

SMITH A O CORP
Form 10-Q
August 04, 2009
Table of Contents

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended June 30, 2009.

or

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

For the transition period from _____ to _____

Commission File Number 1-475

A. O. Smith Corporation

(Exact name of registrant as specified in its charter)

Edgar Filing: SMITH A O CORP - Form 10-Q

(Exact name of registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation or organization)	39-0619790 (I.R.S. Employer Identification No.)
11270 West Park Place, Milwaukee, Wisconsin (Address of principal executive office)	53224-9508 (Zip Code)
(414)359-4000	

(Registrant's telephone number, including area code)

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated Filer

Non-accelerated filer (Do not check if a smaller reporting company) Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act.) Yes No

Class A Common Stock Outstanding as of July 31, 2009 5,572,735 shares

Common Stock Outstanding as of July 31, 2009 24,582,874 shares

Exhibit Index Page 31

Table of Contents

Index

A. O. Smith Corporation

	Page
<u>Part I. Financial Information</u>	
Item 1. <u>Financial Statements (Unaudited)</u>	
<u>Condensed Consolidated Statements of Earnings</u> - Three and six months ended June 30, 2009 and 2008	3
<u>Condensed Consolidated Balance Sheets</u> - June 30, 2009 and December 31, 2008	4
<u>Condensed Consolidated Statements of Cash Flows</u> - Six months ended June 30, 2009 and 2008	5
<u>Notes to Condensed Consolidated Financial Statements</u> - June 30, 2009	6-18
Item 2. <u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	19-25
Item 3. <u>Quantitative and Qualitative Disclosures about Market Risk</u>	26
Item 4. <u>Controls and Procedures</u>	26-27
<u>Part II. Other Information</u>	
Item 1. <u>Legal Proceedings</u>	28
Item 2. <u>Unregistered Sales Of Equity Securities and Use Of Proceeds</u>	28
Item 4. <u>Submission of Matters to a Vote of Security Holders</u>	28-29
Item 5. <u>Other Information</u>	29
Item 6. <u>Exhibits</u>	29
<u>Signatures</u>	30
<u>Index to Exhibits</u>	31
<u>Exhibit 10.1</u>	32-62
<u>Exhibit 31.1</u>	63-64
<u>Exhibit 31.2</u>	65-66
<u>Exhibit 32</u>	67

Table of Contents**PART I FINANCIAL INFORMATION****ITEM 1 FINANCIAL STATEMENTS**

A. O. SMITH CORPORATION

CONDENSED CONSOLIDATED STATEMENTS OF EARNINGS

Three and Six Months ended June 30, 2009 and 2008

(dollars in millions, except for per share data)

(unaudited)

	Three Months Ended		Six Months Ended	
	June 30		June 30	
	2009	2008	2009	2008
Water Products	\$ 337.1	\$ 380.8	\$ 676.1	\$ 732.9
Electrical Products	162.4	242.4	306.1	462.9
Inter-segment sales	(0.8)	(1.1)	(1.8)	(2.2)
Net Sales	498.7	622.1	980.4	1,193.6
Cost of products sold	376.3	480.6	756.5	919.5
Gross Profit	122.4	141.5	223.9	274.1
Selling, general and administrative expenses	88.6	94.4	173.3	188.5
Restructuring and other charges		1.2	1.5	5.7
Interest expense	3.1	5.3	6.3	10.9
Other (income)/expense - net	0.7	(0.1)	1.5	(0.4)
	30.0	40.7	41.3	69.4
Provision for income taxes	6.1	9.5	8.8	17.0
Earnings before equity loss in joint venture and discontinued operations	23.9	31.2	32.5	52.4
Equity loss in joint venture	(0.2)	(0.1)	(0.2)	(0.2)
Earnings from continuing operations	23.7	31.1	32.3	52.2
Discontinued SICO operations		0.2		0.3
Net earnings	23.7	31.3	32.3	52.5
Less: Net earnings attributable to noncontrolling interest	(2.4)	(21.8)	(8.3)	(36.6)
Net earnings attributable to A. O. Smith Corporation	\$ 21.3	\$ 9.5	\$ 24.0	\$ 15.9
Earnings per Common Share				
Basic				
Before discontinued operations	\$ 0.85	\$ 0.98	\$ 1.38	\$ 1.64
Discontinued operations		0.02		0.03
Net	\$ 0.85	\$ 1.00	\$ 1.38	\$ 1.67
Diluted				

Edgar Filing: SMITH A O CORP - Form 10-Q

Before discontinued operations	\$ 0.84	\$ 0.98	\$ 1.38	\$ 1.64
Discontinued operations		0.02		0.03
Net	\$ 0.84	\$ 1.00	\$ 1.38	\$ 1.67
Dividends to A. O. Smith Shareholders	\$ 0.19	\$ 0.18	\$ 0.38	\$ 0.36

See accompanying notes to unaudited condensed consolidated financial statements

Table of Contents**PART I FINANCIAL INFORMATION****ITEM 1 FINANCIAL STATEMENTS**

A. O. SMITH CORPORATION

CONDENSED CONSOLIDATED BALANCE SHEETS

June 30, 2009 and December 31, 2008

(dollars in millions)

	(unaudited) June 30, 2009	December 31, 2008
Assets		
Current Assets		
Cash and cash equivalents	\$ 53.5	\$ 35.3
Receivables	370.6	363.5
Inventories	226.0	282.0
Deferred income taxes	41.4	64.2
Other current assets	26.0	46.6
Current assets - discontinued SICO operations		31.9
Total Current Assets	717.5	823.5
Property, plant and equipment	994.0	980.7
Less accumulated depreciation	585.0	561.6
Net property, plant and equipment	409.0	419.1
Goodwill	507.6	505.1
Other intangibles	77.8	78.3
Deferred income taxes	41.1	52.3
Other assets	38.8	50.4
Total Assets	\$ 1,791.8	\$ 1,928.7
Liabilities		
Current Liabilities		
Trade payables	\$ 246.1	\$ 274.8
Accrued payroll and benefits	36.8	44.1
Derivative contracts liability	15.7	73.0
Accrued liabilities	54.0	61.9
Product warranties	38.1	40.2
Long-term debt due within one year	21.1	17.5
Current liabilities - discontinued SICO operations		3.3
Total Current Liabilities	411.8	514.8
Long-term debt	272.3	317.3
Pension liabilities	250.2	264.0
Other liabilities	153.9	156.8
Total Liabilities	1,088.2	1,252.9
Redeemable Stock		12.6
Stockholders Equity		

Edgar Filing: SMITH A O CORP - Form 10-Q

Class A Common Stock, \$5 par value: authorized 14,000,000 shares; issued 5,818,107 and 8,067,252	29.1	40.3
Common Stock, \$1 par value: authorized 60,000,000 shares; issued 26,588,453 and 1,559,076	26.6	1.6
Capital in excess of par value	655.7	(41.6)
Retained earnings	319.9	316.1
Accumulated other comprehensive loss	(243.4)	(89.8)
Treasury stock at cost	(84.3)	
Noncontrolling interest		436.6
Total Stockholders Equity	703.6	663.2
Total Liabilities and Stockholders Equity	\$ 1,791.8	\$ 1,928.7

See accompanying notes to unaudited condensed consolidated financial statements

Table of Contents**PART 1 FINANCIAL INFORMATION****ITEM 1 FINANCIAL STATEMENTS**

A. O. SMITH CORPORATION

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

Six Months ended June 30, 2009 and 2008

(dollars in millions)

(unaudited)

	Six Months Ended June 30	
	2009	2008
Continuing		
Operating Activities		
Earnings from continuing operations	\$ 32.3	\$ 52.2
Adjustments to reconcile net earnings to cash provided by operating activities:		
Depreciation and amortization	33.5	33.6
Net changes in operating assets and liabilities, net of acquisitions:		
Current assets and liabilities	31.4	(67.0)
Noncurrent assets and liabilities	(3.9)	(0.9)
Other	0.3	2.4
Cash Provided by Operating Activities	93.6	20.3
Investing Activities		
Capital expenditures	(21.6)	(25.4)
Net cash distributed with spin-off of discontinued businesses	(7.1)	
Acquisition of business	(0.4)	
Proceeds from sale of restricted marketable securities	8.9	12.0
Cash Used in Investing Activities	(20.2)	(13.4)
Financing Activities		
Long-term debt repaid	(45.6)	(11.6)
Dividends paid	(9.6)	(9.2)
Cash Used in Financing Activities	(55.2)	(20.8)
Discontinued		
Cash used in discontinued operations		(0.4)
Net increase (decrease) in cash and cash equivalents	18.2	(14.3)
Cash and cash equivalents - beginning of period	35.3	54.9
Cash and Cash Equivalents - End of Period	\$ 53.5	\$ 40.6

See accompanying notes to unaudited condensed consolidated financial statements

Table of Contents

PART I FINANCIAL INFORMATION

ITEM 1 FINANCIAL STATEMENTS

A. O. SMITH CORPORATION

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2009

(unaudited)

1. Basis of Presentation

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States for interim financial information and pursuant to the rules and regulations of the Securities and Exchange Commission. Accordingly, they do not include all of the information and footnotes required for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the three and six month periods ended June 30, 2009 are not necessarily indicative of the results expected for the full year. It is suggested that the accompanying condensed consolidated financial statements be read in conjunction with the audited consolidated financial statements and the notes thereto included in the company's latest Annual Report on Form 10-K and the S-4/A filed with the Securities and Exchange Commission on March 11, 2009.

On April 22, 2009, the company closed on the merger of Smith Investment Company (SICO) into a subsidiary of A. O. Smith Corporation (the company). The merger was approved by the company's stockholders on April 14, 2009.

The transaction between the company and SICO has been accounted for as a reverse acquisition with SICO as the accounting acquirer and the company as the accounting acquiree (which is the surviving entity for legal purposes). As this is a common control transaction under FAS 141(R) *Business Combinations*, the transaction is accounted for as an equity transaction under FAS 160 *Noncontrolling Interests in Consolidated Financial Statements an amendment of ARB No. 51*. The acquisition of a noncontrolling interest does not require purchase accounting.

Furthermore, because SICO is the continuing reporting entity for accounting purposes, the reports filed by the company as the surviving corporation in the transaction will parallel the financial reporting required under United States generally accepted accounting principles and SEC reporting rules as if SICO were the legal successor to its reporting obligation as of the date of the transaction. Accordingly, prior period financial information presented in the company's financial statements reflects the historical activity of SICO.

On January 19, 2009, SICO completed the distribution of all of its ownership interests in the assets and liabilities primarily related to the multicolor printing business conducted through Berlin Industries and the commercial warehousing, trucking and packaging business conducted through Central States. For periods prior to this distribution, the results of operations, net assets and cash flows for these businesses have been classified as discontinued operations in the accompanying financial statements.

Table of Contents**2. Inventories (dollars in millions)**

	June 30, 2009	December 31, 2008
Finished products	\$ 161.7	\$ 221.6
Work in process	51.7	55.7
Raw materials	103.5	125.1
	316.9	402.4
LIFO reserve	(90.9)	(120.4)
	\$ 226.0	\$ 282.0

3. Restricted Marketable Securities

The company acquired GSW Inc. (GSW) on April 3, 2006. GSW operated a captive insurance company (Captive) to provide product liability and general liability insurance to its subsidiary American Water Heater Company (American). The company decided to cover American's prospective liability exposures with its existing insurance programs and all product liability claims for events which occurred prior to July 1, 2006 will be financed by the Captive. The reinsurance company restricts the amount of capital which must be maintained by the Captive and this restricted amount was \$17.3 million at June 30, 2009. The \$17.3 million is invested in short-term securities and is included in other non-current assets on the company's balance sheet on June 30, 2009. The company liquidated approximately \$8.9 million and \$12.0 million of short-term securities in the first half of 2009 and 2008, respectively. The company used the proceeds to pay down debt.

4. Long-Term Debt

The company has a \$425 million multi-currency revolving credit agreement with eight banks. The facility expires in 2011 and has an accordion provision which allows it to be increased up to \$500 million if certain conditions (including lender approval) are satisfied. Borrowing rates under the facility are determined by the company's leverage ratio.

Borrowings under the bank credit lines and commercial paper borrowings are supported by the \$425 million revolving credit agreement. As a result of the long-term nature of this facility, the commercial paper and credit line borrowings are classified as long-term debt.

5. Product Warranties (dollars in millions)

The company offers warranties on the sales of certain of its products and records an accrual for the estimated future claims. The following table presents the company's warranty liability activity for the six months ended June 30, 2009 and 2008, respectively.

	2009	2008
Balance at January 1	\$ 111.8	\$ 105.5
Expense	34.7	39.2
Claims settled	(38.4)	(32.8)
Balance at June 30	\$ 108.1	\$ 111.9

Table of Contents**6. Reconciliation of Consolidated Total Stockholders' Equity (dollars in millions)**

Presented below is a roll forward of Total Stockholders' Equity from December 31, 2008 to June 30, 2009. Included in this reconciliation are adjustments that reflect the reverse acquisition between SICO and A. O. Smith, with SICO as the accounting acquirer and A. O. Smith as the accounting acquiree. In accordance with SFAS 141(R) and SFAS 160, the reverse acquisition is treated as an equity transaction with SICO as the successor company for accounting purposes.

	Class A Stock	Common Stock	Capital in Excess of Par	Retained Earnings	Accumulated Other Comprehen- sive Loss	Treasury Stock	Non-controlling Interest	Total Equity
Balance at January 1, 2009	\$ 40.3	\$ 1.6	\$ (41.6)	\$ 316.1	\$ (89.8)	\$	\$ 436.6	\$ 663.2
Net earnings				24.0			8.3	32.3
Dividends declared							(7.8)	(7.8)
Comprehensive gain					26.1		12.3	38.4
Activity related to spin off of SICO discontinued businesses				(32.8)				(32.8)
Reverse acquisition of SICO	0.5	22.7	687.0	12.6	(179.7)	(84.3)	(449.4)	9.4
Stock conversions	(11.7)	2.3	9.4					
Stock based compensation activity			0.9					0.9
Balance at June 30, 2009	\$ 29.1	\$ 26.6	\$ 655.7	\$ 319.9	\$ (243.4)	\$ (84.3)		\$ 703.6

Table of Contents**7. Comprehensive Earnings (dollars in millions)**

The company's comprehensive earnings are comprised of net earnings, foreign currency translation adjustments, adjustments to minimum pension liability and post retirement obligations, and realized and unrealized gains and losses on cash flow derivative instruments.

	Three Months Ended June 30		Six Months Ended June 30	
	2009	2008	2009	2008
Net earnings attributable to A. O. Smith Corporation	\$ 21.3	\$ 9.5	\$ 24.0	\$ 15.9
Other comprehensive earnings (loss):				
Foreign currency translation adjustments	2.0	3.4	0.2	11.7
Reclassification adjustment for foreign exchange gains included in net earnings		(2.9)		(2.9)
Adjustment to additional minimum pension liability and post retirement obligation less related income tax provision (benefit) of: 2009 - \$1.1 and \$1.1, 2008 - \$(2.2) and \$(2.2)	1.7	(3.5)	1.7	(3.5)
Unrealized net (loss) gains on cash flow derivative instruments less related income tax provision (benefit): 2009 - \$11.7 and \$23.4, 2008 - \$(0.5) and \$4.8	18.2	(0.7)	36.5	7.5
Less comprehensive earnings attributable to noncontrolling interest	(1.0)	2.6	(12.3)	(8.7)
Reclass of Accumulated Comprehensive Loss associated with noncontrolling interest	(179.7)		(179.7)	
Comprehensive earnings (loss)	\$ (137.5)	\$ 8.4	\$ (129.6)	\$ 20.0

8. Earnings per Share of Common Stock

The numerator for the calculation of basic and diluted earnings per share is net earnings attributable to A. O. Smith Corporation and excludes the noncontrolling interest. The following table sets forth the computation of basic and diluted weighted-average shares used in the earnings per share calculations:

	Three Months Ended June 30		Six Months Ended June 30	
	2009	2008	2009	2008
Denominator for basic earnings per share - weighted average shares	25,106,099	9,483,492	17,355,114	9,483,492
Effect of dilutive stock options, restricted stock and share units	104,524		45,347	
Denominator for diluted earnings per share	25,210,623	9,483,492	17,400,461	9,483,492

Table of Contents

8. Earnings per Share of Common Stock (continued)

The weighted average shares presented above have been impacted by the accounting treatment of the company's transaction with SICO which closed on April 22, 2009 and is discussed in more detail in Note 1 to the Notes to Condensed Consolidated Financial Statements. The primary accounting impact of the SICO transaction is in the calculation of earnings per share since the accounting rules require the use of SICO adjusted average shares outstanding rather than A. O. Smith Corporation average shares outstanding prior to the closing. The SICO adjusted average shares outstanding reflect the historical shares of SICO multiplied by their exchange ratio from the April 22, 2009 merger transaction. Subsequent to the closing, A. O. Smith Corporation average shares are used in the calculation.

9. Stock-Based Compensation

The company adopted the A. O. Smith Combined Incentive Compensation Plan (the "plan") effective January 1, 2007. The plan is a continuation of the A. O. Smith Combined Executive Incentive Compensation Plan which was originally approved by shareholders in 2002. The plan provides for the issuance of stock options, shares of restricted stock or share units. At the company's annual meeting of stockholders on April 14, 2009, an amendment to the plan was approved to increase the authorized shares of Common Stock under the plan by 1,250,000. Additionally, any shares that would have been available for stock options, restricted stock or share units under the predecessor plan, if that plan was in effect, will be available for granting of share based awards under the plan. The number of shares available for granting of options, shares of restricted stock or share units at June 30, 2009 was 1,677,541. Upon stock option exercise, restricted stock grant, or share unit vesting, shares are issued from Treasury stock.

Total stock based compensation cost recognized in the three month periods ended June 30, 2009 and 2008 was \$1.2 million and \$1.1 million, respectively. Total stock based compensation cost recognized in the six month periods ended June 30, 2009 and 2008 was \$2.7 million and \$2.9 million, respectively.

Stock Options

The stock options granted in the six month periods ended June 30, 2009 and 2008, have three year pro-rata vesting from the date of grant. Stock options are issued at exercise prices equal to the fair value of Common Stock on the date of grant. For active employees, all options granted in 2009 and 2008 expire ten years after date of grant. Options are expensed ratably over the three year vesting period. Stock option compensation cost in each of the three month periods ended June 30, 2009 and 2008 was \$0.4 million. Stock option compensation cost recognized in the six month periods ended June 30, 2009 and 2008 was \$1.0 million and \$1.1 million, respectively. Included in the stock option expense for the six month periods ended June 30, 2009 and 2008 is expense associated with the accelerated vesting of stock option awards for certain employees who either are retirement eligible or become retirement eligible during the vesting period.

Table of Contents**9. Stock-Based Compensation (continued)**

Changes in option shares, all of which are Common Stock, were as follows for the six months ended June 30, 2009:

	Weighted-Avg. Per Share Exercise Price	Six Months Ended June 30, 2009	Average Remaining Contractual Life	Aggregate Intrinsic Value (dollars in millions)
Outstanding at January 1, 2009	\$ 28.40	1,289,067		
Granted	28.39	330,500		
Exercised				
Outstanding at June 30, 2009	28.40	1,619,567	7 years	\$ 8.5
Exercisable at June 30, 2009	\$ 26.98	1,080,067	5 years	\$ 7.1

The weighted-average fair value per option at the date of grant during the six months ended June 30, 2009 and 2008, using the Black-Scholes option-pricing model, was \$8.18 and \$11.82, respectively. Assumptions were as follows:

	Six Months Ended June 30,	
	2009	2008
Expected life (years)	6.4	6.4
Risk-free interest rate	2.8%	3.7%
Dividend yield	2.8%	2.0%
Expected volatility	35.0%	35.1%

The expected life is based on historical exercise behavior and the projected exercise of unexercised stock options. The risk free interest rate is based on the U.S. Treasury yield curve in effect on the date of grant for the respective expected life of the option. The expected dividend yield is based on the expected annual dividends divided by the grant date market value of our common stock. The expected volatility is based on the historical volatility of our common stock.

Restricted Stock and Share Units

Participants may also be awarded shares of restricted stock or share units under the plan. The company granted 105,534 and 143,508 share units under the plan in the six month periods ended June 30, 2009 and 2008, respectively. Included in the grant in the six month period ended June 30, 2008, are share units granted on April 30, 2008 which are subject to performance conditions and which will vest on December 31, 2010. The ultimate number of share units that will vest will range from zero to 96,000 based on the average of the company's annual return on equity for the eleven quarters ending December 31, 2010. Compensation expense will be recognized ratably over the vesting period as long as achievement of the performance conditions is considered probable. The share units were valued at \$3.0 million and \$4.8 million at the date of issuance in 2009 and 2008, respectively, based on the company's stock price at the date of grant, and in each case, such value will be recognized as compensation expense ratably over the three-year vesting period. Share based compensation expense attributable to restricted stock and share units of \$0.8 million and \$0.7 million was

Table of Contents**9. Stock-Based Compensation (continued)**

recognized in the three month periods ended June 30, 2009 and 2008, respectively. Share based compensation expense attributable to restricted stock and share units of \$1.7 million and \$1.8 million was recognized in the six month periods ended June 30, 2009 and 2008, respectively. Share based compensation expense recognized in the six month periods ended June 30, 2009 and 2008 included expense associated with accelerated vesting of share unit awards for certain employees who either are retirement eligible or will become retirement eligible during the vesting period.

A summary of restricted stock and share unit activity under the plan is as follows:

	Number of Units	Weighted-Average Grant Date Value
Outstanding at January 1, 2009	231,982	\$ 35.40
Granted	105,534	28.25
Vested	(21,000)	36.03
Outstanding at June 30, 2009	316,516	\$ 32.98

10. Pensions (dollars in millions)

The following table presents the components of the company's net pension expense.

	Three Months Ended June 30		Six Months Ended June 30	
	2009	2008	2009	2008
Service cost	\$ 1.9	\$ 2.0	\$ 4.2	\$ 4.5
Interest cost	12.7	12.1	25.1	24.5
Expected return on plan assets	(15.2)	(15.4)	(30.4)	(31.0)
Amortization of net unrecognized loss	2.4	2.0	5.4	3.9
Amortization of prior service cost	0.1	0.2	0.2	0.3
Defined benefit plan expense	\$ 1.9	\$ 0.9	\$ 4.5	\$ 2.2

The company is not required to contribute to its pension plans in 2009, but elected to make a contribution of \$15 million on June 30, 2009. The company may elect to make additional contributions during the year, not to exceed a total annual contribution of \$35.0 million.

Table of Contents**11. Operations by Segment (dollars in millions)**

	Three Months Ended		Six Months Ended	
	June 30		June 30	
	2009	2008	2009	2008
Net sales				
Water Products	\$ 337.1	\$ 380.8	\$ 676.1	\$ 732.9
Electrical Products	162.4	242.4	306.1	462.9
Inter-segment sales	(0.8)	(1.1)	(1.8)	(2.2)
	\$ 498.7	\$ 622.1	\$ 980.4	\$ 1,193.6