operations, Excluding Special Items. Income from continuing operations, excluding special items, increased $40.8 million, from $265.5 million in 2000 to $306.3 million in 2001. The increase was due primarily to the increased sales noted above and an increase in interest income attributable to the PIK note ($17.6 million see note F to our 2001 consolidated financial statements included elsewhere in this prospectus supplement), partially offset by increased sales incentives and additional income tax expense due to higher pre-tax earnings and a higher effective tax rate in 2001.

These results exclude the effect of a $107.3 million charge for merger-related and consolidation costs, a $94.5 million charge related primarily to reducing our investment in the B717 program and in our Super 27 re-engining program, and a $7.2 million gain from the sale of a portion of our interest in a business. See additional discussion below under Restructuring and Consolidation Activities.

Income from Discontinued Operations. The increase between periods was mostly due to the gain on sale of the Performance Materials segment recognized in 2001 of $93.5 million, partially offset by reduced earnings at both the Performance Materials (approximately $42 million) and EIP (approximately $30 million) segments. The decrease in earnings, period over period, attributable to Performance Materials was primarily due to the sale of the business in February 2001 (two months of earnings in 2001 versus twelve months in 2000). The decrease in earnings attributable to EIP was mostly due to the factors noted below.

EIP sales decreased $21.4 million, or 3.2%, from $663.3 million in 2000 to $641.9 million in 2001. Excluding the September 2001 acquisition of Glacier Bearings, sales declined by approximately 7% with only Fairbanks Morse Engine showing an increase in sales. The increase in sales at Fairbanks Morse related primarily to higher shipments to the commercial power generation market that generally carry lower margins than sales to its other markets. Weakness in the chemical, petroleum, pulp and paper, heavy-duty vehicle and general industrial markets was the primary factor behind the decrease in sales at the segment s other businesses. Average capacity utilization in U.S. factories fell to 20-year lows in 2001 while domestic industrial production has fallen each month since mid-2000. These factors have contributed to a cutback in capital spending and delays in scheduled maintenance programs throughout the process industries. In addition to the lower volumes noted above, profitability was also negatively impacted by the segment s inability in the short term to reduce fixed costs at the same rate as sales declined, increased foreign competition due to the strong U.S. dollar which drove average pricing levels down in certain product lines, and an unfavorable mix of products sold. Restructuring charges (before tax) amounted to $4.6 million and $1.4 million in 2001 and 2000, respectively.

Net Cash Provided by Operating Activities. Operating cash flow increased by $214.4 million, from $168.2 million in 2000 to $382.6 million in 2001. The increase was primarily due to a $113.7 million payment to the Internal Revenue Service in 2000, increased cash earnings from continuing operations, lower merger-related and consolidation cost payments and lower tax payments, partially offset by a deterioration in working capital during 2001.

Free Cash Flow. Free cash flow decreased by $7.0 million, from $229.5 million in 2000 to $222.5 million in 2001. The decrease was primarily due to increased capital expenditures and an increase in working capital, mostly offset by increased earnings and lower tax payments.

Restructuring and Consolidation Activities. During the fourth quarter of 2001, we incurred various consolidation and restructuring related charges of $191 million ($127 million after-tax), including $187 million from continuing operations and $4 million from discontinued operations. For the full year 2001, such charges approximated $207 million ($137 million after-tax), including $202 million from continuing operations and $5 million from discontinued operations. These charges were largely related to the anticipated decline in sales to the commercial air transport market resulting from the terrorist attacks

of September 11th. As previously announced, these charges were primarily related to aerospace facility consolidations, a significant workforce reduction (approximately 2,400 positions), asset impairment charges and costs associated with reducing our investment in the Boeing 717 program and in the Super 27 re-engining program.

Comparison of 2001, 2000 and 1999

	2001	2000	1999
		(In millions)	
Sales:			
Aerostructures and Aviation Technical Services	$1,514.4	$1,455.5	$1,476.9
Landing Systems	1,149.1	1,057.7	1,060.6
Engine and Safety Systems	762.6	644.4	594.4
Electronic Systems	758.4	542.9	514.3
Total Sales	$4,184.5	$3,700.5	$3,646.2
Operating and Net Income:			
Aerostructures and Aviation Technical Services	$ 223.7	$ 209.0	$ 216.8
Landing Systems	153.1	149.0	147.1
Engine and Safety Systems	131.9	117.5	102.2
Electronic Systems	135.4	118.1	95.6
Segment Operating Income	644.1	593.6	561.7
Merger-Related and Consolidation Costs	(107.3)	(44.2)	(228.3)
Unusual inventory adjustments	(94.5)		
Corporate General and Administrative Costs	(57.7)	(59.7)	(59.3)
Total Operating Income	384.6	489.7	274.1
Net interest expense	(83.7)	(102.1)	(84.3)
Other income (expense) net	(19.2)	(20.6)	(4.8)
Income tax expense	(94.3)	(121.3)	(88.6)
Distribution on Trust preferred securities	(10.5)	(10.5)	(10.5)
Income from continuing operations	176.9	235.2	85.9
Income from discontinued operations net of taxes	112.3	90.7	83.7
Net income	$ 289.2	$ 325.9	$ 169.6

Sales and Segment Operating Income. For a discussion of our sales and segment operating income, refer to Segment Analysis below.

Merger-Related and Consolidation Costs. We have recorded merger-related and consolidation costs in each of the last three years. These costs are discussed in detail above and in note C to our 2001 consolidated financial statements which are included elsewhere in this prospectus supplement.

Unusual Inventory Adjustments. These costs are classified within cost of sales and related primarily to inventory adjustments associated with reducing our investment in the Boeing 717 program and in its Super 27 re-engining program due to reduced expectations for these programs. The reduced expectations for the Boeing 717 program relate directly to Boeing s announced production schedule reductions for this program during the fourth quarter of 2001. Based on revisions to Boeing s production rate and delivery schedule, we reevaluated our estimated costs to complete the Boeing 717 contract, our learning curve assumptions as well as the number of aircraft expected to be delivered. As a result of this analysis, we recorded a charge of $76.5 million during the fourth quarter of 2001. The Super 27 reduction in

expectations was primarily due to deteriorating economic conditions and the September 11th terrorist attacks.

Corporate General and Administrative Costs. Corporate general and administrative costs, as a percent of sales, slightly decreased in 2001. Such costs, as a percent of sales, were 1.4%, 1.6% and 1.6% in 2001, 2000, and 1999, respectively. The reduction in costs in 2001 was primarily due to lower incentive compensation costs due to our depressed stock price at the end of the year, partially offset by rebranding costs incurred during 2001 associated with the Goodrich name change.

Net Interest Expense. Net interest expense decreased $18.4 million from $102.1 million in 2000 to $83.7 million in 2001. The significant decrease between periods was due to the sale of Performance Materials during the first quarter of 2001. We were able to significantly reduce our short-term indebtedness with the proceeds from the sale and will record interest income going forward on the PIK debt securities issued by the buyer. We recorded $17.6 million of PIK interest income during 2001. See additional discussion of the PIK securities in note F of our 2001 consolidated financial statements included elsewhere in this prospectus supplement.

Net interest expense increased by $17.8 million from $84.3 million in 1999 to $102.1 million in 2000. The increase is primarily attributable to increased borrowings in 2000 as a result of share repurchases, primarily in the fourth quarter, and acquisitions.

Other Income (Expense) Net. The table below allows other income (expense) net to be evaluated on a comparable basis.

	2001	2000	1999
		(In millions)	
As reported	$(19.2)	$(20.6)	$ (4.8)
Gains/(losses) on sale of businesses and demutualization of insurance companies	7.2	(0.5)	15.2
Adjusted other income (expense) net	$(26.4)	$(20.1)	$(20.0)

Included within other income (expense) net are gains and losses from the sale of businesses, as well as gains in 1999 from the demutualization of certain insurance carriers. Excluding these items, other income (expense) net was expense of $26.4 million, $20.1 million and $20.0 million in 2001, 2000 and 1999, respectively. The increase in costs in 2001 was primarily due to increased retiree health care benefit costs associated with previously disposed of businesses mostly related to the Performance Materials disposition during the first quarter of 2001 (approximately $7 million), and increased earnings attributable to minority interests (approximately $5 million), partially offset by higher income from subsidiaries accounted for under the equity method (approximately $2 million) and lower costs associated with executive life insurance programs (approximately $3 million).

The increase in costs between 1999 and 2000 was primarily attributable to lower income from subsidiaries accounted for under the equity method of accounting and increased retiree health care benefit costs associated with previously disposed of businesses, mostly offset by lower earnings attributable to minority interests.

Income Tax Expense. Our effective tax rate from continuing operations was 33.5%, 33.1% and 47.9% in 2001, 2000 and 1999, respectively. The increase in the 2001 effective tax rate was primarily attributable to earnings of foreign operations that were subject to taxation at higher rates than U.S. earnings. The decreased rate in 2000 was primarily attributable to significant non-deductible merger-related costs incurred in 1999 that significantly increased the effective tax rate in that year, lower state and local taxes and increased benefits from research and development and foreign sales credits.

Income from Continuing Operations. Income from continuing operations included various charges or gains (referred to as special items) that affected reported earnings. Excluding the effects of special items, income from continuing operations in 2001 was $306.3 million, or $2.87 per diluted share, compared with

$265.5 million, or $2.43 per diluted share, in 2000 and $253.9 million, or $2.23 per diluted share, in 1999. The following table presents the impact of special items on earnings per diluted share. Additional information regarding merger-related and consolidation costs can be found above and in note C of our 2001 consolidated financial statements included elsewhere in this prospectus supplement.

	Earnings per Diluted Share		
	2001	2000	1999
Income from continuing operations	$ 1.65	$2.16	$ 0.76
Net (gain) loss on sold businesses	(0.04)	0.01	(0.02)
Restructuring and consolidation costs	1.26	0.26	1.49
Income from continuing operations, excluding special items	$ 2.87	$2.43	$ 2.23

Income from continuing operations for the year ended December 31, 2001 included a $107.3 million charge ($71.3 million after-tax), or $0.67 a diluted share, for merger-related and consolidation costs, a $94.5 million charge ($62.8 million after-tax), or $0.59 a diluted share, related primarily to reducing our investment in the B717 program and in the Super 27 re-engining program and a $7.2 million gain ($4.7 million after-tax), or $0.04 a diluted share, from the sale of a portion of our interest in a business.

Income from continuing operations for the year ended December 31, 2000 included $28.6 million ($0.26 per share) of merger-related and consolidation costs and a $1.7 million ($0.01 per share) impairment loss on a business held for sale.

Income from continuing operations for the year ended December 31, 1999 includes (i) $162.2 million ($1.42 per share) for costs associated with the Coltec merger; (ii) a net gain on the sale of businesses of $2.4 million ($.02 per share); and (iii) a charge of $8.2 million ($.07 per share) related to segment restructuring activities.

	Income from Discontinued Operations		
	2001	2000	1999
		(In millions)	
PM	$ 91.4	$39.6	$ 30.9
Special Items PM	(93.5)	(0.1)	24.9
	(2.1)	39.5	55.8
EIP	20.9	51.1	52.8
Special Items EIP	2.9	0.9	(0.8)
	23.8	52.0	52.0
Total income from discontinued operations	$112.3	$90.7	$ 83.7
Total income from discontinued operations excluding special items	$ 21.7	$91.5	$107.8

Income from Discontinued Operations. Income from discontinued operations increased $21.6 million from $90.7 million in 2000 to $112.3 million in 2001. Income from discontinued operations, excluding special items, decreased $69.8 million, from $91.5 million in 2000 to $21.7 million in 2001. The decrease in earnings, period over period, attributable to Performance Materials was primarily due to the sale of the business in February 2001 (two months of earnings in 2001 versus twelve months in 2000). The decrease in earnings attributable to EIP was mostly due to the factors noted below.

EIP sales decreased $21.4 million, or 3.2%, from $663.3 million in 2000 to $641.9 million in 2001. Excluding the September 2001 acquisition of Glacier Bearings, sales declined by approximately 7% with only Fairbanks Morse Engine showing an increase in sales. The increase in sales at Fairbanks Morse related primarily to higher shipments to the commercial power generation market that generally carry lower margins than sales to its other markets. Weakness in the chemical, petroleum, pulp and paper,

heavy-duty vehicle and general industrial markets was the primary factor behind the decrease in sales at the segment s other businesses. Average capacity utilization in U.S. factories fell to 20-year lows in 2001 while domestic industrial production has fallen each month since mid-2000. These factors have contributed to a cutback in capital spending and delays in scheduled maintenance programs throughout the process industries. In addition to the lower volumes noted above, profitability was also negatively impacted by the segment s inability to reduce fixed costs at the same rate as sales declined, increased foreign competition due to the strong U.S. dollar which drove average pricing levels down in certain product lines, and an unfavorable mix of products sold. Restructuring charges (before tax) amounted to $4.6 million and $1.4 million in 2001 and 2000, respectively.

Income from discontinued operations increased $7.0 million from $83.7 million in 1999 to $90.7 million in 2000. Income from discontinued operations, excluding special items, decreased $16.3 million, from $107.8 million in 1999 to $91.5 million in 2000. The decrease was primarily due to lower net income from our former chemicals business due primarily to significantly higher raw material and energy costs (primarily toluene, PVC and natural gas), lower sales due to reduced volumes and prices and increased interest expense. These decreases were only partially offset by volume strength in certain other product lines (primarily Carbopol, thermoplastic polyurethane and rubber chemicals), reductions in manufacturing/overhead costs and a favorable sales mix.

Special items related to discontinued operations of Performance Materials, net of tax, included $93.5 million related to the gain on sale of Performance Materials in 2001; $0.1 million of income related to a net adjustment of amounts previously recorded for consolidation activities in 2000; and $24.9 million of costs related to restructuring activities in 1999.

Special items related to discontinued operations of EIP, net of tax, included $2.9 million and $0.9 million of costs in 2001 and 2000, respectively, related to restructuring and consolidation activities and $0.8 million in 1999 related to a gain on the sale of a business ($3.2 million) net of additional restructuring and consolidation activities ($2.4 million).

Segment Analysis

Segment operating income, as recorded, is total segment revenue reduced by operating expenses directly identifiable with that business segment. Segment operating income, as adjusted, is total segment revenue reduced by operating expenses directly identifiable with that business segment, except for merger-related and consolidation costs and unusual inventory adjustments which are presented separately (see further discussion of merger-related and consolidation costs and unusual inventory adjustments in note C and note L, respectively, to our 2001 consolidated financial statements included elsewhere in this prospectus supplement).

2001 Compared with 2000

	2001	2000	% Change	% of Sales 2001	% of Sales 2000
	(In millions)				
Sales:					
Aerostructures and Aviation Technical Services	$1,514.4	$1,455.5	4.0		
Landing Systems	1,149.1	1,057.7	8.6		
Engine and Safety Systems	762.6	644.4	18.3		
Electronic Systems	758.4	542.9	39.7		
Total Sales	$4,184.5	$3,700.5	13.1		
Segment Operating Income, as recorded:					
Aerostructures and Aviation Technical Services	$ 94.1	$ 205.3	(54.2)	6.2	14.1
Landing Systems	108.4	123.7	(12.4)	9.4	11.7
Engine and Safety Systems	114.2	115.8	(1.4)	15.0	18.0
Electronic Systems	128.1	117.7	8.8	16.9	21.7
Segment Operating Income	$ 444.8	$ 562.5	(20.9)	10.6	15.2
Segment Operating Income, as adjusted:					
Aerostructures and Aviation Technical Services	$ 223.7	$ 209.0	7.0	14.8	14.4
Landing Systems	153.1	149.0	2.8	13.3	14.1
Engine and Safety Systems	131.9	117.5	12.3	17.3	18.2
Electronic Systems	135.4	118.1	14.6	17.9	21.8
Segment Operating Income	$ 644.1	$ 593.6	8.5	15.4	16.0

Aerostructures and Aviation Technical Services. Aerostructures and Aviation Technical Services sales increased $58.9 million, or 4.0%, from $1,455.5 million during 2000 to $1,514.4 million in 2001. The increase was due to a significant increase in aerostructures related sales (approximately $92 million), offset by lower sales at the segment s aviation technical services business (approximately $33 million). The segment s aviation technical services business performs comprehensive total aircraft maintenance, repair, modification and overhaul work. Most of the decrease in sales in this business unit was attributable to lower aircraft maintenance work, period over period.

The increase in aerostructures related sales (nacelles, pylons, thrust reversers and related engine housing components and services) was primarily due to rate increases on the CFM 56 (A319, A320 and A321 programs), PW4000, B717-200, and V2500 programs, higher aftermarket spares sales, increased aftermarket services and spares sales and several new programs (C-5 Pylon, F-15). Partially offsetting these increases was a decrease in aftermarket sales on the Super 27 program, as well as rate decreases on the CFM56-5 (A340) and RR535-E4 programs.

Operating income, as adjusted, increased $14.7 million, or 7.0%, from $209.0 million in 2000 to $223.7 million in 2001. The increase was driven by the increase in sales noted above, productivity improvements on several aerostructures programs and reduced non-recurring engineering costs associated with the terminated X-33 program. Partially offsetting these increases were additional costs associated with the implementation of an enterprise resource planning system at the segment s aerostructures businesses, increased losses of approximately $1 million associated with the segment s aviation technical services business and the closeout of the MD-11 and MD-90 contracts in 2000.

Landing Systems. Landing Systems sales increased $91.4 million, or 8.6%, from $1,057.7 million during 2000 to $1,149.1 million during 2001. The increase in sales was primarily attributable to higher sales of landing gear and wheels and brakes. Landing gear sales increased across all major markets

primarily due to increased sales of original equipment to Boeing, Bombardier, and the U.S. government, partially offset by reduced pricing on several Boeing programs as a result of contract extensions (through 2006) approved during mid-2001. Major programs contributing to the increased sales of landing gear included the B757, B777, C-17, F-18 and RJ601 programs. The increased sales of wheels and brakes related primarily to increased aftermarket sales in the commercial, regional, business and military markets primarily on the A319/ 320, B747-400, B777, Embraer 145, DeHavilland Dash 8, F-16, and Cessna programs, partially offset by decreased sales on the B727 out-of-production program. This increase in sales was partially offset by a significant decrease in sales of landing gear overhaul services ($20.5 million), primarily due to fewer customer removals as a result of airlines deferring or reducing discretionary expenditures.

Operating income, as adjusted, increased $4.1 million, or 2.8%, from $149.0 million during 2000 to $153.1 million during 2001. The increase was primarily due to the increase in volume noted above as well as a favorable sales mix, partially offset by increased sales incentives, reduced pricing as noted above, additional costs related to expedited shipments of certain landing gear to Boeing and an increased loss associated with providing landing gear overhaul services primarily due to the decrease in volume noted above (this business recorded a slight loss in 2000).

Engine and Safety Systems. Engine and Safety Systems sales increased $118.2 million, or 18.3%, from $644.4 million during 2000 to $762.6 million during 2001. While all of the segment s product lines experienced an increase in sales over the prior year, the increase was primarily attributable to a significant increase in aftermarket sales of evacuation products, particularly on the B747 program; increased sales of ejection seats; increased demand for the segment s gas turbine products that serve both the aerospace and industrial engine markets; as well as acquisitions (approximately $30 million).

Operating income, as adjusted, increased $14.4 million, or 12.3%, from $117.5 million during 2000 to $131.9 million during 2001. The increase was primarily attributable to the increase in sales noted above, partially offset by increased research and development expenses (primarily related to continuing development of passenger restraint systems) and inefficiencies at one of our locations that produces gas turbine products.

Electronic Systems. Electronic Systems segment sales increased $215.5 million, or 39.7%, from $542.9 million during 2000 to $758.4 million during 2001. The increase was driven primarily by space-based acquisitions (approximately $160 million) and increased sales by the segment s core businesses (approximately $55 million). The increase in sales at the segment s core businesses was primarily attributable to increased sales of sensors, fuel and utility systems as well as lightning detection and collision avoidance units, partially offset by lower sales in the segment s legacy space-based businesses. The increase in sensor sales was driven by increased regional and business OE demand, airline retrofits and the resumption of thermocouple shipments to the USAF. The fuel and utility sales increases were due mostly to aftermarket sales of spares and retrofit products, particularly on the B747 and B737 programs. The decrease in sales in the segment s legacy space-based businesses was due primarily to program delays and cancellations.

Operating income, as adjusted, increased $17.3 million, or 14.6 percent, from $118.1 million during 2000 to $135.4 million during 2001. The increase was primarily due to the factors noted above, partially offset by increased investments in MEMS (micro-electromechanical systems) technologies and products, increased research and development expenses on the Smart Deck Integrated Flight Controls & Display System and on the HUMS system (helicopter health and usage management system), as well as higher costs related to the consolidation and integration of acquisitions.

The significant reduction in operating margins, period over period (21.7% in 2000 to 16.9% in 2001) was primarily attributable to program delays and cancellations impacting the segment s space-based businesses, as well as lower margins on sales from acquired companies.

2000 Compared with 1999

				% of Sales	
	2000	1999	% Change	2000	1999
	(In millions)				
Sales:					
Aerostructures and Aviation Technical Services	$1,455.5	$1,476.9	(1.4)		
Landing Systems	1,057.7	1,060.6	(0.3)		
Engine and Safety Systems	644.4	594.4	8.4		
Electronic Systems	542.9	514.3	5.6		
Total Sales	$3,700.5	$3,646.2	1.5		
Segment Operating Income, as recorded:					
Aerostructures and Aviation Technical Services	$ 205.3	$ 210.6	(2.5)	14.1	14.3
Landing Systems	123.7	130.1	(4.9)	11.7	12.3
Engine and Safety Systems	115.8	102.2	13.3	18.0	17.2
Electronic Systems	117.7	86.6	35.9	21.7	16.8
Segment Operating Income	$ 562.5	$ 529.5	6.2	15.2	14.5
Segment Operating Income, as adjusted:					
Aerostructures and Aviation Technical Services	$ 209.0	$ 216.8	(3.6)	14.4	14.7
Landing Systems	149.0	147.1	1.3	14.1	13.9
Engine and Safety Systems	117.5	102.2	15.0	18.2	17.2
Electronic Systems	118.1	95.6	23.5	21.8	18.6
Segment Operating Income	$ 593.6	$ 561.7	5.7	16.0	15.4

Aerostructures and Aviation Technical Services. Aerostructures and Aviation Technical Services segment sales decreased $21.4 million, or 1.4%, from $1,476.9 million in 1999 to $1,455.5 million in 2000. The decrease was primarily attributable to the favorable settlement of a contract claim that resulted in approximately $60 million in sales during 1999, lower sales on the B757, PW4000, MD-11 and MD-80 programs (the MD-11 and MD-80 programs are no longer in production) and lower sales of aftermarket aviation services. These decreases were partially offset by increased sales on the B717-200, A340, V2500 and Super 27 programs, as well as additional aftermarket aerostructures services. Aviation services sales were lower primarily due to lower component volume. Aerostructures aftermarket services posted higher sales than a year ago due to increased volume from its Asian facility.

Operating income, as adjusted, decreased $7.8 million, or 3.6%, from $216.8 million in 1999 to $209.0 million in 2000. The decrease was primarily attributable to lower results at aviation technical services, partially offset by increased operating income from aerostructures. The increase in aerostructures operating income, despite the decrease in sales, is attributable to higher margins on certain contracts due to productivity improvements and cost controls and significantly lower costs on a site consolidation project. The decrease in operating income at aviation services was primarily attributable to lower volume, increased overhead costs, most of which related to retaining and training the current workforce, inventory adjustments and the write-off of receivables due to the bankruptcy of National Airlines.

Landing Systems. Landing Systems segment sales decreased $2.9 million from $1,060.6 million in 1999 to $1,057.7 million in 2000. The decrease was primarily attributable to lower sales of landing gear and of landing gear services, partially offset by increased sales of wheels and brakes and the favorable settlement of claims for increased work scope on engineering changes related to existing landing gear products. Landing gear sales decreased as a result of reduced Boeing OE deliveries on the B777 and B757 aircraft and the discontinuation of new aircraft production on the MD11 and B737 classic aircraft. Sales for landing gear overhaul services decreased due to fewer customer removals as a result of airline operating

S-53

cost constraints caused by higher fuel costs. Sales of wheels and brakes increased significantly year over year due to growth in the commercial aftermarket, regional, business, and military markets. Programs most responsible for these increased sales included the A319/320, B737 next generation, Embraer 145, and F16 aircraft.

Operating income, as adjusted, increased $1.9 million, or 1.3%, from $147.1 million in 1999 to $149.0 million in 2000. The increase resulted primarily from increased sales of wheels and brakes as noted above and the favorable settlement of claims for increased work scope on engineering changes related to existing landing gear products. These increases in operating income were mostly offset by the impact of lower landing gear sales, increased sales incentives and inefficiencies associated with the shutdown and transfer of production out of the Euless, Texas landing gear facility.

Engine and Safety Systems. Engine and Safety Systems segment sales increased $50.0 million, or 8.4%, from $594.4 million in 1999 to $644.4 million in 2000. The increase was primarily attributable to continued strong demand for aerospace OE and industrial gas turbine products. Engine related products that experienced an increase in volume included coated blades and vanes, fuel injection nozzles, discs and airfoils. The increase in sales was also a result of increased demand for aircraft evacuation products.

Operating income, as adjusted, for 2000 increased $15.3 million, or 15%, from $102.2 million in 1999 to $117.5 million in 2000. Operating income results followed the increases in sales described above. In addition to overall stronger volume, engine systems recorded a small gain on the sale of land and safety systems recovered previously expensed non-recurring engineering costs offsetting some of the higher research and development expenses related to continuing development of its automotive passenger restraint systems.

Electronic Systems. Electronic Systems segment sales increased $28.6 million, or 5.6%, from $514.3 million in 1999 to $542.9 million in 2000. The increase was primarily attributable to acquisitions in space flight systems and increased OE and aftermarket demand for the segment s avionics products. These increases were partially offset by the impact of a product line divestiture in 2000 and lower engine sensor sales.

Operating income, as adjusted, increased $22.5 million, or 23.5%, from $95.6 million in 1999 to $118.1 million in 2000. Higher volume in space/satellite products, primarily from acquisitions, increased demand for general aviation products, a favorable sales mix, productivity improvements and lower new product development costs on the helicopter health and usage management system accounted for the increase in operating income.

Liquidity and Capital Resources

Capital Resources

We currently expect to fund expenditures for capital requirements as well as liquidity needs from a combination of internally generated funds and financing arrangements. We believe that our internally generated liquidity, together with access to external capital resources, will be sufficient to satisfy existing commitments and plans.

Financing for the Acquisition of Aeronautical Systems. We have entered into a 364-day credit facility with a syndicate of financial institutions that provided $1.5 billion in bridge financing for the acquisition. This facility expires on July 29, 2003. We expect the bridge financing to be repaid using the net proceeds from the sale of approximately $200 million of our common stock in this offering, the net proceeds from the sale of approximately $900 million principal amount of our senior notes in our proposed note offering, and estimated net proceeds of approximately $400 million from the sale of non-core operating and non-operating assets. The credit facility provides for mandatory prepayment of the loan from the proceeds of certain dispositions, equity issuances or debt incurrences.

Borrowing under the credit facility is conditioned upon compliance with financial and other covenants set forth in the related agreements, including covenants relating to leverage (measured as the ratio of debt

to adjusted earnings) and consolidated net worth. We currently are in compliance with all such covenants. The credit facility does not contain any rating downgrade triggers that would accelerate the maturity of our indebtedness thereunder. However, a ratings downgrade would result in an increase in the interest rate and fees payable under the credit facility.

Credit Facilities. We have $750 million of syndicated revolving credit facilities consisting of a $425 million, three-year agreement expiring in December 2004 and a $325 million, 364-day agreement expiring in September 2003. We intend to renew the $325 million, 364-day credit facility prior to its next annual renewal date. At September 30, 2002, $495 million was unused and available under these committed revolving credit facilities.

We had committed foreign lines of credit and overdraft facilities at September 30, 2002 of $7.8 million, all of which was available at that date.

We also maintain $100 million of uncommitted domestic money market facilities with various banks to meet short-term borrowing requirements. As of September 30, 2002, $71 million of these facilities was unused and available. These uncommitted credit facilities are provided by a small number of commercial banks that also provide us with committed credit through the syndicated revolving credit facilities and with various trust, foreign exchange and other services. As a result of these established relationships, we believe that our uncommitted facilities are a highly reliable and cost-effective source of liquidity.

Continued borrowing under our committed credit facilities is conditioned upon compliance with financial and other covenants set forth in the related agreements including covenants relating to leverage (measured as a ratio of debt to adjusted earnings) and consolidated net worth. We currently are in compliance with all such covenants. Our revolving credit facilities do not contain any rating downgrade triggers that would accelerate the maturity of our indebtedness thereunder. However, a ratings downgrade would result in an increase in the interest rate and fees payable under our syndicated revolving credit facilities. Such a downgrade also could adversely affect our ability to renew existing, or obtain access to new, credit facilities in the future and could increase the cost of such new facilities.

Long-Term Financing. At September 30, 2002, we had long-term debt and capital lease obligations of $1,326.5 million, with maturities ranging from 2003 to 2046. Reflected as current maturities of long-term debt at September 30, 2002 was $3.5 million of miscellaneous debt maturing throughout 2002.

In May 2002, we issued $296.9 million aggregate principal amount of our 7 1/2% Notes due 2008 in exchange for a like principal amount of Coltec s 7 1/2% Senior Notes due 2008. All $296.9 million of the Coltec Senior Notes acquired by us in the exchange offer were sold to Coltec and thereafter cancelled. The remaining $3.1 million of outstanding Coltec Senior Notes remain outstanding as the obligation of Coltec, which is now a wholly owned subsidiary of EnPro.

We have filed a shelf registration statement that would permit us to sell up to $2.4 billion of debt securities, series preferred stock, common stock, stock purchase contracts and stock purchase units. We plan to offer approximately $200 million of our shares of common stock in this offering and approximately $900 million principal amount of our senior notes in our proposed senior note offering under this registration statement. The net proceeds from these offerings will be used to repay a portion of the amounts outstanding under our $1.5 billion, 364-day credit facility. The net proceeds from any other securities issued pursuant to the shelf registration statement are expected to be used for general corporate purposes unless there remain amounts outstanding under our $1.5 billion, 364-day credit facility, which must be repaid in full before we may use these proceeds for general corporate purposes.

Quips. At September 30, 2002, there was outstanding $125.2 million of 8.3% Cumulative Quarterly Income Preferred Securities, Series A (Quips) issued by BFGoodrich Capital, a Delaware business trust all of the common equity of which is owned by us. The Quips are supported by 8.3% Junior Subordinated Debentures, Series A, due 2025 issued by us. We have unconditionally guaranteed all distributions required to be made by the trust, but only to the extent the trust has funds legally available for such distributions.

TIDES. The TIDES that were reflected in liabilities of discontinued operations at December 31, 2001 remain outstanding as part of the EnPro capital structure following the spin-off. The TIDES are convertible into shares of both Goodrich and EnPro common stock until April 15, 2028. We have guaranteed amounts owed by Coltec Capital Trust with respect the TIDES and have guaranteed Coltec s performance of its obligations with respect to the TIDES and the underlying Coltec convertible debentures. Enpro, Coltec and Coltec Capital Trust have agreed to indemnify us from any costs and liabilities arising under or related to the TIDES after the spin-off.

Off-Balance Sheet Arrangements. We utilize several forms of off-balance sheet financing arrangements. At September 30, 2002, these included:

	Undiscounted Minimum Future Lease Payments	Receivables Sold
	(In millions)	
Tax-Advantaged Operating Leases	$ 59.6	$
Standard Operating Leases	106.2	
	$165.8	$
Short-term Receivables	$	$75.4
Long-term Receivables		
	$	$75.4

Lease Agreements. We financed our use of certain equipment, including corporate aircraft, under committed lease arrangements provided by financial institutions. These arrangements allow us to claim a deduction for the tax depreciation on the assets, rather than the lessor, and allowed us to lease up to a maximum of $95.0 million at September 30, 2002. Since the terms of these arrangements meet the accounting definition of operating lease arrangements, the aggregate sum of future minimum lease payments is not reflected on our consolidated balance sheet. At September 30, 2002, future minimum lease payments under these arrangements approximated $59.6 million. We also have various other operating lease agreements whose future minimum lease payments approximated $106.2 million at September 30, 2002. For additional information, see note I of our 2001 consolidated financial statements included in this prospectus supplement.

Sale of Receivables. At September 30, 2002, we had in place a trade receivables securitization program pursuant to which we may sell trade receivables up to a maximum of $110 million. Accounts receivable sold under this program were $75.4 million at September 30, 2002.

Continued availability of the securitization program is conditioned upon compliance with covenants, related primarily to operation of the securitization, set forth in the related agreements. We currently are in compliance with all such covenants. The securitization agreement includes a rating downgrade trigger pursuant to which the agreement may be terminated upon a downgrade of our debt ratings below BB- by Standard & Poor s or Ba3 by Moody s Investor Services. If such an event were to occur, we expect that we would have sufficient capital resources through our existing revolving credit facilities to meet our needs.

During 2000, we entered into an agreement to sell certain long-term receivables. This agreement contained recourse provisions under which we were required to repurchase receivables in certain events. As of August 2002, we had repurchased approximately $40.0 million of receivables as a result of payment defaults by the primary obligors and terminated this agreement.

Cash Flows

Nine Months Ended September 30, 2002 Compared to Nine Months Ended September 30, 2001

The following table summarizes our cash flow activities for the periods indicated:

	Nine Months Ended September 30,		
	2002	**2001**	**Change**
		(Dollars in millions)	
Cash flows from:			
Operating activities of continuing operations	$ 356.2	$ 210.5	$ 145.7
Investing activities of continuing operations	$ (40.1)	$(237.5)	$ 197.4
Financing activities of continuing operations	$ 84.7	$(833.9)	$ 918.6
Discontinued operations	$(141.1)	$ 865.2	$(1,006.3)

Operating Cash Flows. Cash flow from operating activities of continuing operations increased $145.7 million from $210.5 million during the first nine months of 2001 to $356.2 million during the first nine months of 2002. Compared to the prior year period, a decrease in accounts receivable (net of receivables sold) improved cash flow by $111.1 million. An overall decrease in inventory of $19.8 million compared to an inventory increase of $87.6 million also contributed $107.4 million of the change. During the third quarter of 2002, we also terminated an interest rate swap on $200 million of our long-term debt, increasing cash flow by $29.4 million. Also in the first nine months of 2002, estimated income tax payments were less than in the first nine months of the preceding year. These cash flow improvements were somewhat offset by a decrease in accounts payable compared to the prior year period and a $22.0 million cash usage related to restructuring charges.

Investing Cash Flows. Cash used in investing activities of continuing operations improved by $197.4 million between periods mainly due to the 2001 expansion of our carbon producing capabilities and a large enterprise resource planning project at our Aerostructures business that was substantially completed in 2001. In addition, the change in cash used in business acquisitions declined by $118.8 due to the acquisition of our lighting business in September 2001.

Financing Cash Flows. The significant decrease in cash used in financing activities between periods was attributable to the repayment of short-term indebtedness with the proceeds from the Performance Materials sale in the first quarter of 2001 and the repayment of $175 million of long-term debt in July 2001.

Discontinued Operations Cash Flows. Cash used by discontinued operations of $141.1 million during the first nine months of 2002 includes approximately $56.0 million of cash included in the net assets of the EIP business distributed to shareholders, approximately $47.0 million paid (net of insurance receipts) for asbestos-related matters and approximately $15.6 million relating to capital expenditures and debt repayments. Cash provided by discontinued operations during the first nine months of 2001 of $865.2 million includes approximately $960 million attributable to the sale of the Performance Materials business in February 2001.

The increase in cash balances to $346.3 million at September 30, 2002, compared to $85.8 million at December 31, 2001, was a result of borrowings under the revolving credit facilities to pre-position cash in various foreign subsidiaries in connection with the October 1, 2002 acquisition of TRW s Aeronautical Systems businesses. These borrowings were repaid with funds borrowed under the $1.5 billion, 364-day credit facility. We expect to have adequate cash flow from operations and our credit facilities to satisfy operating requirements and capital spending programs.

Our net debt-to-capitalization ratio (net of cash and cash equivalents) was 52.1% at September 30, 2002 as compared to 47.2% at December 31, 2001. For purposes of this ratio, the trust preferred securities are treated as capital. We expect this ratio to increase significantly as a result of the debt to be incurred to finance the acquisition of TRW s Aeronautical Systems businesses.

Years Ended December 31, 2001, 2000 and 1999

The following table summarizes our cash flow activity for 2001, 2000 and 1999:

	2001	2000	1999
Cash flows from:			
Operating activities	$ 382.6	$ 168.2	$ 210.5
Investing activities	$(288.8)	$(349.4)	$(166.5)
Financing activities	$(936.3)	$ 80.6	$ (72.2)
Discontinued operations	$ 850.7	$ 114.6	$ 42.8

Operating Cash Flows. Operating cash flow increased by $214.4 million, from $168.2 million in 2000 to $382.6 million in 2001. The increase was primarily due to a $113.7 million payment to the Internal Revenue Service in 2000, increased cash earnings from continuing operations, lower merger-related and consolidation cost payments and lower tax payments, partially offset by a deterioration in working capital during 2001.

Operating cash flows decreased $42.3 million from $210.5 million in 1999 to $168.2 million in 2000. The decrease was primarily attributable to a $113.7 million payment to the Internal Revenue Service and an increase in long-term receivables associated with certain leasing activities (Super 27 program), partially offset by lower merger-related and consolidation cost payments and increased proceeds from the sale of receivables.

The payment to the IRS was for an income tax assessment and the related accrued interest. We intend to pursue our administrative and judicial remedies for a refund of this payment. A reasonable estimation of our potential refund cannot be made at this time; accordingly, no receivable has been recorded.

Investing Cash Flows. We used $288.8 million in investing activities in 2001 versus $349.4 million in 2000. The decrease was due primarily to lower spending on acquisitions (approximately $128 million), partially offset by increased spending on capital expenditures (approximately $57 million).

We used $349.4 million in investing activities in 2000 versus $166.5 million in 1999. The increase was primarily attributable to additional amounts spent on acquisitions, partially offset by reduced capital expenditures.

Financing Cash Flows. Financing activities consumed $936.3 million and $72.2 million of cash in 2001 and 1999, respectively, and provided $80.6 million in cash in 2000. The primary reason for the increased use of cash in 2001 was the repayment of short-term indebtedness with the proceeds from the Performance Materials sale (see discontinued operations cash flow discussion below). We increased our borrowings in 2000 to finance acquisitions as well as our share repurchase program.

Discontinued Operations Cash Flows. Cash flow from discontinued operations increased $736.1 million, from $114.6 million in 2000 to $850.7 million in 2001. Performance Materials accounted for approximately $960 million of this increase, partially offset by a decrease of $224 million in cash flow attributable to the EIP segment. The Performance Materials increase was primarily attributable to the sale of the business during the first quarter of 2001, while the decrease in cash flow attributable to the EIP segment was primarily attributable to the Glacier Bearings acquisition during 2001 (approximately $150 million) and increased payments related to the defense and disposition of asbestos-related claims.

Cash flow from discontinued operations increased $71.8 million from $42.8 million in 1999 to $114.6 million in 2000. Approximately $29 million of the increase was attributable to the Performance Materials segment and approximately $42 million of the increase was attributable to the EIP segment. The increase in cash flows attributable to Performance Materials was primarily due to lower merger-related and consolidation payments in 2000, better utilization of working capital and reduced capital expenditures and acquisition-related payments. The increase in cash flows attributable to the EIP segment was primarily

attributable to better utilization of working capital and lower capital expenditures, partially offset by increased payments related to the defense and disposition of asbestos-related claims.

Contingencies

General. There are pending or threatened against us or our subsidiaries various claims, lawsuits and administrative proceedings, all arising from the ordinary course of business with respect to commercial, product liability, asbestos and environmental matters, which seek remedies or damages. We believe that any liability that may finally be determined with respect to commercial and non-asbestos product liability claims should not have a material effect on our consolidated financial position or results of operations. From time to time, we are also involved in legal proceedings as a plaintiff involving contract, patent protection, environmental and other matters. Gain contingencies, if any, are recognized when they are realized.

Environmental. Environmental liabilities are recorded when our liability is probable and the costs are reasonably estimable, which generally is not later than at completion of a feasibility study or when we have recommended a remedy or have committed to an appropriate plan of action. The liabilities are reviewed periodically and, as investigations and remediation proceed, adjustments are made as necessary. Liabilities for losses from environmental remediation obligations do not consider the effects of inflation, and anticipated expenditures are not discounted to their present value. The liabilities are not reduced by possible recoveries from insurance carriers or other third parties, but do reflect anticipated allocations among potentially responsible parties at federal Superfund sites or similar state-managed sites and an assessment of the likelihood that such parties will fulfill their obligations at such sites. The measurement of environmental liabilities by us is based on currently available facts, present laws and regulations, and current technology. Such estimates take into consideration our prior experience in site investigation and remediation, the data concerning cleanup costs available from other companies and regulatory authorities, and the professional judgment of our environmental specialists in consultation with outside environmental specialists, when necessary.

We are subject to various domestic and international environmental laws and regulations which may require that we investigate and remediate the effects of the release or disposal of materials at sites associated with past and present operations, including sites at which we have been identified as a potentially responsible party under the federal Superfund laws and comparable state laws. We are currently involved in the investigation and remediation of a number of sites under these laws. Estimates of our liability are further subject to uncertainties regarding the nature and extent of site contamination, the range of remediation alternatives available, evolving remediation standards, imprecise engineering evaluations and estimates of appropriate cleanup technology, methodology and cost, the extent of corrective actions that may be required, and the number and financial condition of other potentially responsible parties, as well as the extent of their responsibility for the remediation. Accordingly, as investigation and remediation of these sites proceeds, it is likely that adjustments in our accruals will be necessary to reflect new information. The amounts of any such adjustments could have a material adverse effect on our results of operations in a given period, but the amounts, and the possible range of loss in excess of the amounts accrued, are not reasonably estimable. Based on currently available information, however, management does not believe that future environmental costs in excess of those accrued with respect to sites with which we have been identified as a potentially responsible party are likely to have a material adverse effect on our financial condition. There can be no assurance, however, that additional future developments, administrative actions or liabilities relating to environmental matters will not have a material adverse effect on our results of operations in a given period.

At September 30, 2002, our liabilities for environmental remediation obligations totaled $84.0 million, of which $9.1 million was included in current liabilities as accrued liabilities. Of the $84.0 million, $12.3 million is associated with ongoing operations and $71.7 million is associated with businesses previously disposed of or discontinued.

The timing of expenditures depends on a number of factors that vary by site, including the nature and extent of contamination, the number of potentially responsible parties, the timing of regulatory approvals, the complexity of the investigation and remediation, and the standards for remediation. We expect that we will expend present accruals over many years, and will complete remediation of all sites with which we have been identified in up to 30 years. This period includes operation and monitoring costs that are generally incurred over 15 to 25 years.

Tolo Litigation. In May 2000, we and our subsidiary Rohr, Inc. were served with complaints in a lawsuit filed in the Superior Court of Orange County, California, by former shareholders and certain former employees of Tolo, Inc. Tolo is a subsidiary of Rohr that was acquired in 1997. The former shareholders alleged that we and Rohr breached the stock purchase agreement by failing to pay $2.4 million under the terms of the agreement. In September 2001, a jury found that we were liable to the shareholders for the $2.4 million retained by Rohr under the stock purchase agreement and were also assessed punitive damages of $48 million. The court subsequently reduced the punitive damage award to $24 million. We and Rohr have appealed the judgment.

At the time of the purchase, we established a liability of $2.4 million relating to the amount withheld by Rohr pursuant to the stock purchase agreement. We have not established a liability for the punitive damages award of $24 million, which was based on the plaintiffs fraudulent concealment claim, for the reasons set forth below.

We and our legal counsel believe that there were numerous points of reversible error in the trial that make it more likely than not that the judgment will be reversed or vacated on appeal. First, we believe the plaintiffs fraud claim is legally deficient under California law and should be reversed. If the fraud claim is not reversed, we should, at a minimum, be granted a new trial on the fraudulent concealment claim because the trial court permitted plaintiffs to add this claim late in the trial but did not allow us to introduce evidence to defend against it. We also believe that the trial court made numerous prejudicial errors regarding the admission and exclusion of evidence relating to the fraud claims, which further supports the grant of a new trial. And finally, we believe that the trial courts directed verdict on plaintiffs breach of contract claim should be set aside and a new trial granted because, among other things, there was sufficient evidence for the jury to find for the defendants on this claim.

Asbestos. We and certain of our subsidiaries have also been named as defendants in various actions by plaintiffs alleging injury or death as a result of exposure to asbestos fibers. These actions primarily relate to previously owned businesses (other than asbestos-related claims of EIP discussed below). We believe that we have substantial insurance coverage available to us related to any remaining claims. As a result, we believe that these pending and reasonably anticipated future actions are not likely to have a material adverse effect on our financial condition or results of operations.

We and certain of our subsidiaries are also defendants in other asbestos-related lawsuits or claims involving maritime workers, medical monitoring claimants, co-defendants and property damage claimants. Based on our past experience, we believe that these categories of claims are not likely to have a material adverse effect on our financial condition or results of operations.

Discontinued Operations. At the time of the EIP spin-off, two subsidiaries of Coltec were defendants in a significant number of personal injury claims relating to alleged asbestos-containing products sold by those subsidiaries. It is possible that asbestos-related claims might be asserted against us on the theory that we have some responsibility for the asbestos-related liabilities of EnPro, Coltec or its subsidiaries, even though the activities that led to those claims occurred prior to our ownership of any of those subsidiaries. Also, it is possible that a claim might be asserted against us that Coltec s dividend of its aerospace business to us prior to the spin-off was made at a time when Coltec was insolvent or caused Coltec to become insolvent. Such a claim could seek recovery from us on behalf of Coltec of the fair market value of the dividend.

No such claims have been asserted against us to date. We believe that we would have substantial legal defenses against any such claims. In addition, the agreement between EnPro and us that was used to

effectuate the spin-off provides us with an indemnification from EnPro covering, among other things, these liabilities. Any such asbestos-related claims would likely require, as a practical matter, that Coltec s subsidiaries were unable to satisfy their asbestos-related liabilities and that Coltec was found to be responsible for these liabilities and was unable to meet its financial obligations. We believe any such claims would be without merit and that Coltec was solvent both before and after the dividend. If we are ultimately found to be responsible for the asbestos-related liabilities of Coltec s subsidiaries, we believe it would not have a material adverse effect on our financial condition, but could have a material adverse effect on our results of operations and cash flows in a particular period. However, because of the uncertainty as to the number, timing and payments related to future asbestos-related claims, there can be no assurance that any such claims will not have a material adverse effect on our financial condition, results of operations and cash flows. If a claim related to the dividend of Coltec s aerospace business were successful, it could have a material adverse impact on our financial condition, results of operations and cash flows.

Guarantees. We have guaranteed amounts owed by Coltec Capital Trust with respect to the $150 million of outstanding TIDES and have guaranteed Coltec s performance of its obligations with respect to the TIDES and the underlying Coltec convertible subordinated debentures. Following the spin-off of the EIP segment, the TIDES remain outstanding as an obligation of Coltec Capital Trust and our guarantee with respect to the TIDES remains an obligation of ours. EnPro, Coltec and Coltec Capital Trust have agreed to indemnify us from any costs and liabilities arising under or related to the TIDES after the spin-off.

In addition to our guarantee of the TIDES, we have an outstanding contingent liability for guaranteed debt and lease payments of $4.6 million and for letters of credit of $30.6 million at September 30, 2002.

Pension Plans. We measure our pension plan using a December 31 year end for financial accounting purposes. The significant declines experienced in the financial markets have unfavorably impacted plan asset performance. This, coupled with historically low interest rates, is likely to cause us to recognize a significant non-cash charge to equity in the fourth quarter of 2002. If measured at mid-October, this charge would be approximately $285 million after tax. This charge would not affect reported earnings, and would be reversible if either interest rates increase or market performance and plan returns improved or contributions cause the pension plans to return to fully funded status. Additionally, as a result of the potential underfunded status of the pension plans, pension expense will be significantly higher in 2003 than in 2002. Based on the asset values and market conditions as of mid-October 2002, the increase in pension expense in 2003 over 2002 would have been approximately $40 million. This amount is highly variable and is dependent on investment returns through December 31, 2002. We do not expect to be required to make any cash contributions to our pension plans in 2002 or 2003. However, we may choose to make voluntary contributions during those periods.

Certain Aerospace Contracts. Our aerostructures business has a contract with Boeing on the B717-200 program that is subject to certain risks and uncertainties. This contract includes unamortized pre-production inventory balances of $32.0 million. Recovery of these pre-production inventory balances is subject to Boeing s future production rate and delivery schedule as well as our future cost structure and learning curve assumptions. We will continue to record no margin on this contract based on our revised assumptions.

Our aerostructures business also re-engines 727 aircraft (the Super 27 program). The re-engining enables these aircraft to meet sound attenuation requirements as well as improve their fuel efficiency. The aerostructures business has entered into several collateralized financing arrangements to assist its customers. At September 30, 2002, we had $45.2 million of inventory and $61.8 million of accounts and notes receivables on our balance sheet relating to the Super 27 program. At June 30, 2002, $20.4 million of these notes receivable had been sold to a financial institution. The agreement relating to the sale contained recourse provisions. Due to a default by the primary obligor, we were required to repurchase the notes receivable in August 2002 and the agreement was terminated. We believe that the recorded value of the notes receivable is less than the fair value of the underlying collateral. Collection of this receivable, as

well as the recovery of some portion of our investment in existing inventory balances, may be negatively affected should the overall deterioration in the commercial aerospace market continue or if the market for re-engined Super 27 program aircraft does not strengthen. Because of these conditions, we will continue to assess the value of these assets and their ultimate recovery.

Commercial Airline Customers. The downturn in the commercial air transport market, exacerbated by the terrorist attacks on September 11, 2001, has adversely affected the financial condition of many of our commercial airline customers. Many of these customers have requested extended payment terms for future shipments and/or reduced pricing. We have been reviewing and evaluating these requests on a case-by-case basis. We perform ongoing credit evaluations on the financial condition of all of our customers and maintain reserves for uncollectible accounts receivable based upon expected collectibility. Although we believe our reserves are adequate, we are not able to predict with certainty the changes in the financial stability of these customers. Any material change in the financial status of any one or group of customers could have a material adverse effect on our financial condition, results of operations, or cash flows. To the extent extended payment terms are granted to customers, it may negatively affect future cash flow.

One of our customers, Fairchild Dornier, commenced insolvency proceedings in Germany in 2002. As a result, we recorded a $1 million charge during the first quarter of 2002 related to accounts receivable from Fairchild Dornier and recorded a $16.6 million charge during the second quarter of 2002 for capitalized pre-production and inventory costs and supplier termination charges relating to the Fairchild Dornier 728 and 928 integrated landing system program.

On August 11, 2002, US Airways announced that it had filed for protection under Chapter 11 of the United States Bankruptcy Code. As of September 30, 2002, we had accounts receivable from US Airways of approximately $2.6 million against which a valuation reserve of $1.9 million was recorded in the third quarter of 2002. In addition, as of September 30, 2002, we had approximately $3.4 million of unamortized sales incentives recorded as other assets and a 50 percent-owned investee had unamortized sales incentives recorded of approximately $1.6 million. We continue to provide US Airways components under post-bankruptcy protection and to assess the realization of the above pre-bankruptcy assets as more information becomes available.

Insurance Costs and Availability. As a result of the terrorist attacks on September 11, 2001 and general market conditions, our insurance costs have increased and certain types of coverage have been eliminated or made available to us with less favorable terms and conditions. We renewed our property and casualty programs in the third quarter of 2002 at a higher cost, but with generally similar deductibles, terms and conditions as the expiring policies, with the exception that our property insurance program was renewed without coverage for terrorist acts, including associated business interruption. Our property and general liability programs were renewed with reduced limits of liability reflecting the spin-off of our industrial products businesses, but in each case, limits were maintained at levels consistent with our industry peers. Our property insurance, general liability and aircraft products liability programs expire in mid-2003 and our executive risk program expires in 2004.

New Accounting Standards

In June 2001, the FASB issued Statement No. 143 Accounting for Asset Retirement Obligations (SFAS 143). SFAS 143 addresses financial accounting and reporting for obligations associated with the retirement of tangible long-lived assets and the associated asset retirement costs. It applies to legal obligations associated with the retirement of long-lived assets that result from the acquisition, construction, development and/or the normal operation of a long-lived asset, except for certain obligations of lessees. SFAS 143 is effective for financial statements issued for fiscal years beginning after June 15, 2002. We currently are reviewing SFAS 143 and intend to implement it no later than January 1, 2003.

In October 2001, the FASB issued Statement No. 144 Accounting for the Impairment or Disposal of Long-Lived Assets (SFAS 144). SFAS 144 supersedes FASB Statement No. 121 Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of (SFAS 121); however it retains the fundamental provisions of that statement related to the recognition and measurement of the

impairment of long-lived assets to be held and used. In addition, SFAS 144 provides more guidance on estimating cash flows when performing a recoverability test, requires that a long-lived asset (group) to be disposed of other than by sale (e.g., abandoned) be classified as held and used until it is disposed of, and establishes more restrictive criteria to classify an asset (group) as held for sale. SFAS 144 is effective for fiscal years beginning after December 15, 2001. The adoption of SFAS 144 did not have a material impact on our consolidated financial condition or results of operations.

In April 2002, the FASB issued Statement No. 145 Rescission of FASB Statements No. 4, 44, and 62, Amendment of FASB Statement No. 13, and Technical Corrections (SFAS 145). SFAS 145 will require gains and losses on extinguishments of debt to be classified as income or loss from continuing operations rather than as extraordinary items as previously required under Statement of Financial Accounting Standards No. 4 (SFAS 4). Extraordinary treatment will be required for certain extinguishments as provided in APB Opinion No. 30. SFAS 145 also amends Statement of Financial Accounting Standards No. 13 to require certain modifications to capital leases be treated as a sale-leaseback and modifies the accounting for sub-leases when the original lessee remains a secondary obligor (or guarantor). SFAS 145 is effective for financial statements issued after May 15, 2002, and with respect to the impact of the reporting requirements of changes made to SFAS 4 for fiscal years beginning after May 15, 2002. The adoption of the applicable provisions of SFAS 145 did not have an effect on our financial statements.

In June 2002, the FASB issued Statement No. 146, Accounting for Costs Associated with Exit or Disposal Activities. SFAS 146 nullifies Emerging Issues Task Force Issue No. 94-3 Liability Recognition for Certain Employee Termination Benefits and Other Costs to Exit an Activity (including Certain Costs Incurred in a Restructuring). SFAS 146 applies to costs associated with an exit activity that does not involve an entity newly acquired in a business combination or with a disposal activity covered by SFAS 144. SFAS 146 is effective for exit or disposal activities that are initiated after December 31, 2002, with earlier application encouraged. We are currently reviewing SFAS 146 and intend to implement it no later than January 1, 2003.

Critical Accounting Policies

Our discussion and analysis of our financial condition and results of operations are based upon our consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States. The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities. On an on-going basis, we evaluate our estimates, including those related to customer programs and incentives, product returns, bad debts, inventories, investments, intangible assets, income taxes, financing operations, warranty obligations, excess component order cancellation costs, restructuring, long-term service contracts, pensions and other post-retirement benefits, and contingencies and litigation. We base our estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

We believe the following critical accounting policies relating to continuing operations affect our more significant judgments and estimates used in the preparation of our consolidated financial statements.

Revenue Recognition

For revenues not recognized under the contract method of accounting, we recognize revenues from the sale of products at the point of passage of title, which is at the time of shipment. Revenues earned from providing maintenance service are recognized when the service is complete.

Contract Accounting Percentage of Completion

Revenue Recognition. We have sales under long-term, fixed-priced contracts, many of which contain escalation clauses, requiring delivery of products over several years and frequently providing the buyer with option pricing on follow-on orders. Sales and profits on each contract are recognized in accordance with the percentage-of-completion method of accounting, using the units-of-delivery method. We follow the guidelines of Statement of Position 81-1 (SOP 81-1), Accounting for Performance of Construction-Type and Certain Production-Type Contracts (the contract method of accounting), except that our contract accounting policies differ from the recommendations of SOP 81-1 in that revisions of estimated profits on contracts are included in earnings under the reallocation method rather than the cumulative catch-up method. Under the reallocation method, the impact of revisions in estimates is recognized ratably over the remaining life of the contract, while under the cumulative catch-up method such impact would be recognized immediately. To the extent we were to make a significant acquisition that used the cumulative catch-up method to record revisions in estimated profits on contracts, we would be required to change our current method of accounting. Such a change would be recorded as a change in accounting principle and would most likely result in the restatement of prior periods in accordance with APB 20.

Profit is estimated based on the difference between total estimated revenue and total estimated cost of a contract, excluding that reported in prior periods, and is recognized evenly in the current and future periods as a uniform percentage of sales value on all remaining units to be delivered. Current revenue does not anticipate higher or lower future prices but includes units delivered at actual sales prices. Cost includes the estimated cost of the pre-production effort (primarily tooling and design), plus the estimated cost of manufacturing a specified number of production units. The specified number of production units used to establish the profit margin is predicated upon contractual terms adjusted for market forecasts and does not exceed the lesser of those quantities assumed in original contract pricing, or those quantities which we now expect to deliver in the timeframe/periods assumed in the original contract pricing. Our policies only allow the estimated number of production units to be delivered to exceed the quantity assumed within the original contract pricing when we receive firm orders for additional units. The timeframe/period assumed in the original contract pricing is generally equal to the period specified in the contract. If the contract is a life of program contract, then such period is equal to the time period used in the original pricing model which generally equals the time period required to recover the our pre-production costs. Option quantities are combined with prior orders when follow-on orders are released.

The contract method of accounting involves the use of various estimating techniques to project costs at completion and includes estimates of recoveries asserted against the customer for changes in specifications. These estimates involve various assumptions and projections relative to the outcome of future events, including the quantity and timing of product deliveries. Also included are assumptions relative to future labor performance and rates, and projections relative to material and overhead costs. These assumptions involve various levels of expected performance improvements. We reevaluate our contract estimates periodically and reflects changes in estimates in the current and future periods under the reallocation method.

Included in sales are amounts arising from contract terms that provide for invoicing a portion of the contract price at a date after delivery. Also included are negotiated values for units delivered and anticipated price adjustments for contract changes, claims, escalation and estimated earnings in excess of billing provisions, resulting from the percentage-of-completion method of accounting. Certain contract costs are estimated based on the learning curve concept discussed below.

Inventory. Inventoried costs on long-term contracts include certain pre-production costs, consisting primarily of tooling and design costs and production costs, including applicable overhead. The costs attributed to units delivered under long-term commercial contracts are based on the estimated average cost of all units expected to be produced and are determined under the learning curve concept, which anticipates a predictable decrease in unit costs as tasks and production techniques become more efficient through repetition. This usually results in an increase in inventory (referred to as excess-over average) during the early years of a contract.

If in-process inventory plus estimated costs to complete a specific contract exceeds the anticipated remaining sales value of such contract, such excess is charged to current earnings, thus reducing inventory to estimated realizable value.

Sales Incentives. We offer sales incentives to certain commercial customers in connection with sales contracts. These incentives may consist of upfront cash payments, merchandise credits and/or free products. The cost of these incentives is recognized in the period incurred unless we are specifically guaranteed of recovery within the contract by the customer. If the contract contains such a guarantee, then the cost of the sales incentive is capitalized and amortized over the contract period.

Quantitative and Qualitative Disclosures About Market Risks

We are exposed to certain market risks as part of our ongoing business operations, including risks from changes in interest rates and foreign currency exchange rates, that could impact our financial condition, results of operations and cash flows. We manage our exposure to these and other market risks through regular operating and financing activities, and on a limited basis, through the use of derivative financial instruments. We intend to use such derivative financial instruments as risk management tools and not for speculative investment purposes.

Interest Rate Exposure. We are exposed to interest rate risk as a result of our outstanding debt obligations. The table below provides information about our derivative financial instruments and other financial instruments as of December 31, 2001 that are sensitive to changes in interest rates, including interest rate swaps and debt obligations. For debt obligations, the table represents principal cash flows and related weighted average interest rates by expected (contractual) maturity dates. For interest rate swaps, the table presents notional amounts and weighted-average interest rates by contractual maturity dates. Notional values are used to calculate the contractual payments to be exchanged under the contract. Weighted average variable (receive) rates are based on implied forward rates in the yield curve at December 31, 2001.

	2002	2003	2004	2005	2006	Thereafter	Total	Fair Value
					($ in millions)			
Debt								
Fixed Rate	$ 4.3	$2.2	$1.3	$1.3	$1.3	$1,281.4	$1,291.7	$1,190.4
Average Interest Rate	5.1%	3.8%	3.1%	3.0%	3.3%	7.0%	6.9%	
Variable Rate	$113.3	$	$	$	$	$ 16.5	$ 129.8	$ 129.8
Average Interest Rate	2.4%					4.9%	2.7%	
Capital Lease Obligations	$ 2.1	$1.9	$1.4	$0.3	$	$	$ 5.7	$ 4.8
Interest Rate Swaps Fixed to Variable						$ 200.0	$ 200.0	$ (7.3)
Average Pay Rate						4.8%	4.8%	
Average Receive Rate						6.0%	6.0%	

In September 2002, we settled our fixed to variable rate interest rate swap and received cash of approximately $29.4 million. This amount has been recorded on the balance sheet as an adjustment to the debt instrument to which the interest rate swap applied. This amount will be amortized over the remaining maturity of the debt and included in interest income.

Foreign Currency Exposure. We are exposed to foreign currency risks that arise from normal business operations. These risks include the translation of local currency balances of our foreign subsidiaries, intercompany loans with foreign subsidiaries and transactions denominated in foreign currencies. Our objective is to minimize our exposure to these risks through our normal operating activities and, where appropriate, through foreign currency forward exchange contracts.

Our international operations expose us to translation risk when the local currency financial statements are translated to U.S. dollars. As currency exchange rates fluctuate, translation of the statements of income of international businesses into U.S. dollars will affect comparability of revenues and expenses

between years. We hedge a significant portion of our net investments in international subsidiaries by financing the purchase and cash flow requirements through local currency borrowings.

One of our subsidiaries conducts a substantial portion of its business in Euros but has significant sales contracts that are denominated in U.S. dollars. In June 2002, we entered into 21 individual forward contracts to exchange U.S. dollars for Euros. A contract will mature each month between April 2002 and December 2003. The forward contracts are used to mitigate the potential volatility to cash flow arising from changes in currency exchange rates.

For a discussion of our exposure to foreign currency transaction risk, see Note A to our 2001 consolidated financial statements included in this prospectus supplement. At September 30, 2002, a hypothetical unfavorable change in exchange rates of 10% would decrease the value of these forward contracts by approximately $2.8 million.

Upon the purchase of Aeronautical Systems from TRW, we entered into foreign exchange forward contracts to sell U.S. dollars for Great Britain pounds sterling and for euros. These newly acquired businesses conduct a substantial portion of their business in pounds sterling and euros but have significant sales contracts that are denominated in U.S. dollars. These forward contracts are used to mitigate the potential volatility to cash flows arising from changes in currency exchange rates. In October 2002, we entered into forward contracts with an aggregate notational amount of $706.8 million to buy pounds sterling and contracts with an aggregate notational amount of $89.4 million to buy euros. These forward contracts mature on a monthly basis with maturity dates that range from October 2002 to April 2007.

BUSINESS

We are one of the largest worldwide suppliers of components, systems and services to the large commercial, regional, business and general aviation markets. We believe we offer our customers the broadest portfolio of major aircraft systems in the industry. We are also a leading supplier of aircraft and satellite systems products to the global military and space markets. We had sales of approximately $4.2 billion for the year ended December 31, 2001 and sales of approximately $2.7 billion for the nine months ended September 30, 2002. On a pro forma basis including Aeronautical Systems, 2001 sales were approximately $5.3 billion, and sales for the nine months ended September 30, 2002 were approximately $3.5 billion.

We have been in business since 1870 and are one of the oldest continuously traded companies on the New York Stock Exchange. Over the last two decades, we have aggressively transformed our business into a leading global aerospace provider through acquisitions and organic growth and by divesting our tire, plastics, chemical and industrial operations.

On October 1, 2002, we acquired Aeronautical Systems from TRW for approximately $1.5 billion in cash. These businesses design and manufacture commercial and military aerospace systems and equipment, including engine controls, flight controls, power systems, cargo systems, hoists and winches, and actuation systems. They employ approximately 6,200 employees in 22 facilities in nine countries, including manufacturing and service operations in the United Kingdom, France, Germany, Canada, the United States and several Asia/Pacific countries.

As a result of integration activities with respect to the businesses acquired, we expect to realize annual cost savings of approximately $30 to $40 million, net of anticipated incremental costs, by the beginning of 2005. These cost savings are expected to result from consolidation of duplicate facilities, reduction in personnel, reduction of expenditures, expansion of procurement initiatives, and the use of best practices across the combined businesses.

The following chart shows the primary businesses of our historical reportable segments and Aeronautical Systems. We plan to manage and report Aeronautical Systems as a separate reportable segment until our integration plan is completed in 2003.

Industry Trends

We participate in the aerospace industry by supplying products and services to the large commercial, regional, business and general aviation markets and the military and space markets. These markets accounted for 93% of our actual and pro forma sales for 2001. The frequency of aircraft utilization, size of

the worldwide aircraft fleet, and growth rate of the fleet drive the level of our sales of aviation products and services.

The downturn in the commercial air transport market, together with the terrorists attacks on September 11, 2001, has adversely affected the airline industry. In response, some airlines have reduced their aircraft fleet sizes, and Boeing and Airbus have both announced that new commercial aircraft deliveries for 2002 and 2003 will be lower than 2001 as a result of reduced demand. Despite current conditions in the airline industry, there are several identifiable trends that we expect may have a positive effect on our business over the long term, including the following:

Available seat miles flown, or ASMs, which are a good predictor of our aftermarket sales, are expected to grow at a long-term rate of about 5% per annum. The Airline Monitor projects that worldwide ASMs will grow at a compound rate of approximately 5% per annum from 2001 through 2020. This projected rate of growth is consistent with the historical compound growth rate of ASMs of approximately 5% per annum from 1980 through 2001, which includes the decline following September 11, 2001. A significant portion of maintenance, repair and overhaul activity required on commercial aircraft is mandated by governmental regulations that limit the total time or number of flights that may elapse between scheduled maintenance, repair or overhaul events. Although airlines may be able to defer certain optional maintenance and refurbishment activities, general maintenance, repair and overhaul activity ultimately is required to continue to operate the aircraft. Therefore, over the intermediate and long term, trends in the maintenance, repair and overhaul market are closely related to the size and utilization level of the worldwide fleet of active commercial aircraft as measured by ASMs.

The worldwide fleet of active commercial aircraft is expected to double over the next 20 years, consistent with growth experienced over the past 20 years. From 1980 to 2001, the worldwide fleet of active commercial aircraft has increased at an average annual rate of 4.8% and has only declined once, following the terrorist attacks on September 11, 2001. These events caused many airlines to reduce their fleet of active commercial aircraft primarily by temporarily grounding or permanently retiring older and less cost-efficient aircraft. Although we expect the adverse effect of September 11th on production of new aircraft to continue through 2004, Boeing s Current Market Outlook projects that the worldwide fleet of active commercial aircraft will continue to grow at historical rates and more than double over the next 20 years from approximately 15,250 aircraft at the end of 2001 to approximately 32,500 aircraft at the end of 2021.

The market for regional jet aircraft is growing at a faster rate than the market for large commercial aircraft. Based on Boeing s Current Market Outlook, the number of regional jet aircraft is expected to increase at an average annual rate of approximately 7% over the next 20 years. Regional jets are becoming a larger part of aircraft fleets as airlines purchase them to replace older turboprop aircraft, increase the frequency of flights to less densely populated destinations, enhance airline operating and cost efficiency, and adjust the size of the aircraft in their fleets to coincide with passenger demand. Regional jets can extend the geographic reach of airline hubs, augment larger jet operations in off-peak hours and replace larger jets on long routes for which there is low passenger demand. Moreover, passengers typically prefer regional jets to turboprop aircraft. As more regional jets enter service, and as these aircraft get older, we believe that product sales to the regional jet market should increase and that demand for aftermarket repair and services in this market should increase as well.

Aircraft manufacturers are increasingly favoring suppliers with the ability to integrate aviation components and supply complete systems, which has resulted in supplier consolidation. Aircraft manufacturers are increasingly favoring suppliers with the ability, experience and product breadth to integrate components and supply complete systems for the aircraft. As a result, suppliers that have the ability to develop flexible and innovative systems and perform systems integration, a role historically performed by aircraft manufacturers, have an advantage over other competitors. Additionally, aircraft manufacturers more frequently are outsourcing products that historically have been developed internally. Aircraft manufacturers also have started to award long-term sole source or preferred supplier contracts to the most capable suppliers, which has reduced the total number of suppliers from whom products are

purchased. These developments have resulted in significant consolidation among suppliers as they look to acquire additional capabilities and expand their product breadth, resources and expertise.

Military spending and operations have increased recently. In 2001, the U.S. government approved an emergency supplemental appropriations bill, a substantial portion of which we expect to be spent on defense. This measure was followed by the approval of a fiscal 2002 budget for the U.S. Department of Defense that reflected the highest modernization funding increase since Operation Desert Storm. We expect that future Department of Defense budgets will continue to reflect stronger support for increased funding for both force readiness and new systems production. The Bush Administration recently submitted to Congress a $379 billion Department of Defense budget for fiscal 2003 that reflects a 15% increase over the base fiscal 2002 Department of Defense budget, reaffirming the U.S. government s increased focus on a long-term defense plan and national security policy. We expect that the Department of Defense budgets for procurement, which funds new system production, and operations and maintenance, or O&M, which funds near-term sustainment and readiness objectives, will grow proportionately with the overall level of defense spending. While it is impossible to predict the effect that increased spending by the Department of Defense may have on our business, we would expect to benefit to the extent that spending is allocated for fighter and transport aircraft, helicopters, and reconnaissance and surveillance systems.

Business Strengths

We believe that the following key strengths are critical to our success as a leading provider of aerospace components, systems and services.

Established Global Leadership Positions. We are one of the largest worldwide suppliers of components, systems and services to the large commercial, regional, business and general aviation markets, and we are a leader in the development of fully integrated systems and subsystems for Boeing, Airbus and other airframe manufacturers. We have global leadership positions in numerous aircraft products and services, including: ejection seats; engine nacelle systems; evacuation slides and rafts; flight attendant and cockpit seats; fuel measurement and management systems; ice protection systems; landing gear; lighting systems; maintenance, repair and overhaul services for commercial airframes and components; optical and electro-optical systems; sensors and sensor-based systems; and wheels and brakes. Through our acquisition of Aeronautical Systems, we have acquired additional global leadership positions in: cargo systems; engine controls; flight controls; hoists and winches; and power systems. We also have substantial market positions in space satellite applications, special avionics equipment, and products for industrial gas turbine engines. More than 85% of our sales in 2001 on a pro forma basis were from businesses or product platforms in which we are a leading supplier.

Large Installed Base of Proprietary Flight Critical Products, with Non-discretionary Replacement, Repair and Maintenance Cycles. As a result of the long operating history of our businesses, our components and systems are certified for, and installed in, over 13,500 large commercial passenger and cargo jet aircraft, over 1,500 regional and business jets, and in many military aircraft operating throughout the world. Most of our aviation products serve critical operating systems that are required for flight certification. These products are highly engineered and required to operate with the highest levels of reliability in harsh environments. Applicable regulations require that they be replaced, repaired or overhauled at specified periods during the life of the aircraft, which usually is 20 to 40 years. Most of these products are proprietary and require certification by the FAA or similar foreign regulatory agencies. Because of certification requirements and the time and effort required to develop a key aircraft component, it is very expensive and often cost prohibitive for suppliers to develop competing products or for aircraft manufacturers or the airlines to replace a product with a competitor s product. Consequently, a supplier selected to provide aircraft products during the design of the aircraft generally will be the exclusive supplier of both original equipment and aftermarket products, including upgraded replacement products, over the life of the aircraft. Aftermarket products generally have higher profit margins than original equipment products. These factors drive a strong, profitable and more predictable aftermarket for our replacement products and maintenance services.

Recent Contract Wins on New Aircraft Programs. Our success in winning contracts to supply products for important new airframes in the commercial and military markets, such as the Airbus A380 and Lockheed Martin s F-35 Joint Strike Fighter, has positioned us for future growth in original equipment and aftermarket sales. When our systems and components are selected for new airframes, we generally benefit from supplying the original equipment for the new aircraft and replacement components and systems during the life of the aircraft. We believe that the depth and breadth of our products has increased our ability to secure positions on new airframes as manufacturers increasingly outsource critical systems to large suppliers with the capability of integrating entire systems.

During the last two years, two major new airframe platforms have been announced. In the commercial market, Airbus launched its A380 super jumbo airliner, which will be the largest commercial aircraft ever built. For the A380, we have been selected to supply the main and wing landing gear, the evacuation slides, the exterior lighting systems and other components. As a result of our acquisition of Aeronautical Systems, we also will supply flight control, power generation and cargo systems for the A380. In the military market, Lockheed Martin has commenced development of the F-35 Joint Strike Fighter, a supersonic, multi-role stealth fighter being developed for the United States and its allies. Current estimates reported in *Inside the Air Force* indicate that between 4,000 and 5,000 of these aircraft are expected to be built over the life of the program. We will supply integrated landing systems for this aircraft as well as critical sensors and other systems, and as a result of our acquisition of Aeronautical Systems, we also will supply an actuation system and a power system for this aircraft.

Diverse, Balanced Mix of Businesses. We provide a broad range of critical systems and components to the commercial, military and space markets worldwide. We believe our balanced business mix makes us less susceptible to cyclical changes in any sector of the aerospace industry in which we operate or to changes in our relationship with any of our customers and positions us to deliver consistent, predictable revenue and income growth.

We are diversified across all major aerospace markets. Approximately 57% of our sales in 2001, 55% on a pro forma basis, were to the large commercial aircraft market, approximately 11%, 13% on a pro forma basis, were to the regional, business and general aviation markets, approximately 20%, 21% on a pro forma basis, were to the military and space markets, and the balance of approximately 12%, 11% on a pro forma basis, were to other aviation and non-aviation markets.

Approximately 42% of our actual and pro forma sales in 2001 were from systems, components and services sold in the aftermarket. About 25% of our 2001 sales, 24% on a pro forma basis, were attributable to products sold in the aftermarket directly or indirectly to operators of large commercial aircraft worldwide.

We sell our products to nearly all manufacturers of large commercial and regional jet aircraft, and our products are used on most makes and models of large commercial and regional jet aircraft. Further, in general our sales to each manufacturer are approximately proportional to their end market sales. For example, our sales in 2001 for new large commercial aircraft production were split 58% to Boeing, 54% on a pro forma basis, and 42% to Airbus, 46% on a pro forma basis. During this same time period, Boeing accounted for 62% of new large commercial aircraft production and Airbus accounted for 38%. Because we provide substantial systems for each large commercial aircraft platform manufactured by Boeing and Airbus, our business is not materially affected by a change in the mix of sales of new aircraft between them. Similarly, in the regional jet market, we sell to both major manufacturers, Bombardier Inc. and Embraer-Empresa Brasileira de Aeronáutica S.A., and we have substantial content on each of their major jet airframes.

Approximately 20% of our 2001 sales, 21% on a pro forma basis, were in the military and space markets. In these markets, we design, manufacture and sell landing gear, wheels and brakes, sensors, ejection seats, laser warning systems, the optical components of satellite and aircraft-based surveillance systems, satellite attitude determination and on-orbit systems. Our most significant applications are on fighter and transport aircraft, helicopters, and reconnaissance and surveillance equipment. We provide

products for current and proposed programs such as the F-35 Joint Strike Fighter, F-15 Eagle, F-16 Fighting Falcon, F-22 Raptor, C-5 Galaxy, and C-17 Globemaster.

Strong, Established Strategic Relationships with Key Customers in Each of Our Markets. As a result of our broad range of products and capabilities, we are able to integrate complete systems and subsystems, with customers such as Boeing and Airbus looking to us as a valued outsourcing partner to develop major systems and subsystems for new airframes. We have strong, established and strategic relationships with key customers in each of our markets because of our track record of technological innovation and reliability and our expansive product capabilities. We have strengthened these relationships through our acquisition of Aeronautical Systems.

Experienced Senior Management Team. The members of our senior management team have substantial experience in the aerospace industry. Our senior management team has led the transformation of our company into a leader in the global aerospace industry. This transformation was accomplished through well-defined strategic planning and processes for creating customer and shareholder value. Our management has particular expertise in driving cost reduction through Lean Manufacturing, which is a continuous improvement process focused on eliminating man-hour, material and working capital inefficiencies and improving product quality and cycle time for the benefit of our customers, and through supply chain initiatives.

Business Strategy

Our strategy is designed to achieve sustainable above-market sales growth and increased levels of free cash flow. To accomplish these objectives, we intend to:

Maintain and Enhance Our Diverse and Balanced Business Mix. We believe that our diverse mix of products, markets and customers within the aerospace industry and balance between original equipment and aftermarket sales will enable us to achieve sustainable growth. We plan to continue to actively enhance our mix of businesses by building global leadership positions in additional key aerospace systems. We intend to pursue this objective through internal product development and innovation and, in the near term, through smaller selected acquisitions for complementary products and components. In addition to the diversity of our products, we intend to continue to serve a diverse customer base. Our goal is to continue to be a valued supplier to major airframe manufacturers and operators, maintaining a balance of revenues from among our major customers in each aerospace market.

Reduce Costs Through Continuous Process Improvement. We intend to reduce our costs through continuous process improvement. We intend to build on our world-class expertise in driving cost reduction through Lean Manufacturing and to reduce our procurement costs through aggressive supply chain management. We believe that these efforts will allow us to generate enhanced and sustainable free cash flow. A portion of our management compensation program directly links the compensation of over 300 of our top managers to the generation of free cash flow.

Leverage Our Technological Strengths to Enhance Growth. We plan to continue to systematically leverage our technological strengths to enhance growth by developing advanced products and processes for application throughout the aerospace industry. Our development efforts have resulted in many innovative systems and technologies, the most recent being our cockpit door video surveillance system. We began working with Airbus on this program in early October 2001 and installed and demonstrated a functional prototype system within six weeks thereafter. Airbus has selected our system for all new aircraft production models, and multiple airlines have selected it for both Airbus and Boeing aircraft fleet retrofits. Another example is our program that rewards innovation by providing significant additional funding to business units that successfully demonstrate breakthrough potential and commercial promise for their ideas. An increasing number of successful projects are collaborative efforts among a number of our business units, leveraging multiple technologies and competencies and leading to the development of systems rather than components.

Products and Services

We operate in four business segments: Aerostructures and Aviation Technical Services; Landing Systems; Engine and Safety Systems; and Electronic Systems. We plan to manage and report Aeronautical Systems as a separate reportable segment until our integration plan is completed in 2003. A summary of the products provided by our business segments, as well as those provided by Aeronautical Systems, is presented below.

Aerostructures and Aviation Technical Services

The core products of our aerostructures division are nacelles, pylons, thrust reversers and related aircraft engine housing components. We are a leading worldwide supplier of nacelles, which are the aerodynamic structures that surround engines, and pylons, which are the engine-to-wing structures that support engines and provide the critical connective conduit for fuel delivery and numerous engine-driven aircraft systems. In addition, we manufacture a range of specialized aerostructures, including lightweight, temperature-resistant auxiliary power unit tailcones for jetliners, corrosion-resistant structures for tactical military aircraft, and rigid cargo barriers for freighter aircraft. We also manufacture a variety of galley, wing, nacelle, thrust reverser, flight control surface and assembly components for out-of-production aircraft.

Through our Aviation Technical Services division, we service approximately 500 aircraft each year and are among the largest independent providers of maintenance, repair, overhaul and modification services in the world. Services provided by our Aviation Technical Services division range from the repair of individual components and systems to heavy maintenance and modifications of large commercial aircraft and business jet aircraft. We perform comprehensive total aircraft maintenance, repair, overhaul and modification for many commercial airlines, independent operators, aircraft leasing companies and airfreight carriers.

Landing Systems

Our Landing Systems group provides systems and components related to aircraft taxi, take-off, landing and stopping. Several divisions within this group 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. We differentiate ourselves from component suppliers by providing integrated systems, delivered as completely pre-assembled units to airframe manufacturers. We also provide complete repair and overhaul services for landing gear, wheels and brakes. In addition, through our engineered polymer products division, we design and produce components made from proprietary, high-performance composite material systems used in naval ships and submarines to improve acoustic characteristics and reduce radar signature of exposed superstructures.

Engine and Safety Systems

Our Engine and Safety Systems group produces a variety of products used in engine systems, including fuel delivery systems, electronic and mechanical controls, pumps, metering devices, manifolds and rotating components such as disks, blisks, shafts and airfoils, as well as evacuation systems such as slides and floats and seats for pilots, observers and flight attendants. Our de-icing and specialty systems division produces ice protection systems for general aviation, heating and related systems for large commercial transport aircraft, and potable water systems for regional and business aircraft. We also supply electrothermal ice protection systems for airframe, propeller and helicopter rotor applications and specialty heating systems, water heaters and other internal and external heated components for large commercial transport aircraft. Through our propulsion systems division, we provide research, design, development, qualifications and manufacture of advanced aircrew escape systems. We also supply individual components such as rocket motors and catapults, pyrotechnic gas generators, ejection seats, precision electro-explosive devices, propellants, linear actuators, and safety and arming devices.

Electronic Systems

Our Electronic Systems group produces a wide array of products that provide flight performance measurements, flight management, and control and safety data. We supply a variety of high-performance sensor systems, such as stall warning systems and systems that measure, manage and/or monitor aircraft fuel; oil debris; engine, transmission and structural health; and aircraft motion and control. We also supply a variety of avionics systems and other instruments, including 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 reconnaissance systems and laser warning systems. In addition, our optical and space systems division designs and builds high-performance, custom-engineered electronics, optics and electro-optical products for defense, aerospace, scientific and commercial applications. We also produce directional surveying equipment for use by companies operating in petroleum, mining and utility industries.

Aeronautical Systems

Aeronautical Systems manufactures highly engineered systems and equipment in six distinct product groups:

Engine controls. This product group consists of 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.

Flight controls. This product group includes actuators for primary flight control systems that operate elevators, ailerons and rudders, as well as secondary flight controls systems such as flaps and slats.

Power systems. This product group consists of 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, as well as power management and distribution systems.

Cargo systems. This product group consists of fully-integrated main deck and lower lobe cargo systems for wide body aircraft.

Hoists and winches. This product group consists of airborne hoists and winches used on both helicopters and fixed wing aircraft.

Actuation systems. This product group consists of systems that control the movement of steering systems for missiles as well as electro-mechanical systems that are characterized by high power, low weight, low maintenance, resistance to extreme temperatures and vibrations, and high reliability.

These product lines have broadened and strengthened our capabilities in the areas of engine controls and missile actuation and have given us new capabilities in the areas of flight controls, electrical power generation, cargo handling systems and hoists and winches.

Customers

We serve a diverse group of customers worldwide in the large commercial, regional, business and general aviation markets and in the global military and space markets. We market our products, systems and services directly to our customers through an internal marketing and sales force.

In 2001, 2000 and 1999, sales to Boeing and its designated subcontractors for all categories of products, including original equipment and aftermarket products, totaled 23%, 23% and 26%, respectively, of our consolidated sales, and sales to Boeing and its designated subcontractors for new commercial aircraft production totaled 18%, 18% and 23%, respectively, of our consolidated sales. In 2001, 2000 and 1999, sales to Airbus and its designated subcontractors for all categories of products, including original

equipment and aftermarket products, totaled 13% of our consolidated sales, and sales to Airbus and its designated subcontractors for new commercial aircraft production were 13% of our consolidated sales. On a pro forma basis, 2001 sales to Boeing and Airbus, including sales to their respective designated subcontractors, for all categories of products were 24% and 16%, respectively, of our total sales.

Competition

The aerospace industry in which we operate is highly competitive. Principal competitive factors include price, product and system performance, quality, service, design and engineering capabilities, new product innovation and timely delivery. We compete worldwide with a number of United States and international companies that are both larger and smaller than we are in terms of resources and market share, and some of which are also our customers.

The following table lists the companies that we consider to be our major competitors for each major aerospace product or system platform for which we believe we are one of the leading suppliers. Sales of these products and systems accounted for over 85% of our 2001 sales on a pro forma basis.

System	Primary Market	Major Non-Captive Competitors(1)
Aerospace Hoists/Winches	Military/Large Commercial	Breeze-Eastern (a division of TransTechnology Corporation); Telair International (a subsidiary of Teleflex Incorporated)
Aircraft Crew Seating	Business	Ipeco Holdings Ltd, Sicma Aero Seat (a subsidiary of Zodiac S.A.); EADS Sogerma Services (a subsidiary of EADS European Aeronautical Defense and Space Co.); B/E Aerospace, Inc.; C&D Aerospace Group
Cargo Systems	Large Commercial	Telair International (a subsidiary of Teleflex Incorporated); Ancra International LLC
De-Icing Systems	Regional/General Aviation	Aérazur S.A. (a subsidiary of Zodiac S.A.); B/E Aerospace, Inc.
Ejection Seats	Military	Martin-Baker Aircraft Co. Limited
Engine Controls	Large Commercial/Military	United Technologies Corporation; BAE Systems plc; Honeywell International Inc.
Evacuation Systems	Large Commercial	Zodiac S.A.
Flight Control Actuation	Large Commercial/Military	Parker Hannifin Corporation; United Technologies Corporation; Smiths Group plc; Liebherr-Holding GmbH; Moog Inc.
Fuel and Utility Systems	Large Commercial	Smiths Group plc; Parker Hannifin Corporation; Argo-Tech Corporation
Heavy Airframe Maintenance	Large Commercial	TIMCO Aviation Services, Inc.; SIA Engineering Company Limited; Singapore Technologies Engineering Ltd.; Lufthansa Technik AG; PEMCO Aviation Group, Inc.
Landing Gear	Large Commercial/Military	Messier-Dowty (a member company of Snecma(2))
Lighting	Large Commercial/Business	Honeywell International Inc.
Nacelles	Large Commercial	Aircelle (a subsidiary of Snecma(2))

System	Primary Market	Major Non-Captive Competitors(1)
Optical Systems	Military/Space	L-3 Communications Holdings, Inc.; Honeywell International Inc.; Eastman Kodak Company
Power Systems	Large Commercial	Honeywell International Inc.; Smiths Group plc; United Technologies Corporation
Sensors	Large Commercial/Military	BAE Systems plc; Honeywell International Inc.; Thales, S.A.
Wheels and Brakes	Large Commercial/Business	Honeywell International Inc.; Messier-Bugatti (a subsidiary of Snecma(2)); Aircraft Braking Systems Corporation (a subsidiary of K&F Industries, Inc.)

(1) Excludes aircraft manufacturers, airlines, and prime military contractors who, in some cases, have the capability to produce these systems internally.

(2) Snecma refers to Société Nationale d Études et de Construction de Moteurs d Aviation.

Employees

As of September 30, 2002, we had approximately 14,600 employees in the United States and employed an additional 2,400 people in other countries. This amount does not include the approximately 6,200 employees of Aeronautical Systems, most of whom are employed in Europe. We believe that we have good relationships with our employees. The hourly employees who are unionized are covered by collective bargaining agreements with a number of labor unions and with varying contract termination dates through June 2006. There were no material work stoppages during 2001.

Patents and Trademarks

We have many patents of our own and have acquired licenses under patents of others. While such patents in the aggregate are important to us, neither our primary business nor any of our industry segments is dependent on any single patent or group of related patents. We use a number of trademarks important either to our business as a whole or to our industry segments considered separately. We believe that these trademarks are adequately protected.

Properties

We operate manufacturing plants and service and other facilities throughout the world.

Information with respect to our significant facilities that are owned or leased is set forth below:

Segment	Location	Owned or Leased	Approximate Number of Square Feet
Aerostructures and Aviation Technical Services	Chula Vista, California	Owned	1,840,000
	Riverside, California	Owned	1,160,000
	Everett, Washington	Owned(1)	1,030,000
	Chula Vista, California	Leased	890,000
Landing Systems	Cleveland, Ohio	Owned/Leased	450,000
	Troy, Ohio	Owned	410,000
	Oakville, Canada	Owned	360,000
	Pueblo, Colorado	Owned	300,000
	Tullahoma, Tennessee	Owned	200,000
Engine and Safety Systems	West Hartford, Connecticut	Owned	550,000(2)
Electronic Systems	Danbury, Connecticut	Owned	520,000
	Burnsville, Minnesota	Owned	245,000
	Vergennes, Vermont	Owned	215,000
Aeronautical Systems businesses (acquired from TRW)	West Midlands, England	Owned	430,000
	Vernon, France	Owned	260,000
	Jamestown, North Dakota	Owned	230,000
	Aurora, Ohio	Leased	250,000

(1) Although the building is owned, the land at this facility is leased.

(2) We utilize approximately 300,000 square feet, and the rest of this facility is leased to third parties.

In the spring of 2000, we moved our headquarters to a new office building in Charlotte, North Carolina. We leased approximately 110,000 square feet for an initial term of ten years, with two five-year options to 2020. The new offices provide space for the corporate headquarters and also for the headquarters of each of our segments other than our Landing Systems segment.

In addition, we and our subsidiaries are lessees under a number of cancelable and non-cancelable leases for certain real properties, used primarily for administrative, retail, maintenance, repair and overhaul of aircraft, aircraft wheels and brakes and evacuation systems and warehouse operations, and for certain equipment.

We believe our principal properties, whether owned or leased, are suitable and adequate for the purposes for which they are used and are suitably maintained for such purposes.

MANAGEMENT

The following table sets forth certain information concerning our directors and executive officers as of September 30, 2002:

Name	Age	Position
David L. Burner	63	Chairman, Chief Executive Officer and Director
Marshall O. Larsen	54	President, Chief Operating Officer and Director
Terrence G. Linnert	55	Executive Vice President, Human Resources and Administration, General Counsel
Ulrich Schmidt	52	Executive Vice President and Chief Financial Officer
Stephen R. Huggins	59	Senior Vice President, Strategic Resources and Information Technology
Jerry S. Lee	61	Senior Vice President, Technology and Innovation
John J. Carmola	47	Group President, Electronic Systems
Cynthia M. Egnotovich	45	Group President, Engine & Safety Systems
John J. Grisik	55	Group President, Landing Systems
Michael J. Piscatella	55	Group President, Aerostructures and Aviation Technical Services
Robert D. Koney, Jr.	46	Vice President and Controller
Diane C. Creel	53	Director
George A. Davidson, Jr.	64	Director
Harris E. DeLoach, Jr.	57	Director
James J. Glasser	68	Director
James W. Griffith	48	Director
William R. Holland	63	Director
Douglas E. Olesen	63	Director
Richard De J. Osborne	68	Director
Alfred M. Rankin, Jr.	61	Director
James R. Wilson	61	Director
A. Thomas Young	64	Director

David L. Burner joined Goodrich in 1983, served as President from 1995 to 2002, and has served as Chief Executive Officer since 1996 and as Chairman since 1997. Mr. Burner is a member of the Board of Directors of Briggs & Stratton Corporation, Lance, Inc., Milacron Inc. and Progress Energy, Inc. Mr. Burner has been a director since 1995.

Marshall O. Larsen joined Goodrich in 1977, was appointed an Executive Vice President of Goodrich and President and Chief Operating Officer of Goodrich Aerospace in 1995, and in 2002 was appointed President and Chief Operating Officer of Goodrich and elected to the Board of Directors.

Terrence G. Linnert joined Goodrich in 1997 as Senior Vice President and General Counsel. In 1999 he was elected Secretary of Goodrich and in 2000 he was elected Senior Vice President, Human Resources and Administration, General Counsel and Secretary. He was elected to his current position as Executive Vice President, Human Resources and Administration, General Counsel in 2002. Prior to joining Goodrich, Mr. Linnert served as Senior Vice President of Corporate Administration, Chief Financial Officer and General Counsel of Centerior Energy Corporation.

Ulrich Schmidt joined Goodrich in 1994 as Vice President of Finance for Goodrich Aerospace and served in that capacity until 1999, when he was named Vice President of Finance and Business Development for Goodrich Aerospace. In 2000, Mr. Schmidt was elected Senior Vice President and Chief Financial Officer, and in 2002 he was elected Executive Vice President and Chief Financial Officer.

Stephen R. Huggins joined Goodrich in 1988 and served as Vice President Business Development, Aerospace from 1995 to 1999. In 1999, he was elected Vice President, Strategic Planning and Chief Knowledge Officer. In 2000, Mr. Huggins was elected Senior Vice President, Strategic Resources and Information Technology.

Jerry S. Lee joined Goodrich in 1979 and served as Vice President Technology from 1989 to 1998 and Vice President Technology and Innovation from 1998 to 2000. In 2000, Mr. Lee was elected Senior Vice President Technology and Innovation.

John J. Carmola joined Goodrich in 1996 as President of the Landing Gear Division. He served in that position until 2000, when he was appointed President of the Engine Systems Division. Later in 2000, Mr. Carmola was elected a Vice President of Goodrich and Group President, Engine and Safety Systems. He was elected to his current position as Group President, Electronic Systems in 2002.

Cynthia M. Egnotovich joined Goodrich in 1986 and served in various positions with the Ice Protection Systems Division, including Controller from 1993 to 1996, Director of Operations from 1996 to 1998 and Vice President and General Manager from 1998 to 2000. Ms. Egnotovich was appointed as Vice President and General Manager of Commercial Wheels and Brakes in 2000. She was elected a Vice President of Goodrich and Group President, Engine and Safety Systems in 2002.

John J. Grisik joined Goodrich in 1991 as General Manager of the De-Icing Systems Division. He served in that position until 1993, when he was appointed General Manager of the Landing Gear Division. In 1995, he was appointed Group Vice President of Safety Systems and served in that position until 1996 when he was appointed Group Vice President of Sensors and Integrated Systems. In 2000, Mr. Grisik was elected a Vice President of Goodrich and Group President, Landing Systems.

Michael J. Piscatella joined Goodrich in 1994, and in 1995 he was appointed Vice President and General Manager of the Commercial Wheel and Brake Division. In 1999, he was appointed President of the Wheel and Brake Systems Division. In 2000, Mr. Piscatella was elected a Vice President of Goodrich and Group President, Electronic Systems. He was elected to his current position as Group President, Aerostructures and Aviation Technical Services in 2002.

Robert D. Koney, Jr. joined Goodrich in 1986. He was appointed Vice President and Controller for the Commercial Wheels and Brakes Division in 1994. He was appointed Vice President and Controller in April 1998.

Diane C. Creel has been a director since 1997. She is the Chief Executive Officer and President of Earth Tech, an international engineering firm headquartered in Long Beach, California, and has served in those capacities since 1993. Ms. Creel currently serves on the Board of Directors of Allegheny Technologies Incorporated, Teledyne Technologies Incorporated and the Corporations and Trusts which comprise the Fixed Income Fund of the American Funds Group of Capitol Management Corporation.

George A. Davidson, Jr. has been a director since 1991. He is a Retired Chairman of Dominion Resources, Inc., a natural gas and electric power holding company. Mr. Davidson served as Chairman and Chief Executive Officer of Consolidated Natural Gas Company from 1987 until becoming Chairman of Dominion Resources, Inc. in January 2000 upon the merger of Consolidated Gas and Dominion Resources. He retired from that position in August 2000. Mr. Davidson is a director of Dominion Resources, Inc. and PNC Bank Corp.

Harris E. DeLoach, Jr. has been a director since 2001. He is the President and Chief Executive Officer of Sonoco Products Company, a worldwide, vertically integrated packaging company. Mr. DeLoach was named President and Chief Executive Officer of Sonoco Products Company in July 2000. Previously, he was Senior Executive Vice President and Chief Operating Officer from 1999 to 2000, Executive Vice President from 1996 to 1999 and Group Vice President from 1993 to 1996. Mr. DeLoach is a director of Sonoco Products Company.

James J. Glasser has been a director since 1985. He is a Chairman Emeritus of GATX Corporation, a transportation, storage, leasing and financial services company. He joined GATX Corporation in 1961

and served in various executive capacities, becoming President in 1974, Chairman of the Board and Chief Executive Officer in 1978, and Chairman Emeritus in 1996. He is a director of Harris Bankcorp, Inc., Harris Trust and Savings Bank and Mutual Trust Life Insurance Co.

James W. Griffith became a director in 2002. He is the President and Chief Executive Officer of The Timken Company, an international manufacturer of highly engineered bearings, alloy and specialty steel and components. Mr. Griffith was elected President and Chief Executive Officer of The Timken Company in 2002. Previously, he served in various capacities with The Timken Company, including service as President and Chief Operating Officer, Vice President of Manufacturing in North America and managing director of that company s business in Australia. He serves on the Board of Directors of The Timken Company.

William R. Holland has been a director since 1999. He is a Retired Chairman of United Dominion Industries Limited, a diversified manufacturing company that was acquired by SPX Corporation in May 2001. He joined United Dominion in 1973 and held various executive positions, including Chief Executive Officer from 1986 to 2000 and Chairman from 1987 to 2001. Mr. Holland is the non-executive Chairman of the Board and a director of EnPro Industries, Inc. and is a director of J. A. Jones Construction Co. and Lance Inc.

Douglas E. Olesen has been a director since 1996. He is a retired President and Chief Executive Officer of Battelle Memorial Institute, a worldwide technology organization, working for government and industry. He joined Battelle Memorial Institute in 1967 and served in a series of management positions, including President and Chief Executive Officer from 1987 to 2001, when he retired.

Richard De J. Osborne has been a director since 1996. He is a retired Chairman of the Board of ASARCO Incorporated, a leading producer of nonferrous metals. He joined ASARCO in 1975 and was elected Chairman and Chief Executive Officer, in addition to President, in 1995. He relinquished the title of President in 1998 and retired as Chairman and Chief Executive Officer in April 1999. Mr. Osborne is non-executive Chairman of the Board and a director of Datawatch Corporation, and a director of Schering-Plough Corporation, NACCO Industries, Inc. and The Tinker Foundation.

Alfred M. Rankin, Jr., has been a director since 1988. He is the Chairman, President and Chief Executive Officer of NACCO Industries, Inc., an operating holding company with interests in the mining and marketing of lignite, manufacturing and marketing of forklift trucks, and the manufacturing and marketing of small household electric appliances. He joined NACCO Industries in 1989 as President and Chief Operating Officer, became President and Chief Executive Officer in 1991 and was elected Chairman in May 1994. He is a director of NACCO Industries, Inc. and The Vanguard Group.

James R. Wilson has been a director since 1997. He is a retired Chairman of the Board, President and Chief Executive Officer of Cordant Technologies Inc., a leading producer of solid propellant rocket motors, high performance fasteners used in commercial aircraft and industrial applications and components for aircraft and industrial gas turbine engines. Mr. Wilson assumed the position of Chairman of Cordant in October 1995 and the position of President and Chief Executive Officer in October 1993, and retired in June 2000. He is a director of Cooper Industries, Inc.

A. Thomas Young has been a director since 1995. He is a retired Executive Vice President of Lockheed Martin Corporation, an aerospace and defense company. Mr. Young joined Martin Marietta in 1982, became President and Chief Operating Officer in January 1990, Executive Vice President of Lockheed Martin Corporation in March 1995 and retired in July of that year. Mr. Young is a director of Pepco Holdings, Inc. and Science Applications International Corp.

UNDERWRITING

Merrill Lynch, Pierce, Fenner & Smith Incorporated, Banc of America Securities LLC and Salomon Smith Barney Inc. are acting as joint book runners and as representatives of the underwriters named below. Subject to the terms and conditions described in a purchase agreement between us and the underwriters, we have agreed to sell to the underwriters, and the underwriters severally have agreed to purchase from us, the number of shares of our common stock listed opposite their names below.

Underwriter	Number of Shares
Merrill Lynch, Pierce, Fenner & Smith Incorporated	
Banc of America Securities LLC	
Salomon Smith Barney Inc.	
J.P. Morgan Securities Inc.	
BMO Nesbitt Burns Corp.	
Credit Lyonnais Securities (USA) Inc.	
Deutsche Bank Securities Inc.	
Wachovia Securities, Inc.	
Total	

The underwriters have agreed to purchase all of the shares of the offered common stock if any of these shares are purchased. If an underwriter defaults, the purchase agreement provides that the purchase commitments of the nondefaulting underwriters may be increased or the underwriting agreement may be terminated.

We have agreed to indemnify the underwriters against certain liabilities, including liabilities under the Securities Act, or to contribute to payments the underwriters may be required to make with respect to those liabilities.

The underwriters are offering the shares of our common stock, subject to prior sale, when, as and if issued to and accepted by them, subject to approval of legal matters by their counsel, including the validity of the shares, and other conditions contained in the purchase agreement, such as the receipt by the underwriters of officers certificates and legal opinions. The underwriters reserve the right to withdraw, cancel or modify offers to the public and to reject orders in whole or in part.

Offers and sales outside the United States, if any, will be made through the underwriters international broker-dealer affiliates.

Commissions and Discounts

The representatives have advised us that the underwriters propose initially to offer the shares of our common stock to the public at the public offering price on the cover page of this prospectus supplement and to dealers at that price less a concession not in excess of $ per share. The underwriters may allow, and the dealers may reallow, a discount not in excess of $ per shares to other dealers. After the offering, the public offering price, concession and discount may be changed.

The following table shows the public offering price, underwriting discount and proceeds before expenses to Goodrich. This information assumes either no exercise or full exercise by the underwriters of their overallotment option.

	Per Share	Without Option	With Option
Public offering price	$	$	$
Underwriting discount	$	$	$
Proceeds, before expenses, to Goodrich	$	$	$

The expenses of the offering, not including the underwriting discount, are estimated to be $ and are payable by us.

Overallotment Option

We have granted an option to the underwriters to purchase up to 1,950,000 additional shares of our common stock at the public offering price less the underwriting discount. The underwriters may exercise this option for 30 days from the date of this prospectus supplement solely to cover any overallotments. If the underwriters exercise this option, each will be obligated, subject to conditions contained in the purchase agreement, to purchase a number of additional shares proportionate to that underwriter s initial amount reflected in the above table.

No Sale of Similar Securities

We and each of our executive officers and directors have agreed, subject to some limited exceptions, not to sell or transfer any of our common stock for a period of time after the date of this prospectus supplement without first obtaining the written consent of Merrill Lynch.

Merrill Lynch may in its sole discretion, at any time without notice, consent to the release of all or any portion of the shares subject to lock-up agreements. Merrill Lynch does not have any current intention to release shares of our common stock subject to these lock-up agreements. Any determination to release any shares subject to the lock-up agreements would be based on a number of factors at the time of any such determination, possibly including, but not limited to, the market price of our common stock, the liquidity of the trading market for our common stock, general market conditions, the number of shares proposed to be sold and the timing of the proposed sale.

Electronic Distributions

Merrill Lynch will be facilitating Internet distribution for this offering to certain of its Internet subscription customers. Merrill Lynch intends to allocate a limited number of shares for sale to its online brokerage customers. An electronic prospectus supplement is available on the Internet website maintained by Merrill Lynch. Other than this prospectus supplement in electronic format, the information on the Merrill Lynch website is not a part of this prospectus supplement.

New York Stock Exchange Listing

The shares of our