

American Standard Companies Inc.

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(NYSE: ASD)

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<http://www.americanstandard.com>

Employees: 60,000

Revenue: \$ 7,465,300,000

Net Income: \$ 295,000,000

Assets: \$ 4,831,400,000

Liabilities: \$ 4,921,500,000

(As of December 31, 2001)

Description: American Standard is a leading maker of air-conditioning systems, plumbing products, and automotive braking systems. Its air-conditioning unit makes products under the Trane and American Standard brand names. American Standard sells its plumbing fixtures under the American Standard, Ideal Standard, and Porcher brand names, among others. Through its WABCO subsidiary, American Standard also makes vehicle-braking systems, which it sells mainly to OEMs such as Daimler, Chrysler, Volvo, and Scania, as well as to the aftermarket.

Asbestos Discussion from SEC filings:

From the Company's Form 10-K for the period ending December 31, 2002 at

<http://www.sec.gov/Archives/edgar/data/836102/000104746903008679/a2104350z10-k.htm>

Filed On: March 14, 2003

In October 1999, in *Haynes Trane Service Agency, Inc. and Frederick M. Haynes v. American Standard, Inc., d/b/a The Trane Company*, in the United States District Court for the District of Colorado, verdicts were returned against the Company for a total of \$18 million on the claim that it wrongfully terminated distribution agreements. On August 28, 2002, the appellate court ruled in favor of the Company and vacated the \$18 million judgment. The appellate court also reinstated the Company's counterclaims, including fraud, and remanded to the trial court limited portions of Haynes' initial claims.

In 2002, the Company concluded negotiations with The State Finance Administration for North Rhine-Westphalia, Germany concerning certain tax issues covering the years 1984 through 1994. On January 15, 2002, the Company settled all issues for 1984 through 1994 by making a

cash payment of approximately \$55 million plus \$30 million previously deposited in escrow. Since the Company previously had made provision for those issues, the settlement had no impact on results of operations.

Over the years, the Company has been named as a defendant in numerous lawsuits alleging various asbestos-related personal injury claims arising primarily from sales of low-risk-profile products, such as boilers and brake shoes. The Company believes it has ample insurance coverage and has never received an unfavorable court judgment. The Company has recorded both its estimated liability for asbestos claims and its probable recovery from insurance carriers and other indemnifiers for such claims separately on its balance sheet at December 31, 2002. The

recorded liability represents obligations that are probable and can be reasonably estimated as of December 31, 2002. The amount of the recorded liability is based on the Company's assessment of current claims, the status of ongoing litigation, defense strategies, settlement initiatives and past experience. The Company's analysis of insurance coverage and recoveries from other indemnifiers includes the insurers'

financial strength, the insurance payments made to date, stated deductibles and the advice of insurance coverage counsel. The Company has substantial insurance coverage for future claims that may have been incurred but not yet reported. The Company believes that it is not reasonably possible that a net loss material to the financial condition of the Company has been incurred in excess of the amounts recorded.

Asbestos Discussion from SEC filings:

From the Company's Form 10-Q for the quarter ended March 31, 2003

<http://www.sec.gov/Archives/edgar/data/836102/000095012303005163/y86039e10vq.htm>

Filed On: May 1, 2003

Over the years, the Company has been named as a defendant in numerous lawsuits alleging various asbestos-related personal injury claims arising primarily from sales of low-risk-profile products, such as boilers and brake shoes. The Company believes it has ample insurance coverage and has never received an unfavorable court judgment.

insurance coverage and recoveries from other indemnifiers includes the insurers' financial strength, the insurance payments made to date, stated deductibles and the advice of insurance coverage counsel. While the Company has substantial insurance coverage for future claims, additional developments may occur that could affect the Company's estimate of asbestos liabilities and recoveries. No liability has been recorded for unknown asbestos claims and the Company can not reasonably estimate the number of future claims and the cost of disposing such claims, however, the Company believes that it is not reasonably possible that a net loss material to the liquidity and financial condition of the Company has been incurred in excess of the amounts recorded.

The Company has recorded both its estimated liability for asbestos claims and its probable recovery from insurance carriers and other indemnifiers for such claims separately on its balance sheet. The amount of the recorded liability is based on the Company's assessment of current claims, the status of ongoing litigation, defense strategies, settlement initiatives and past experience. The Company's analysis of

Asbestos Discussion from SEC filings:

From the Company's Form 10-Q for the quarter ended September 30, 2002

<http://www.sec.gov/Archives/edgar/data/836102/000095012302010873/y65337e10vq.htm>

Filed On: November 14, 2002

The Company and certain of its subsidiaries are parties to a number of pending legal and tax proceedings. The Company is also subject to federal, state and local

environmental laws and regulations and is involved in environmental proceedings concerning the investigation and

remediation of numerous sites, including certain facilities in the process of being closed. In those instances where it is probable as a result of such proceedings that the Company will incur costs that can be reasonably determined, the Company has recorded a liability. The Company believes that these legal, tax and environmental proceedings will not have a material adverse effect on its consolidated financial position, cash flows or operational results.

Over the years, the Company has been named as a defendant in numerous lawsuits alleging various asbestos-related personal injury claims arising primarily from sales of low-risk-profile products, such as boilers and brake shoes. The Company has ample insurance coverage and has never received an unfavorable court judgment.

As of September 30, 2002, the Company has presented both its estimated liability for asbestos claims and its probable recovery from insurance carriers for such claims separately on its balance sheet. Previously, the Company "netted" estimated liability and probable insurance recovery. While the estimated liability and probable recovery amounts have not changed materially, they each are presented as \$67 million higher than the amount reflected in the

December 31, 2001, balance sheet. This change in presentation had no effect on total net assets.

The recorded liability represents obligations that are probable and can be reasonably estimated at September 30, 2002. The receivable represents the probable recovery from insurance carriers. The amount of the recorded liability is based on the Company's assessment of current claims, the status of ongoing litigation, defense strategies, settlement initiatives and past experience. The Company's analysis of insurance coverage includes the insurers' financial strength, the insurance payments made to date, stated deductibles and the advice of insurance coverage counsel. The Company has substantial insurance coverage for future claims that may have been incurred but not yet reported. The Company believes that no material net loss has been incurred in excess of the amounts recorded.

The Company has commitments and performance guarantees, including energy savings guarantees, under long-term service and maintenance contracts related to its air conditioning equipment and systems controls. Through 2001, the Company has not experienced any losses related to performance guarantees.

Asbestos-Related News:

[American Standard Faces Several Asbestos Related Suits \(Published December 06, 2002\)](#)