

Operating Review Update



March 10, 2009

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Implementation of cost reductions

- Expected timing and composition of cost reductions

(\$ millions)	Cumulative Quarterly Savings Run Rate				
	2008	2009E			
	Q4	Q1	Q2	Q3	Q4
Savings					
Cost of Goods Sold ⁽¹⁾	1.5	2.0	3.0	4.4	4.7
SG&A	13.6	14.0	16.9	17.1	17.8
Total	15.1	16.0	19.9	21.5	22.5
<i>Annualized Run Rate</i>	60.4	64.0	79.6	86.0	90.0

- Original cost reduction target of \$58.2 million in July Operating Review
- Achieved annualized cost reductions at December 2008 run rate of \$60.4 million
- New actions projected to be substantially implemented by end of Q1 2009

(1) Assumes constant 2007 sales and product mix



Timing of restructuring costs

(\$ millions)	Q4 2008		H1 2009E		Total	
	Actual	Previous	Revised	Previous	Revised	Previous
Asset Write-Downs	1.0	0.6	-	-	1.0	0.6
Severance	1.2	0.6	0.9	0.4	2.1	1.0
Other	8.0	2.8	11.6	0.2	19.6	3.0
Total	10.2	4.0	12.5	0.6	22.7	4.6

(\$ millions)	Q4 2008		H1 2009E		Total	
	Actual	Previous	Revised	Previous	Revised	Previous
Cash	2.4	3.4	4.5	0.6	6.9	4.0
Non-Cash	7.8	0.6	8.0	-	15.8	0.6
Total	10.2	4.0	12.5	0.6	22.7	4.6

- Costs projected to be substantially complete by H1 2009



Expense reduction summary

- Cost savings of \$53.2 million realized in 2008
- 2008 actions will result in \$18.9 million of incremental savings to be recognized in 2009
- Additional cost reductions of \$17.1 million to be implemented in 2009

	<u>\$ millions</u>
2008 Adjusted Operating Loss ⁽¹⁾	(16.4)
Additional Effect of 2008 Cost Savings	18.9
Additional 2009 Cost Savings ⁽²⁾	17.1

(1) Excludes interest and one-time items

(2) Annualized run rate



Balance sheet position

- Net debt of \$12.4 million at December 31, 2008
 - Net Debt / Net Working Capital⁽¹⁾ 0.21x
 - Net Debt / Tangible Equity 0.19x
- Significant net benefit expected in 2009 from one-time cash inflows and lower spending

<i>(\$ millions)</i>	<u>2009</u>
Tax Refund Due	11.4
Refund of Pearl Izumi Sale Escrow	4.4
Subtotal Refunds	<u>15.8</u>
Reduction in Net Working Capital ⁽²⁾	16.7
Capital Expenditures	(2.2)
Cash Restructuring Costs	<u>(4.5)</u>
Total Non-Operating Cash Flow	25.8

(1) Net working capital calculated as accounts receivable, plus inventory, less accounts payable

(2) Targeted reduction through 2009





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