

**GOODRICH**



**Annual Investor Conference  
November 15, 2004  
New York City**

**Agenda**

---

**12:00 p.m. – 1:00 p.m.**

**Registration and Lunch**

**1:00 p.m. – 5:00 p.m.**

**Introductory Comments - Paul Gifford**

**Goodrich Overview - Marshall Larsen**

**Airframe Systems - John Grisik**

**Engine Systems - Jack Carmola**

**Electronic Systems - Cindy Egnotovich**

**-- Break --**

**Technology and Innovation - Dr. Jerry Lee**

**Financial Review - Rick Schmidt**

**Closing Remarks - Marshall Larsen**

**Panel Question & Answer - All Presenters**



## **Goodrich Corporation Presenters**

---

**Marshall Larsen**

**Chairman, President and Chief Executive Officer**

**John Grisik**

**Segment President, Airframe Systems**

**Jack Carmola**

**Segment President, Engine Systems**

**Cindy Egnotovich**

**Segment President, Electronic Systems**

**Dr. Jerry Lee**

**Senior Vice President, Technology and Innovation**

**Rick Schmidt**

**Executive Vice President and Chief Financial Officer**

**Paul Gifford**

**Vice President, Investor Relations**

**Marshall Larsen**  
**Chairman, President and Chief Executive Officer**



**Marshall Larsen is Chairman, President and Chief Executive Officer of Goodrich Corporation. He was named to his current position in October 2003.**

**Marshall joined the company in 1977 as an Operations Analyst and Financial Manager. In 1981, he became Director of Planning and Analysis and subsequently Director of Product Marketing. In 1986, he became Assistant to the President and later served as General Manager of several divisions of the company's aerospace business. In 1994, he was elected a Vice President of the company and was named a Group Vice President of Goodrich Aerospace. In 1995 he was appointed Executive Vice President of the company and President and Chief Operating Officer of Goodrich Aerospace. In February 2002 Marshall was named President and Chief Operating Officer of Goodrich Corporation. He was appointed President and Chief Executive Officer in April 2003.**

**Marshall received a Bachelor of Science degree in engineering from the United States Military Academy, West Point, N.Y., in 1970. He received a Master of Science degree from the Krannert Graduate School of Industrial Management at Purdue University in West Lafayette, Ind., in 1977.**

**Marshall is a member of the Executive Committee of the U.S. Aerospace Industries Association. He is also on the Board of Directors of Lowe's Companies, Inc., the Boy Scouts of America Mecklenburg County Council and the Charlotte Regional Partnership.**

**John Grisik**  
**Segment President, Airframe Systems**



**John Grisik is Segment President, Airframe Systems. The strategic business units within this segment are Actuation Systems, Aircraft Wheels and Brakes, Aviation Technical Services, Engineered Polymer Products and Landing Gear.**

**John joined Goodrich in 1991 as General Manager of Ice Protection Systems. He became General Manager of Landing Gear in 1993 and Group Vice President of Safety Systems in 1995 and Sensors & Integrated Systems in 1996. He was named Group President, Landing Systems in 2000 and to his current position in December 2002.**

**John received a Bachelor of Science degree, a Master of Science degree, and a Doctorate, all in metallurgical engineering from the University of Cincinnati. He also received a Master of Science degree in Management from Stanford University.**

**Jack Carmola**  
**Segment President, Engine Systems**



**Jack Carmola is Segment President, Engine Systems. The strategic business units within this segment are Aerostructures, Customer Services, Engine Control Systems, Turbine Fuel Technologies and Turbomachinery Products.**

**Jack joined Goodrich in 1996 as President of the Landing Gear Division. He continued in this role after the Coltec merger was completed in 1999, and was responsible for the integration of Goodrich and former Menasco Landing Gear businesses. He was named President, Engine Systems in November 1999, and subsequently promoted to Group President for Engine and Safety Systems. In January 2002, Jack was named Group President, Electronics Systems, and in December 2002, he was named to his current position.**

**Prior to joining Goodrich, he spent 19 years with General Electric, starting with its corporate manufacturing management program, and progressing through assignments in manufacturing, engineering, quality and services with GE Aircraft Engines. His last assignment was as General Manager, Marine Business. Jack has a Bachelor of Science degree in Mechanical and Aerospace Engineering from the University of Rochester, and an MBA in Finance from Xavier University.**

**Cindy Egnotovich**  
**Segment President, Electronic Systems**



**Cindy Egnotovich is Segment President, Electronic Systems. The strategic business units within this segment are Aircraft Interior Products, De-icing and Specialty Systems, Fuel and Utility Systems, Lighting Systems, Optical and Space Systems, Power Systems and Sensor Systems.**

**Cindy began her career at Goodrich in 1986 as a Financial Analyst. She was appointed Controller in 1993, Director of Operations in 1996, and then Vice President and General Manager, Ice Protection Systems Division in 1998. In 2000, she was appointed Vice President and General Manager of Commercial Wheels and Brakes. She was named Group President, Engine and Safety Systems in April 2002 and to her current position in December 2002.**

**A native of Simpson, Pennsylvania, Cindy holds a Bachelor of Business Administration in Accounting from Kent State University and a Bachelor of Science in Biology from Immaculata College near Philadelphia, Pennsylvania.**



### **Dr. Jerry Lee**

#### **Senior Vice President, Technology and Innovation**

**Dr. Jerry Lee is Senior Vice President, Technology and Innovation. He is responsible for leading efforts across Goodrich to develop new products and advance the adoption of innovation in all functions throughout the company. He was named to this position in June 2000.**

**He was previously Vice President of Technology and Innovation for the company's Aerospace segment. He held the technology position since 1989. Goodrich-wide responsibility for Innovation was added in 1998. Jerry joined Goodrich in 1979 as Manager of Engineering Science in the company's Engineered Products Group, the forerunner to Goodrich's Aerospace segment. He subsequently served as Director of R&D for Goodrich Aerospace from 1983 through 1988. Periodically he has managed technology-based businesses during their start-up phases.**

**Jerry received his Ph.D. in Mechanical Engineering from North Carolina State University in 1966. From 1967 through 1969, he was an Assistant Professor of Mechanical Engineering at N.C. State. He also holds a B.S.M.E. from N.C. State (1963).**





### **Rick Schmidt**

#### **Executive Vice President and Chief Financial Officer**

**Rick Schmidt was named Executive Vice President and Chief Financial Officer in 2002. He had held these responsibilities as Senior Vice President since October 2000. Rick joined the company in 1994 as Vice President of Finance for Goodrich Aerospace and obtained the additional responsibility for business development in 1999.**

**He holds a Bachelor of Arts degree in Business Administration and an MBA in Finance from Michigan State University.**

### **Paul Gifford**

#### **Vice President, Investor Relations**



**Paul Gifford is Vice President of Investor Relations, a position he has held since October 1999. Paul is responsible for developing and executing a strategy to inform, attract and retain investors through the company's overall communication with the investment community and relationships with buy and sell-side analysts. To accomplish this, he provides information to investors to enable them to more fully understand the company, its strategies and its prospects. Before joining Goodrich, Paul spent 22 years in Finance and Investor Relations at Boeing.**

**Paul has completed the Executive MBA program at the University of Washington, and received his undergraduate degree in Finance from Washington State University. He has served as the Chair of the School of Business and Economics Advisory Committee at Washington State University, and has been active in many community activities, including the annual fundraising for the Pacific Science Center in Seattle, and Washington State University. Paul is on the national Board of Directors of the National Investor Relations Institute (NIRI).**

# **Opening Remarks**

**Marshall Larsen**  
**Chairman, President and CEO**

## Forward Looking Statements

---

***Certain statements made in this presentation are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 regarding the Company's future plans, objectives, and expected performance. The Company cautions readers that any such forward-looking statements are based on assumptions that the Company believes 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 the Company is successful in integrating Aeronautical Systems in a manner and a timeframe that achieves expected cost synergies and operating synergies; demand for and market acceptance of new and existing products, such as the Airbus A380, the Joint Strike Fighter, the Boeing 7E7, the Embraer 190 and the Boeing 717; and other factors discussed in the Company's filings with the Securities and Exchange Commission, including in the Company's Annual Report on Form 10-K for the year ended December 31, 2003.***

***The Company cautions you not to place undue reliance on the forward-looking statements contained in this presentation, which speak only as of the date on which such statements were made. The Company undertakes no obligation to release publicly any revisions to these forward-looking statements to reflect events or circumstances after the date on which such statements were made or to reflect the occurrence of unanticipated events.***

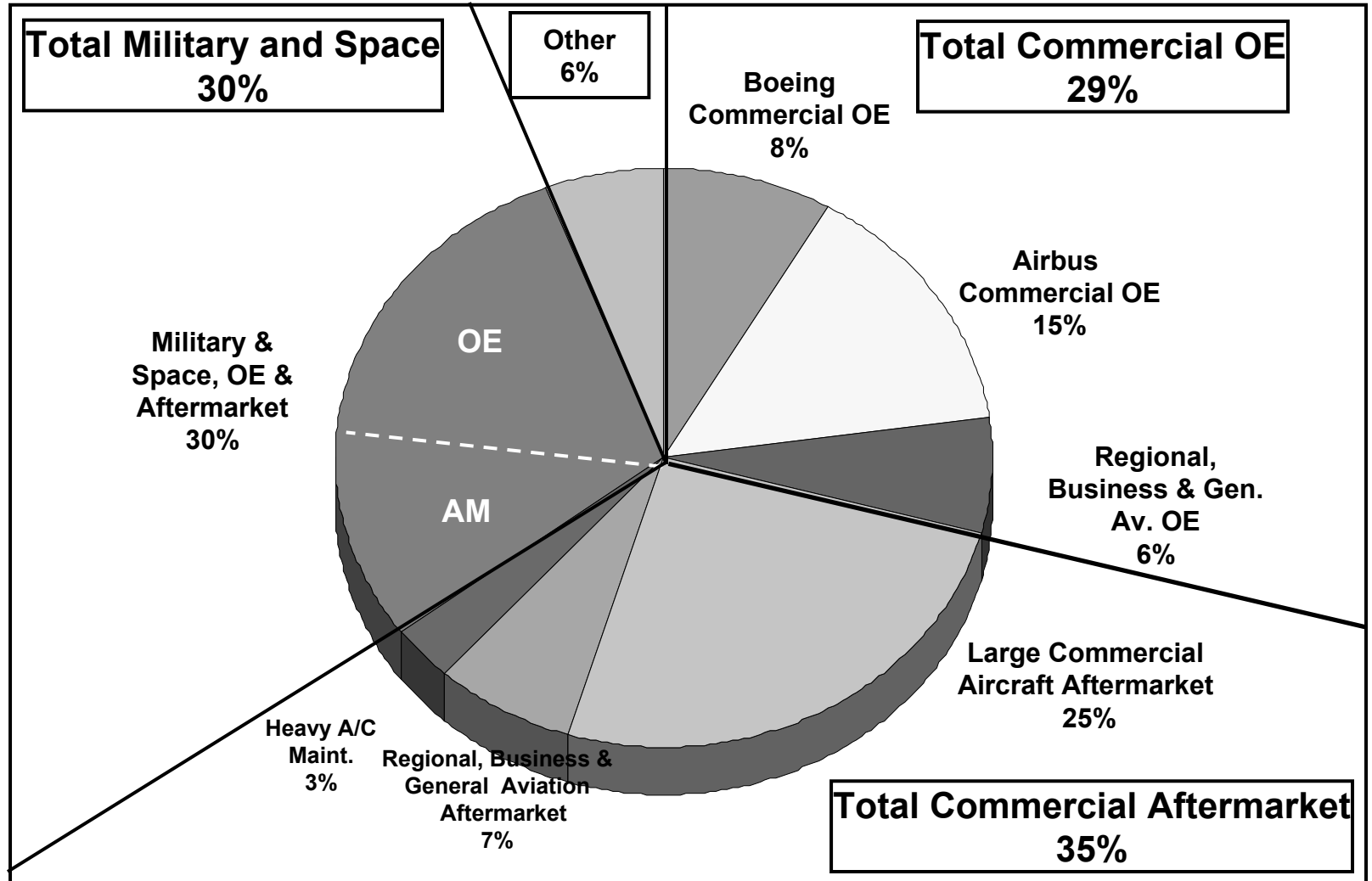
- **Company and Market Overview**
- **Strategic Direction and Initiatives**
- **Segment Introduction**

- One of the largest worldwide aerospace suppliers
- Broadest portfolio of products in industry
- Proprietary, flight critical products
- Operating history of over 130 years with recent repositioning as focused aerospace supplier
- More than 20,000 employees in facilities throughout the world



# 3Q Year-to-Date 2004 Sales by Market Channel

**Total Sales \$3,463M**



**Balanced Business Mix Among Three Major Market Channels**

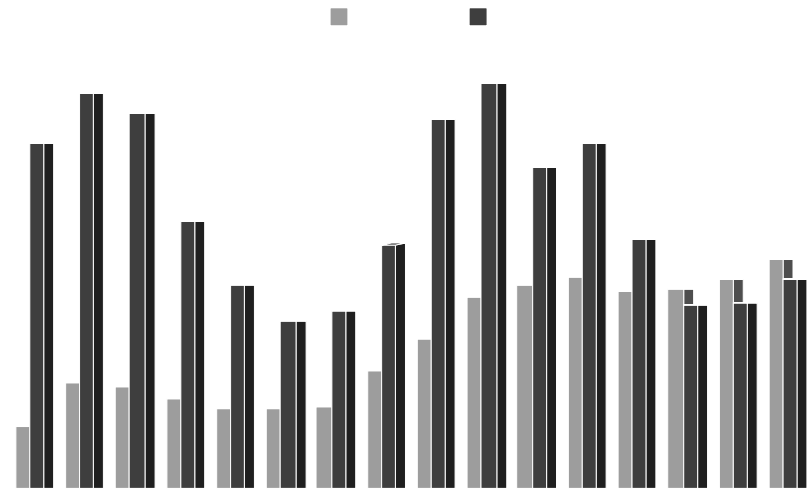
## Sales by Market Channel 2004 – 2005 Change Analysis

Market Channel	Primary Market Drivers	GR Change Comparisons	
		Estimated 2004 Change	Estimated 2005 Change
<b>Military and Space – OE and Aftermarket</b>	<b>US, UK Defense Budgets</b>	<b>10%</b>	<b>Low Single Digit Growth</b>
<b>Boeing and Airbus – OE Production</b>	<b>Aircraft Deliveries</b>	<b>Up Slightly</b>	<b>Approx. 12%</b>
<b>Regional, Business &amp; General Aviation - OE</b>	<b>Aircraft Deliveries</b>	<b>8% - 10%</b>	<b>Approx. Flat</b>
<b>Aftermarket – Large Commercial and Regional, Business and GA</b>	<b>ASMs, Age, Cycles, Fleet size</b>	<b>Around 6%</b>	<b>Approx. 5%</b>
<b>Heavy Airframe Maintenance</b>	<b>Aircraft aging, Parked Fleet</b>	<b>Up Slightly</b>	<b>&gt;10%</b>
<b>Other</b>	<b>IGT Market, Various</b>	<b>Approx. Flat</b>	<b>Flat</b>
<b>Goodrich Total Sales</b>		<b>7% - 8%</b>	<b>6% - 8%</b>



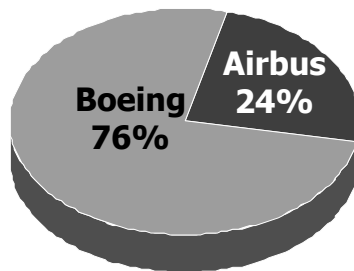
- **Both manufacturers increasing production rates and deliveries**
- **Airbus growing faster than Boeing**
- **Sustained, steady growth will benefit both suppliers and manufacturers**
- **Recovery is clearly beginning, duration is the key unknown**
- **Overall active fleet beginning to increase again**

Aircraft Deliveries

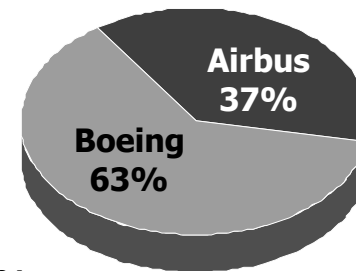


Source: Jet Information Services, Inc; GR Estimates

Active Passenger Fleet - 2003



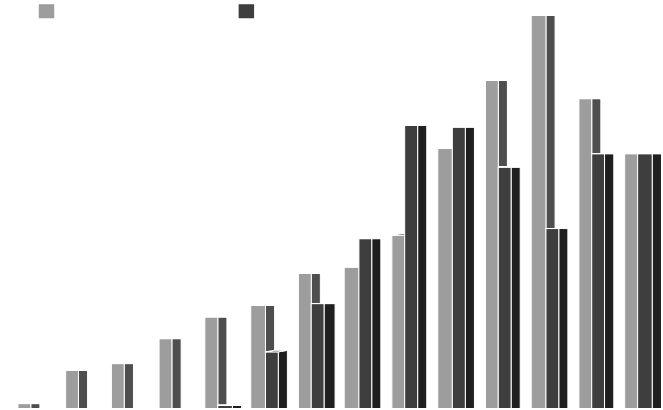
Active Passenger Fleet - 2014



Source: The Airline Monitor, July 2004

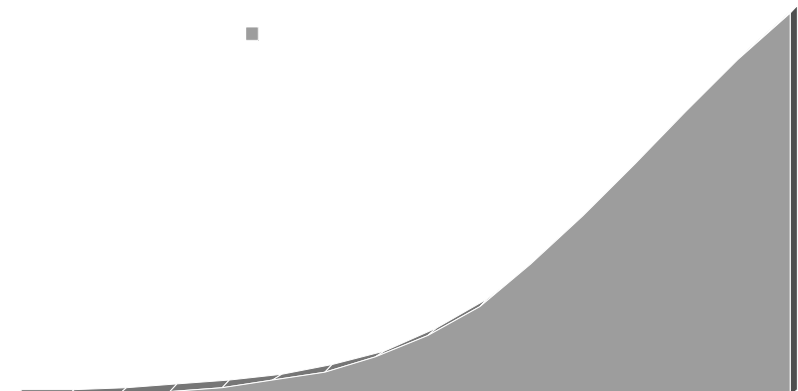
- **Expect slight decline in regional aircraft deliveries in 2005**
- **2005 Goodrich sales to be approximately flat – result of content positioning and model mix**
- **Rapid growth since 1992 has driven rapid fleet size expansion**
- **Expect continued robust aftermarket for installed base**
- **Good positions on all major regional jet models**

Regional Aircraft Deliveries



Source: Jet Information Services, Inc; GR Estimates

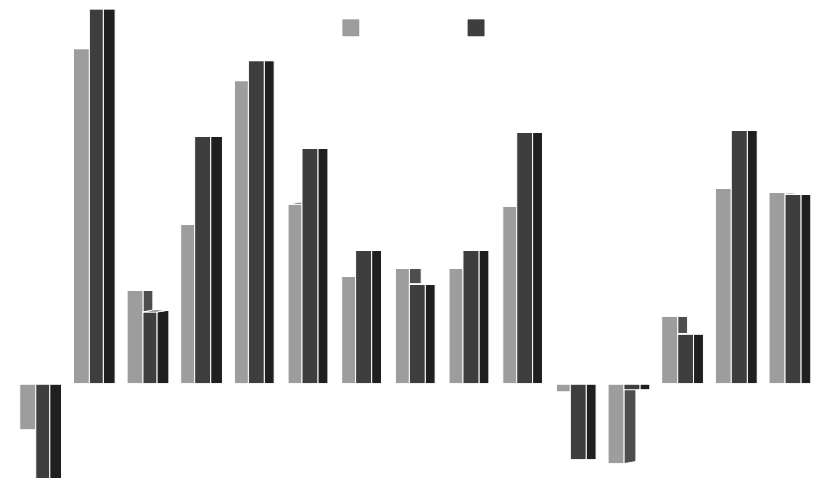
Cumulative Regional Aircraft Deliveries



Source: Jet Information Services, Inc; GR Estimates

- **Driven by ASMs, fleet size & GDP**
- **2004 recovery expected to continue into 2005**
- **Several recent Chapter 11 filings – no immediate impact on ASM trends**
- **Strong aftermarket trends will assist Goodrich margin expansion**
- **Goodrich expects approximately 5 percent growth in 2005 – slightly less than Airline Monitor**

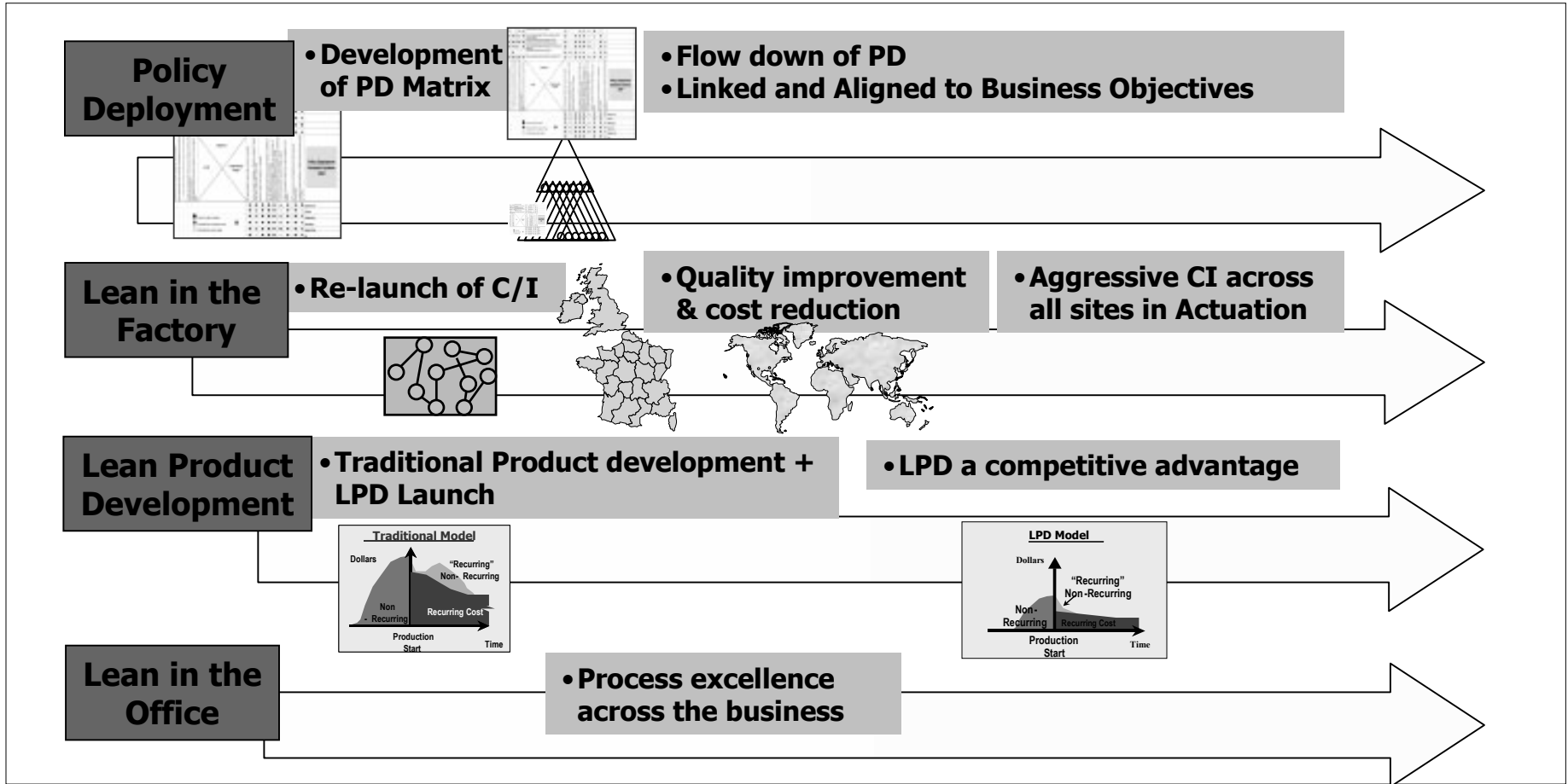
World ASM and RPM Percent Change, Year Over Year



Source: The Airline Monitor, July 2004

**Above Average Growth Rates Possible Over Next Several Years**

- **Market is global**
- **Goodrich has significant presence on foreign military platforms**
- **New fighters will drive significant future growth over the long term**
  - **JSF content exceeds \$1.7 million per shipset**
- **Reconnaissance, surveillance and rotorcraft markets gaining importance**
  - **Goodrich very well positioned in these markets**
- **Homeland Security opportunities will continue to grow in significance**
- **Long-term growth opportunity; near-term moderation in budget growth**



2003

2009

**Disciplined and Proven Methodology**

- **Company and Market Overview**

- **Strategic Direction and Initiatives**

- **Segment Introduction**



```
graph BT; A[Top Quartile Aerospace Returns] <--> B[Balanced Growth]; A <--> C[Leverage the Enterprise]; A <--> D[Operational Excellence];
```

**Top Quartile  
Aerospace Returns**

**Balanced Growth**

- Use portfolio mass and breadth to capture market share
- Win new program positions
- Pursue Military Markets and Government funding opportunities
- Aftermarket products and services expansion

**Leverage the  
Enterprise**

- Manage investments at the portfolio level
- Provide Enterprise Shared Services
- Leverage SBU capabilities into integrated, higher level systems
- Simplify customer interfaces – act as “One Company”

**Operational  
Excellence**

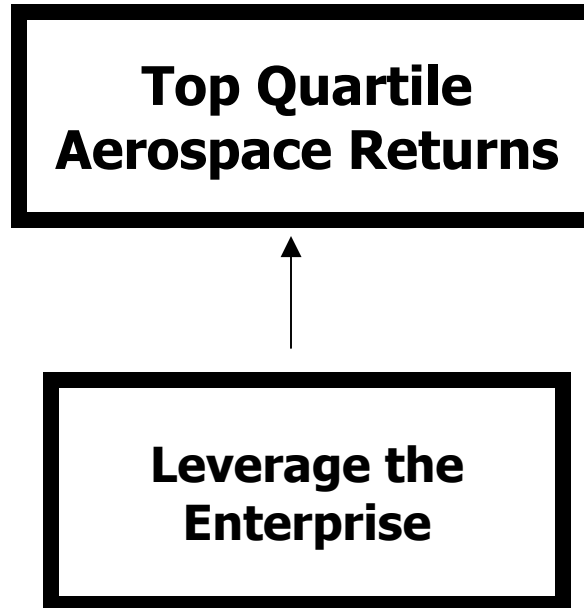
- Push aggressive Supply Chain Management and Continuous Improvement
- Drive breakthrough change in product and development costs using LPD and DFSS
- Improve Enterprise manufacturing and engineering efficiencies

**Top Quartile  
Aerospace Returns**

**Balanced Growth**

- **Use portfolio mass and breadth to capture market share**
- **Win new program positions**
- **Pursue Military Markets and Government funding opportunities**
- **Aftermarket products and services expansion**

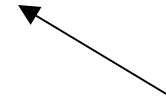




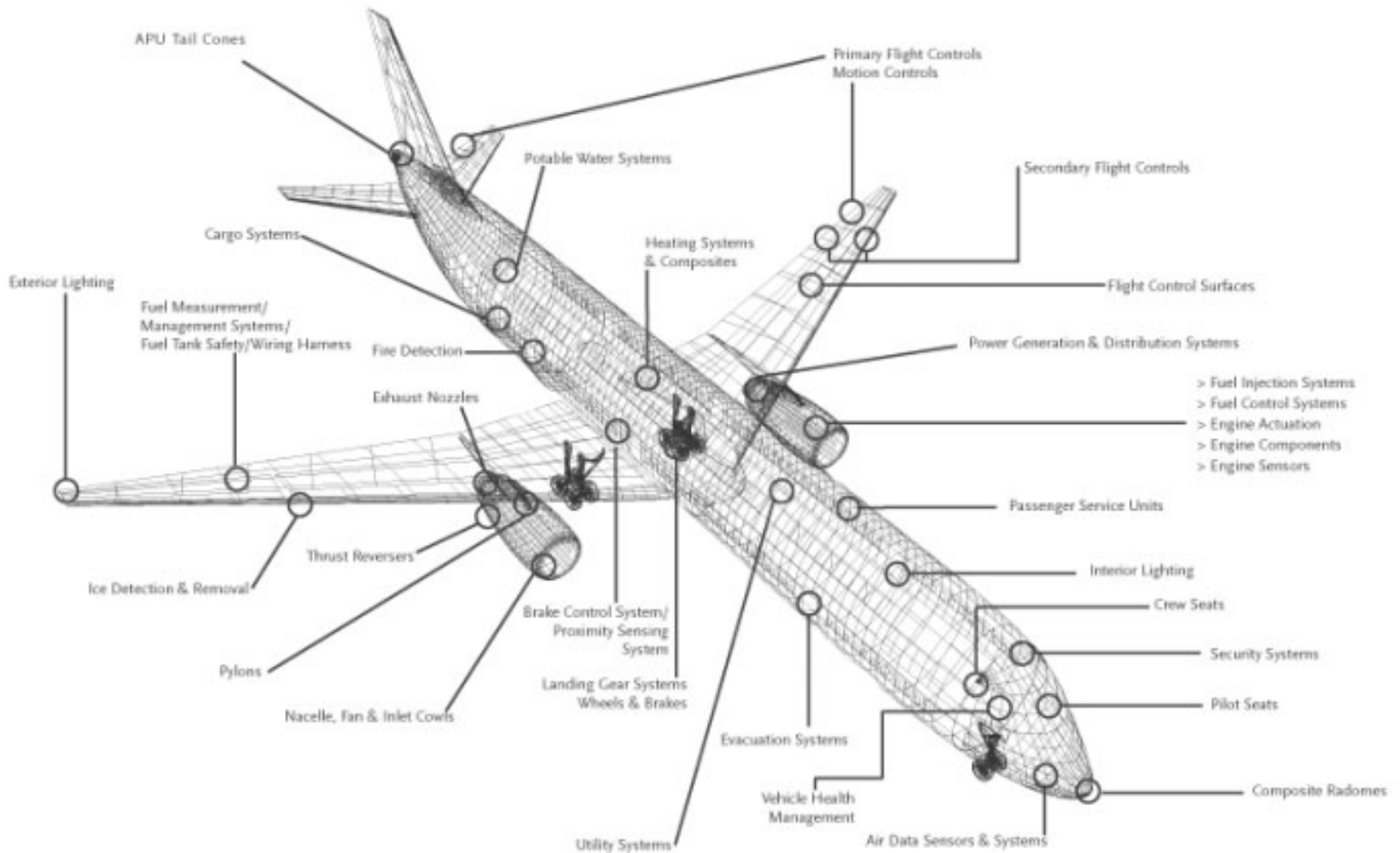
- **Manage investments at the portfolio level**
- **Provide Enterprise Shared Services**
- **Leverage SBU capabilities into integrated, higher level systems**
- **Simplify customer interfaces – act as “One Company”**

**Top Quartile  
Aerospace Returns**

**Operational  
Excellence**



- **Push aggressive Supply Chain Management and Continuous Improvement**
- **Drive breakthrough change in product and development costs using LPD and DFSS**
- **Improve Enterprise manufacturing and engineering efficiencies**





## Goodrich – Key Market Leadership Positions

Aerospace Focus - Leadership Positions - Global Presence - Broad Systems Capability - Highly Engineered Products

	<b>UTC</b>	<b>SNECMA</b>	<b>HON</b>	<b>Goodrich</b>
<b>2003 Aerospace Sales</b>	<b>\$13.2B</b>	<b>\$7B</b>	<b>\$8.8B</b>	<b>\$4.4B</b>
<b>Nacelles</b>				
<b>Engines</b>				
<b>Power Generation</b>				
<b>Sensors</b>				
<b>APUs</b>				
<b>Avionics</b>				
<b>Electronic Controls</b>				
<b>Flight Ctrl/Actuation</b>				
<b>Environmental Controls</b>				
<b>Landing Gear</b>				
<b>Lighting</b>				
<b>Wheel/Brakes</b>				
<b>Evacuation Systems</b>				
<b>Cargo Systems</b>				
<b>Space Systems</b>				

**Goodrich has the broadest portfolio of system leadership positions; with approximately 85% of sales in markets with #1 or #2 positions world-wide**

## Airbus A380 & Boeing 7E7 Awards

	<b>A380 Passenger Version</b>	<b>7E7 Passenger Version</b>
<b>Nacelles</b>		
<b>Engine Fan Case/Other Specialty Aerostructures Products</b>		
<b>Landing Gear</b>		
<b>Power Generation/Distribution</b>		
<b>Sensors</b>		<b>Pending</b>
<b>Engine Controls</b>		
<b>Fuel &amp; Utility Systems</b>		
<b>Flight Control/Actuation</b>		
<b>Lighting</b>		<b>Pending</b>
<b>Wheels and Brakes</b>		
<b>Evacuation Systems</b>		
<b>Cargo Systems</b>		<b>Pending</b>
<b>Specialty Seating</b>		<b>Pending</b>

**Current OE Content Per Aircraft**

**\$6 – \$8M**

**\$2.6 - \$3.0M**

Depending on engine choice

# New Programs Will Add Balanced Future Growth

## Commercial

## Military

### A380 Program



**\$6 Billion+\***  
2005\*\*

### 7E7 Dreamliner

**\$7+ Billion+\*\*\***  
2007\*\*

### CF34-10 Nacelle System

**\$1.4 Billion+\***  
2005\*\*

### Joint Strike Fighter



**\$5 Billion+\***  
2006\*\*

### C-5 Re-Engine

**\$0.8 Billion+\***  
2004\*\*

### Small Engine Controls



**\$1.1 Billion+\***  
2005\*\*

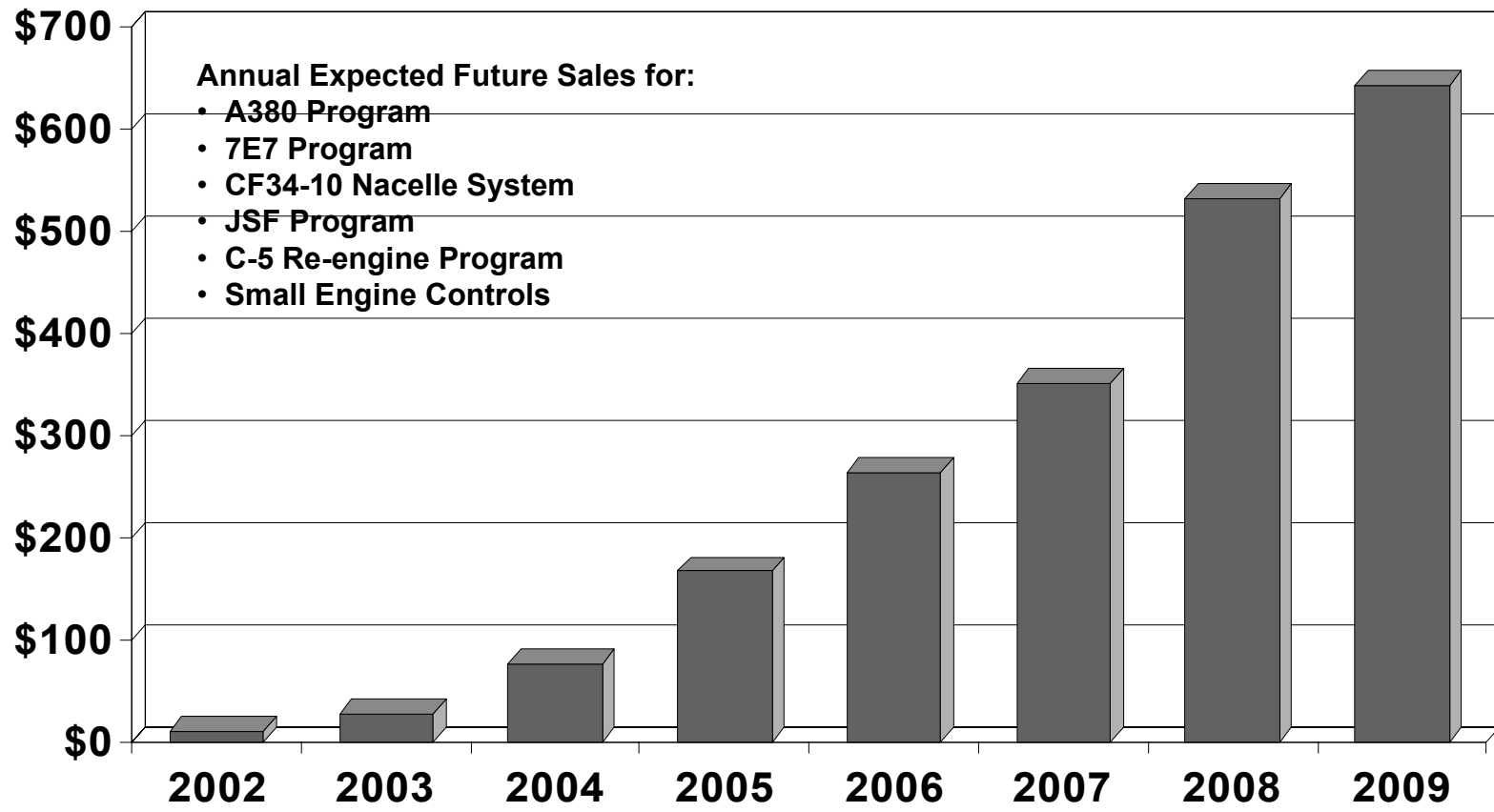
\*Total estimated sales over life of program

\*\* Year in which significant sales are expected to begin

\*\*\* Total estimated sales through 2028

# Expected Future Sales from New Programs

(Dollars in Millions)

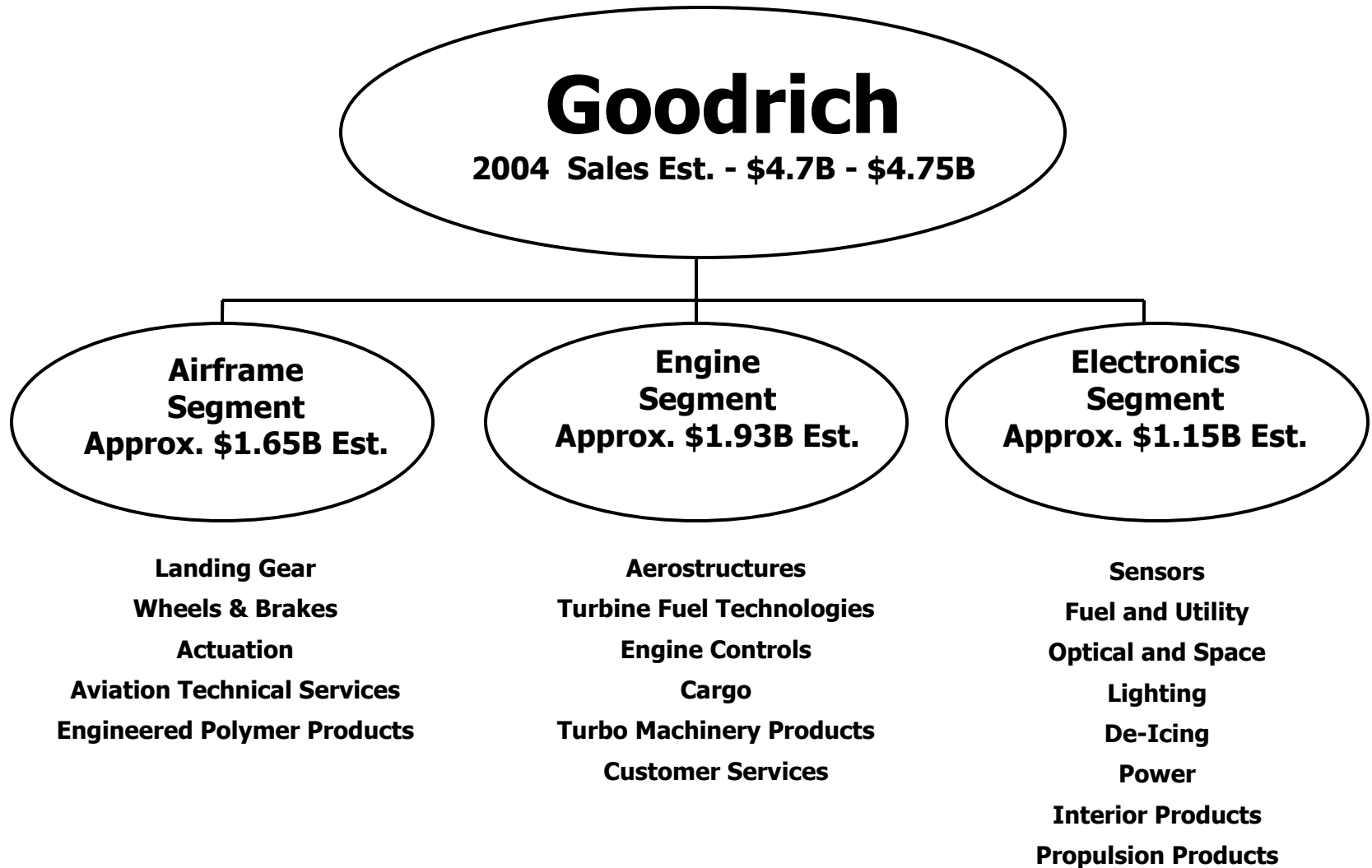


**New Program Sales are Incremental to Sales Growth from Existing In-production Platform Positions**

- **Company and Market Overview**
- **Strategic Direction and Initiatives**
- **Segment Introduction**



- **Highest levels of integrity**
- **Entrepreneurial, fast moving and empowered**
- **Key functions recently aligned at enterprise level to leverage size, capabilities**
- **Experienced, stable management team**
- **Accountability**
- **Customer focus**
- **Technology leadership**



# **Marshall Larsen**

## **Closing Remarks**

- **Continued commitment to integrity**
- **Focused on the business**
  - **“Blocking and Tackling”**
    - **Cash flow**
    - **Margin improvement**
    - **Aeronautical Systems margin and quality improvement**
    - **Working capital management**
  - **New product development**
    - **Continue investing in new products and systems**
- **Strengthen balance sheet through continued debt reduction**
- **No significant acquisitions**
- **Transparency of financial results and disclosure**
- **Accountable to all stakeholders**

# **Airframe Systems Segment**

**John Grisik**  
**Segment President**

## Aircraft Wheels & Brakes



## Actuation Systems



## Landing Gear



	<u>2003</u>	<u>3Q YTD 2004</u>
Sales	\$1,564M	\$ 1,206M
OI	\$ 79M	\$ 74M
% OI/Sales	5.1%	6.1%

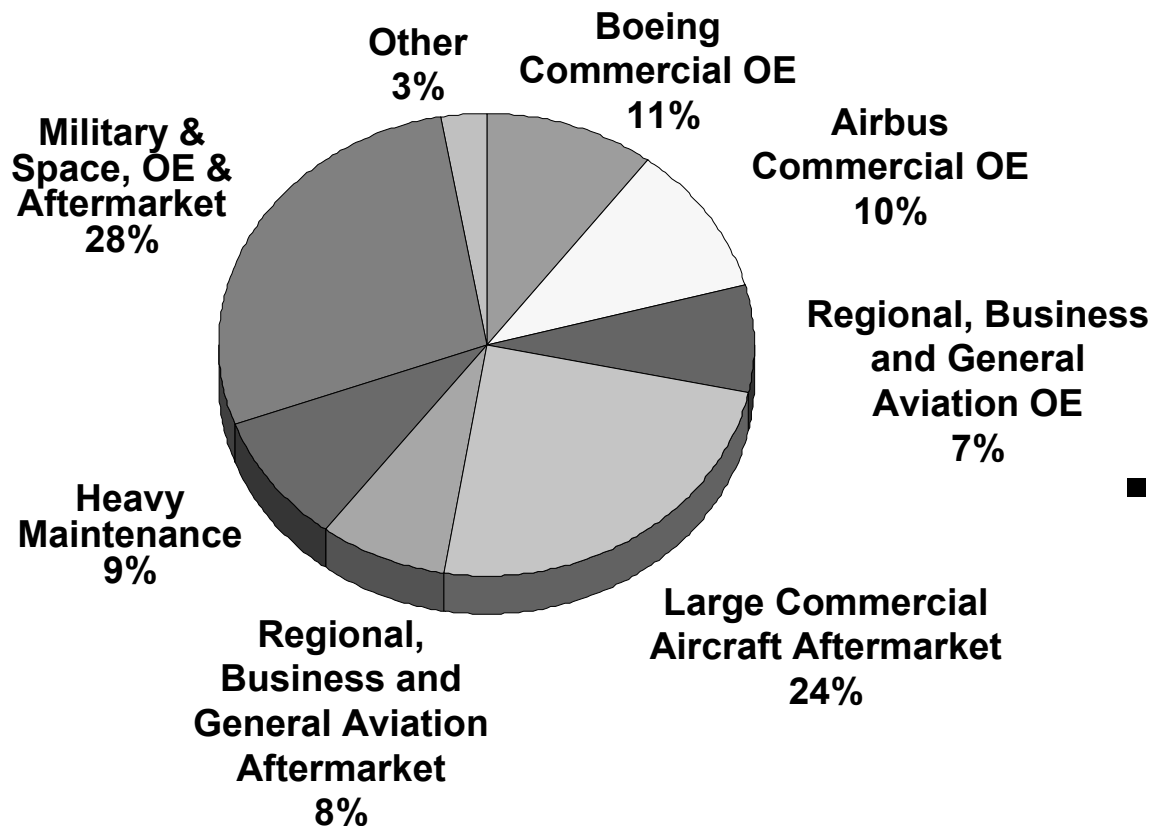
## Engineered Polymer Products



## Aviation Technical Services



## Sales by Market Channel 3Q YTD 2004



### ■ Good Balance

- OE to Aftermarket
- Airbus & Boeing
- Commercial & Military

### ■ Margins Depressed by:

- Heavy Maintenance
- Actuation

**Top Quartile  
Aerospace Returns**

**Balanced Growth**

- Use portfolio mass and breadth to capture market share
- Win new program positions
- Pursue Military Markets and Government funding opportunities
- Aftermarket products and services expansion

**Leverage the  
Enterprise**

- Manage investments at the portfolio level
- Provide Enterprise Shared Services
- Leverage SBU capabilities into integrated, higher level systems
- Simplify customer interfaces – act as “One Company”

**Operational  
Excellence**

- Push aggressive Supply Chain Management and Continuous Improvement
- Drive breakthrough change in product and development costs using LPD and DFSS
- Improve Enterprise manufacturing and engineering efficiencies



## **Airbus**

- **A380 Main Gear deliveries started– (2 wing gears, 2 body gears per shipset)**
  - **Life of the program contract, value >\$3B**

## **Boeing**

- **New Long Term Agreement being negotiated**
  - **All commercial gear except 717 and 7E7 through 2012**
  - **Expected contract value > \$1.5B**

## **Military**

- **Supply F-15, F-16, F-18, F-22, F-35 and C-17 Landing Gear**
- **Strong position for retrofit and spares**
- **Accounts for 30+% of Landing Gear sales**

**Well Positioned for Future**

## **Boeing**

- **7E7 award with electric brakes largely based on Goodrich technology**
  - **Contract value >\$1B over initial contract period**

## **Airlines**

- **Certification of Goodrich DURACARB® on A320 on schedule**
- **747-400 and ERJ -145 aftermarket pricing pressure increased by PMA material**

## **Regionals**

- **Goodrich selected to provide the total braking system, including brake control technology, for the Russian Regional Jet**

**Technology Key to Recent Wins**

## **Airbus/EADS**

- **A380 Slat and Primary Flight Control system – first application of electro-hydraulic actuators**
- **A400M high lift**

## **Dassault**

- **Falcon 7X Airbrake and Flap systems**

## **Eurocopter**

- **Tiger Main and Tail Rotor Actuators**
- **Tiger Airframe Fuel Circulation System and Hydraulic Power Pack**
- **NH90 Main Rotor Actuators and Tail Rotor valve block**

## **Lockheed Martin**

- **F-35 JSF Weapons Bay Door Actuation System**
  - Control Electronics by Fuel and Utility Systems
- **F-35 JSF Utility Actuation Package**
  - 10 different applications
- **F-35 JSF Landing Gear Actuation**
  - System Integration by GR Landing Gear

**New Applications Across a Broad Spectrum**

## **Heavy Maintenance**

- **Won Alaska 737 overhauls, airline closed Maintenance base**
- **Southwest doubled volume during 2004**
- **UPS 757 and 767 fleet overhauls**
- **95+% booked for 2005**



## **Components**

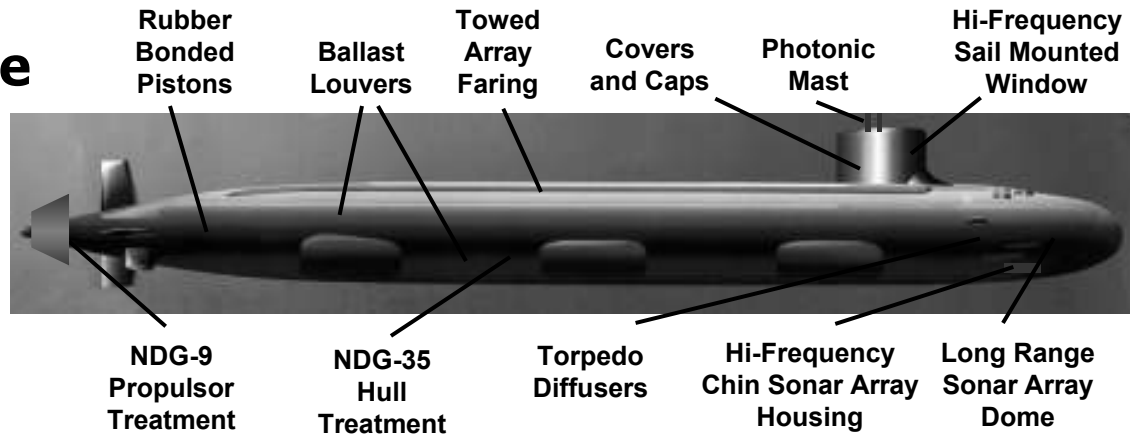
- **Increased airline warranty and service for Boeing leasing**
- **Passenger seat maintenance and modifications for BE Aerospace**
- **Southwest and Alaska work increasing with heavy maintenance**

**Superior Quality and Cycle Time Recognized**

## US Navy Marine Composites

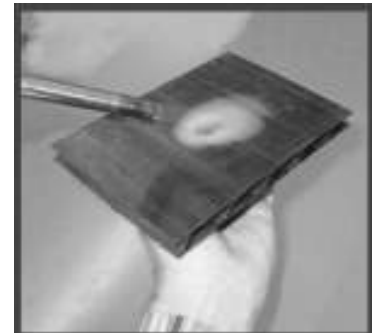
- Surface Ship Bow and Keel Domes
- Virginia Class Submarine
- DDG-51 Intake Louvers

◆ Components Won • Bidding ▪ Target



## FyreRoc™ Fireproof Composite

- Shipboard Fire Barriers
- Expeditionary Fighting Vehicle Exhaust
- Fireproof Commercial Doors



**Top Quartile  
Aerospace Returns**

**Balanced Growth**

- Use portfolio mass and breadth to capture market share
- Win new program positions
- Pursue Military Markets and Government funding opportunities
- Aftermarket products and services expansion

**Leverage the  
Enterprise**

- Manage investments at the portfolio level
- Provide Enterprise Shared Services
- Leverage SBU capabilities into integrated, higher level systems
- Simplify customer interfaces – act as “One Company”

**Operational  
Excellence**

- Push aggressive Supply Chain Management and Continuous Improvement
- Drive breakthrough change in product and development costs using LPD and DFSS
- Improve Enterprise manufacturing and engineering efficiencies

- **Multi-SBU program spanning almost 10 years**
  - **Wheels and Brakes lead**
  - **Fuel and Utility Systems developed architecture**
  - **Actuation provides electric motors and electronic controls**
  
- **Program wins**
  - **7E7: first large commercial electric brake application**
  - **Russian Regional Jet: complete braking system**
  - **Cessna Mustang: complete braking system**
  - **Global Hawk: electric brakes**

**Research and Development Paying Dividends**



# Leverage the Enterprise Brake System Development Team

## Aircraft Wheels and Brakes

Program Lead & Integration

Troy, Ohio

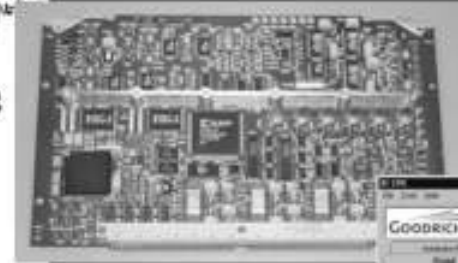


## Fuel and Utility Systems

Systems Engineering

BCS Software and Electronics

Vergennes, Vermont



## Actuation Systems

Electric Brake Software

Electronics

Electro-Mechanical Actuation

Cedar Knolls, New Jersey

## Goodrich Sensor Systems

Brake Temperature and Tire Pressure, when required

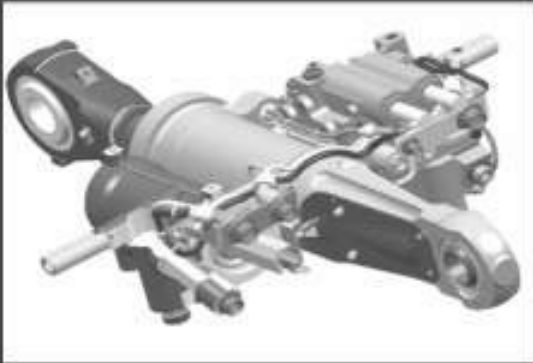
- **Thrust Reverser Actuation System and Power Door Opening Systems for Aerostructures**
  
- **Vigorous application of Lean Product Development**
  - **Leverage Goodrich best practices, 5000 psi experience**
  - **Maximized design commonality**
  - **Achieve aggressive weight, cost, and schedule targets**
  - **Regular Voice of the Customer sessions**

**Result of Thorough Make/Buy Analysis**

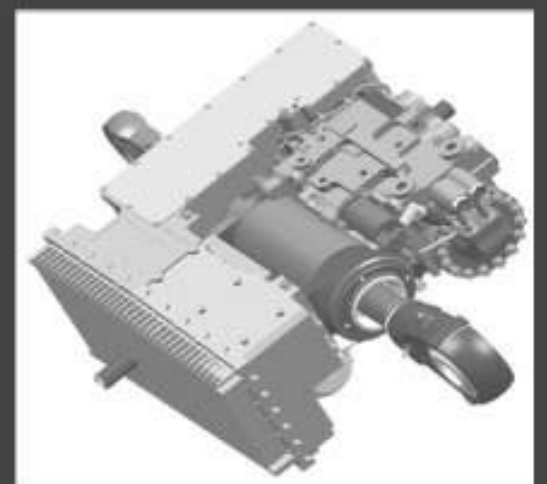
- **Most complex and largest commercial flight control system**
- **Actuation Systems, Engine Controls, Fuel and Utility Systems, and Power Systems joint development and production**
- **Conventional and electro-hydraulic actuation**
- **Lighter weight, improved reliability, and lower total cost**
- **Much more difficult than expected – solutions now at hand**

**Financial Impact Through 2005**

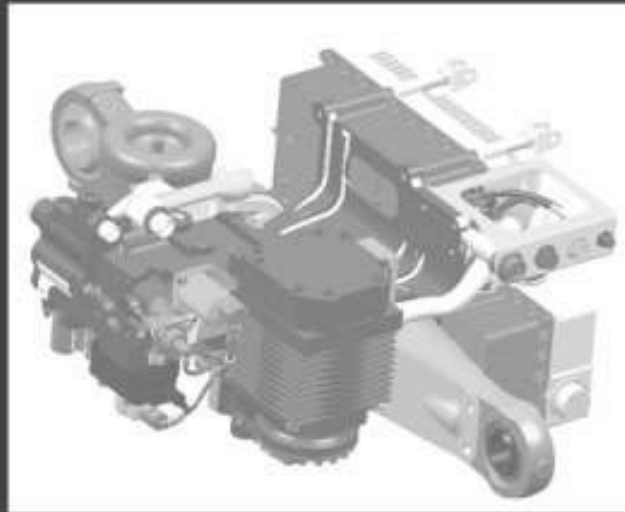
**Elevator SC x 4**



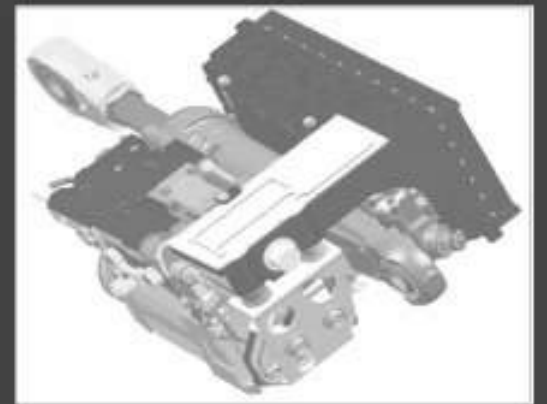
**Elevator EHA x 4**



**Aileron SC x 8**

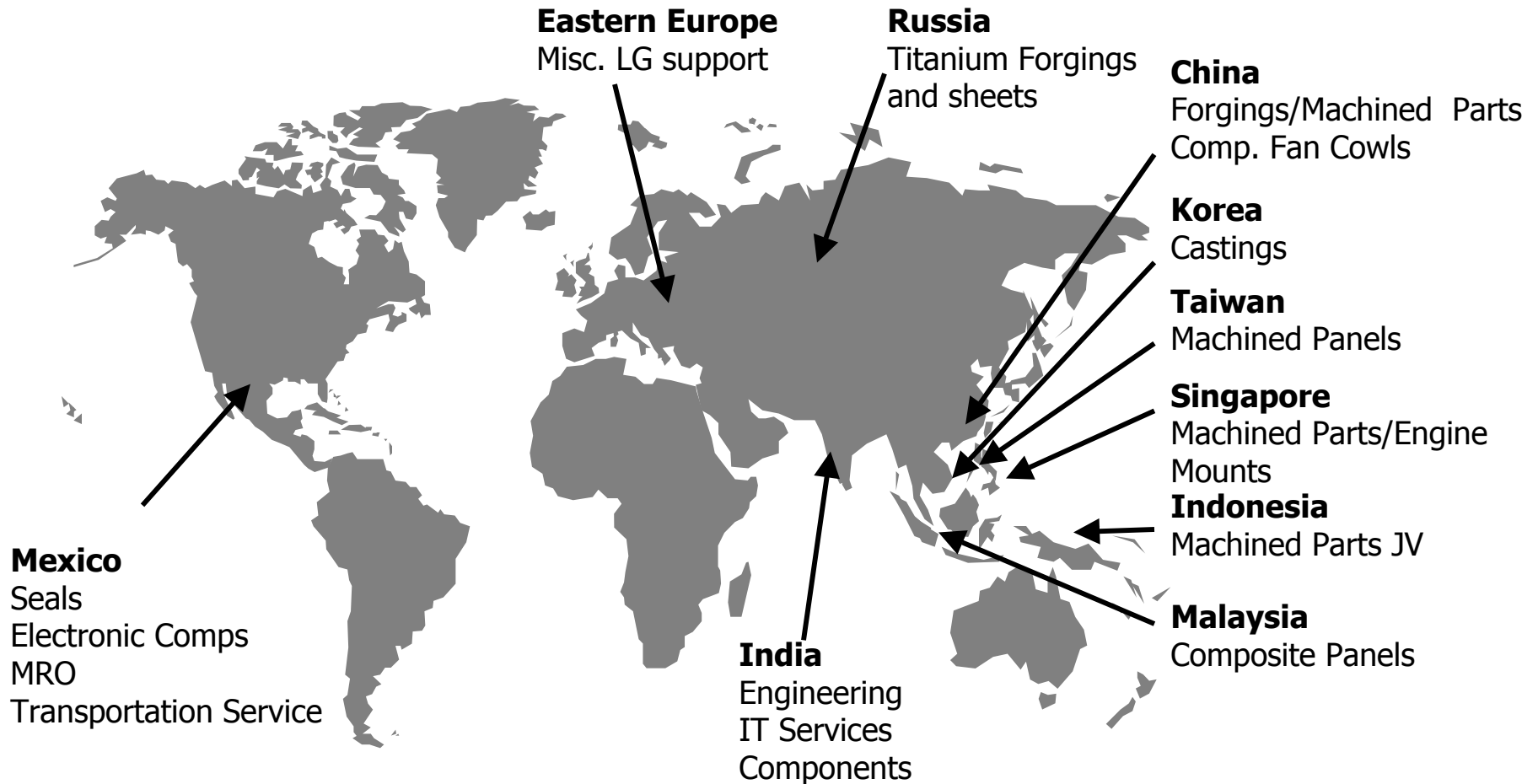


**Rudder EBHA x 4**



**Aileron EHA x 4**

**A380-Primaries**



**Goodrich Sourcing Efforts Growing in Low Cost Countries**

- **Machined parts re-sourcing initiative chosen as pilot project**
- **Parts moved from vendor base**
- **Four Chinese suppliers formally approved Goodrich-wide**
- **Business awarded, first 131 parts placed, transfer team in country**
- **Demonstrated savings >40% at purchase order level, 30% total cost**
- **Reduces net foreign exchange exposure**

**Global Supply Chain Process Accelerating**

**Top Quartile  
Aerospace Returns**

**Balanced Growth**

- Use portfolio mass and breadth to capture market share
- Win new program positions
- Pursue Military Markets and Government funding opportunities
- Aftermarket products and services expansion

**Leverage the  
Enterprise**

- Manage investments at the portfolio level
- Provide Enterprise Shared Services
- Leverage SBU capabilities into integrated, higher level systems
- Simplify customer interfaces – act as “One Company”

**Operational  
Excellence**

- Push aggressive Supply Chain Management and Continuous Improvement
- Drive breakthrough change in product and development costs using LPD and DFSS
- Improve Enterprise manufacturing and engineering efficiencies

- **Substantial company-wide investment in research and development**
- **Processes to leverage Goodrich technology and capabilities into new systems and programs**
- **Leverage continuous improvement across the enterprise**
- **Many examples of success**
- **Substantial training programs to support initiatives**



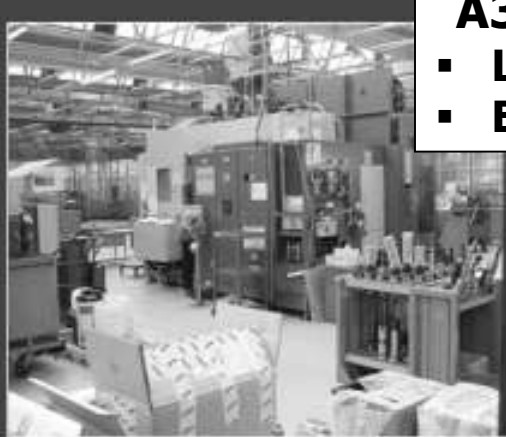
## Lean activity-to-date

- **2,250 employees trained in Continuous Improvement**
- **127 employees trained as Lean Practitioners (2-week course), including 41 senior business leaders**
- **62 capable Lean event leaders**
- **35 capable Lean event facilitators**
- **200+ events completed**
  - **10,000 ft<sup>2</sup> of floor space freed up**
  - **\$1,250K inventory reduction**
  - **>900,000 feet reduction in operator travel**
  - **>1,500,000 feet reduction in part travel**

**Beginning to See Improved Results**

### A380 Prismatic Titanium Machining Cell

- Linkage and Flow Event
- Entire area moved during the week

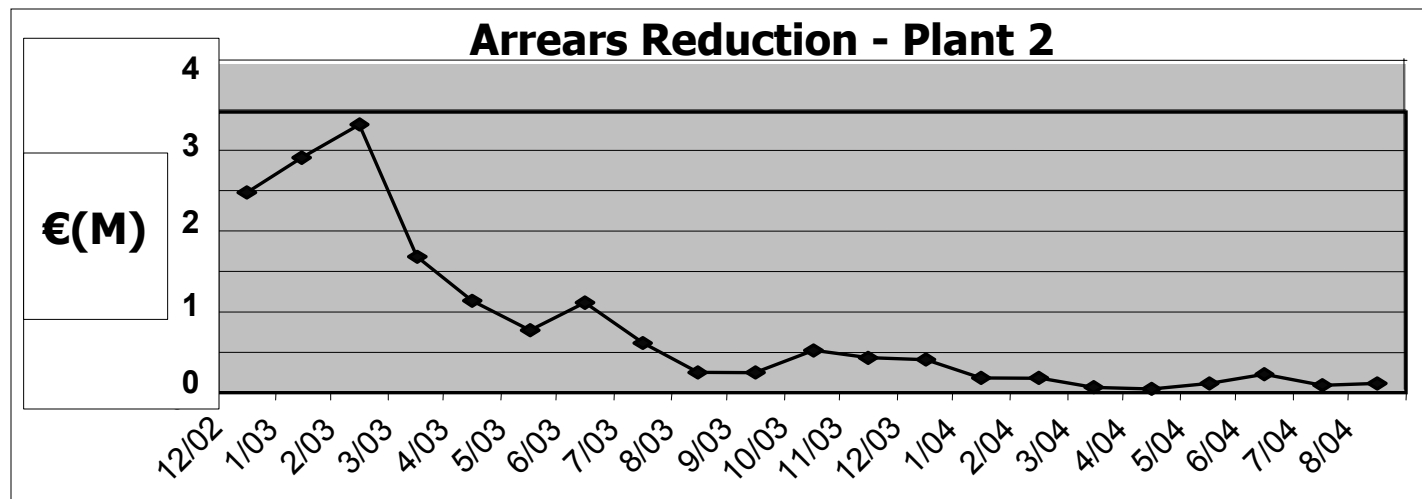
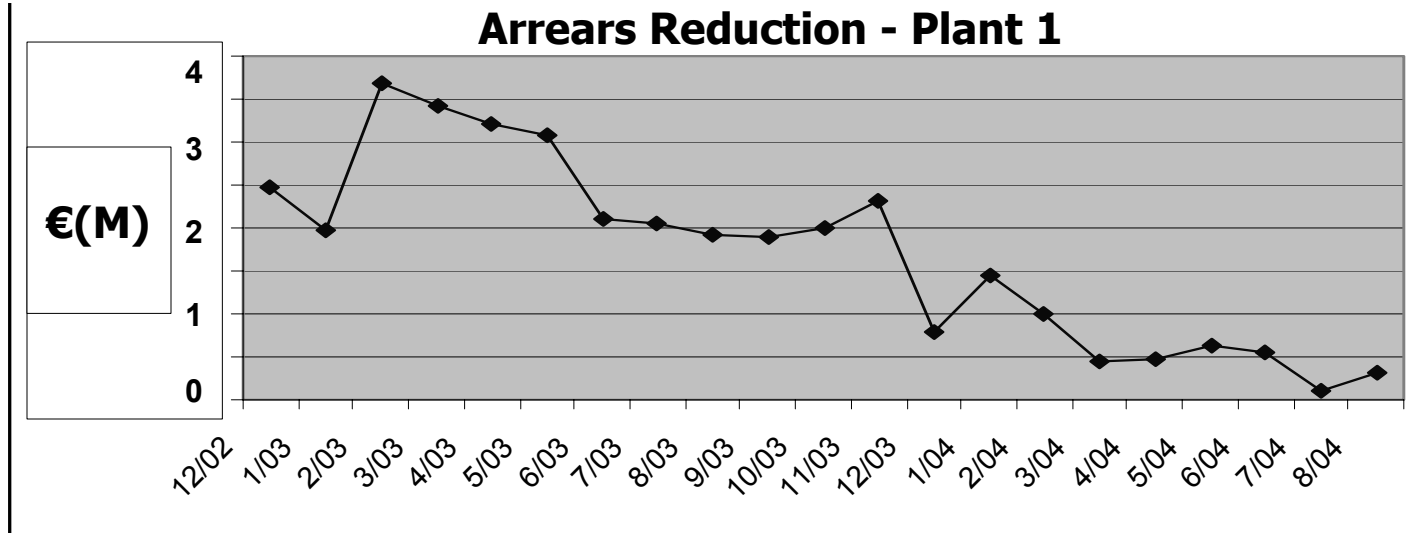


**Pre-Event – Monday Morning**

**Post Event – Friday Morning**

- Part travel reduced by 78% from 1,677m to 372m
- Operator travel reduced by 85% from 2,442m to 372m
- Lead time for Titanium Valve Block reduced by 86% from 72 days to 10 days
- Work in progress reduced by 64% from 39 blocks to 14 blocks

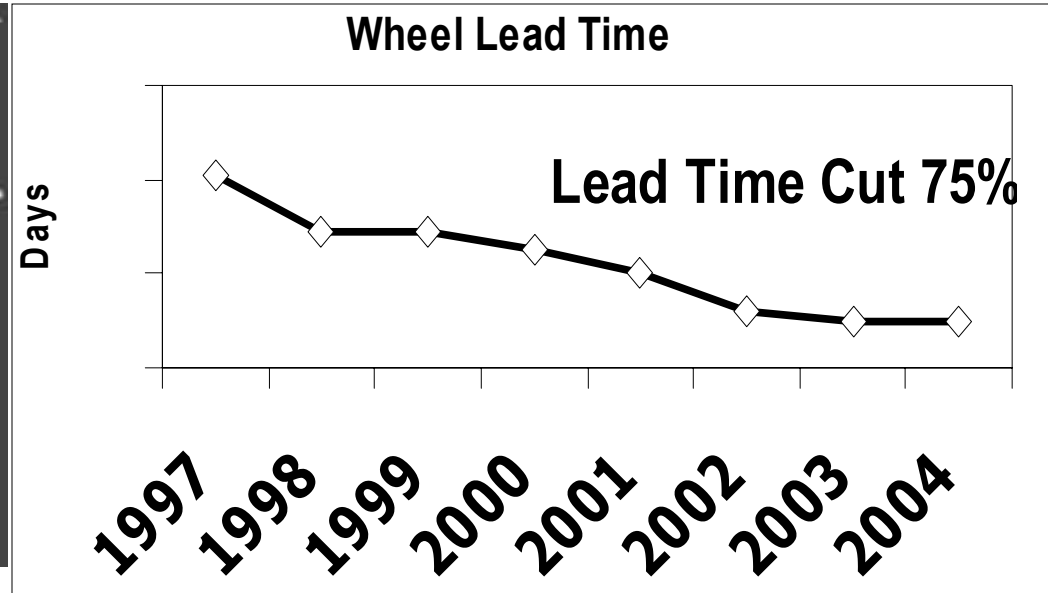
**3 Months Action in 1 Week**





## Lean Flow and Linkage

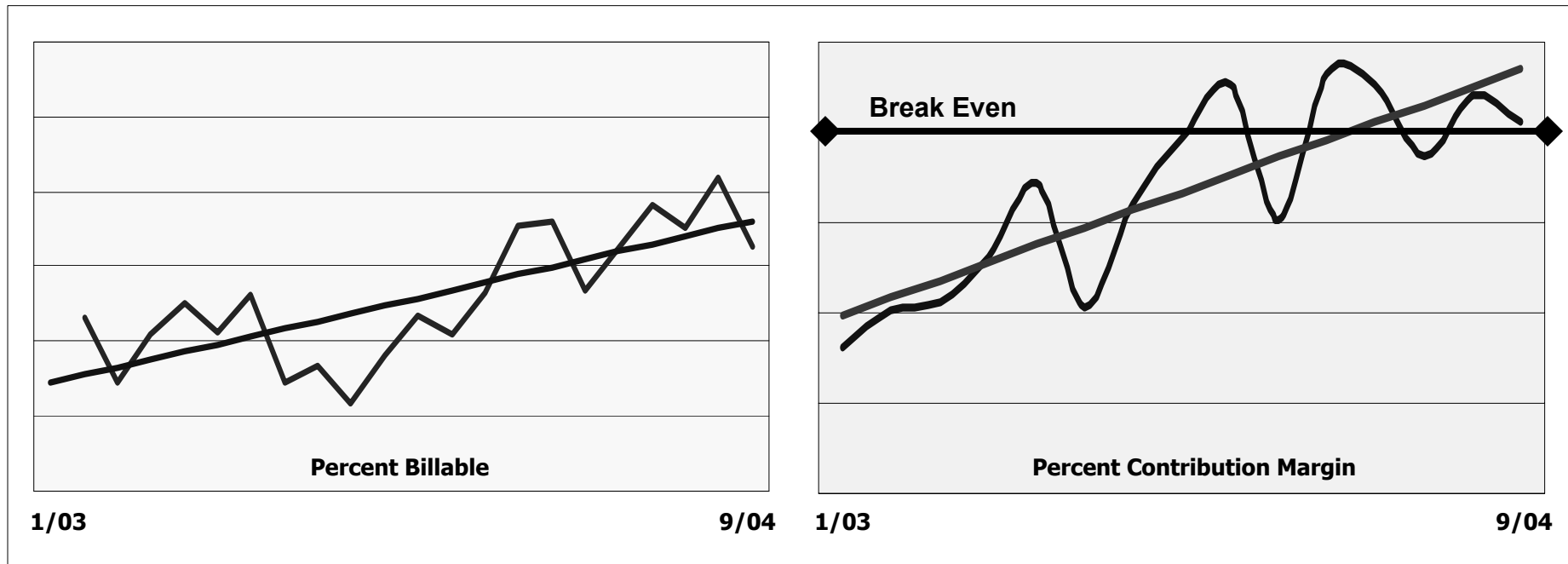
- Right-sized work area
- U-shaped sub-cell linked by conveyors
- Point-of-Use Fixtures
- One Piece Flow
- Total Preventive Maintenance



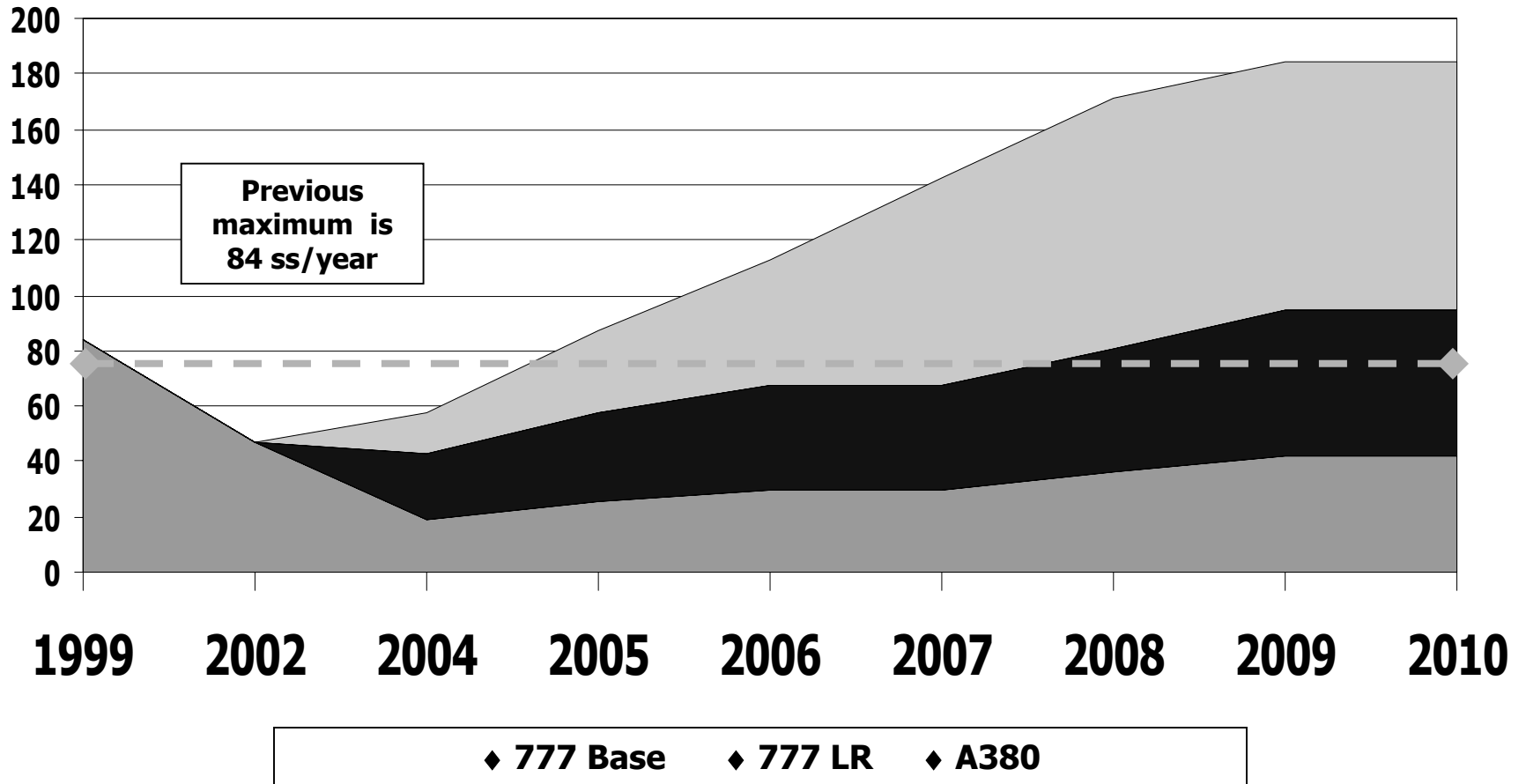
## Additional Achievements

- Reduced work in process by 42%
- Improved Direct Labor Efficiency by 12%
- Reduced cycle times by 37%
- Reduced set-up hours by 60%

- **Percent Billable Hours Drive Profitability**
- **Captures Efficiency and Productivity**



**Continuous Improvement Over the Last 18 Months  
Drives Increased Profitability**



**Large Gear Demand Triples from Current Volume**

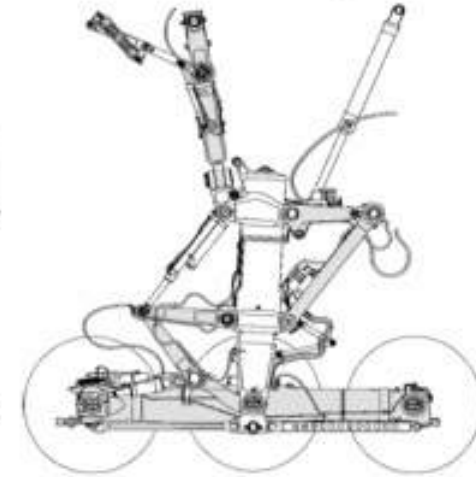
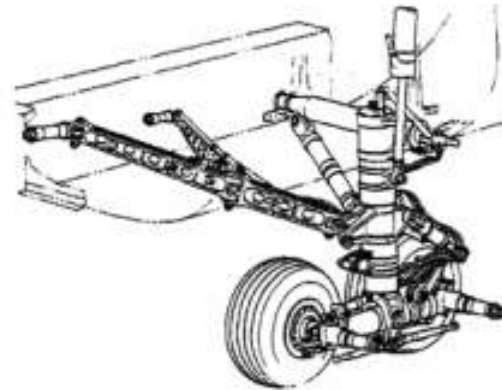
# Operational Excellence Landing Gear Recapitalization

767 Main Gear

777 ER/LR Main Gear

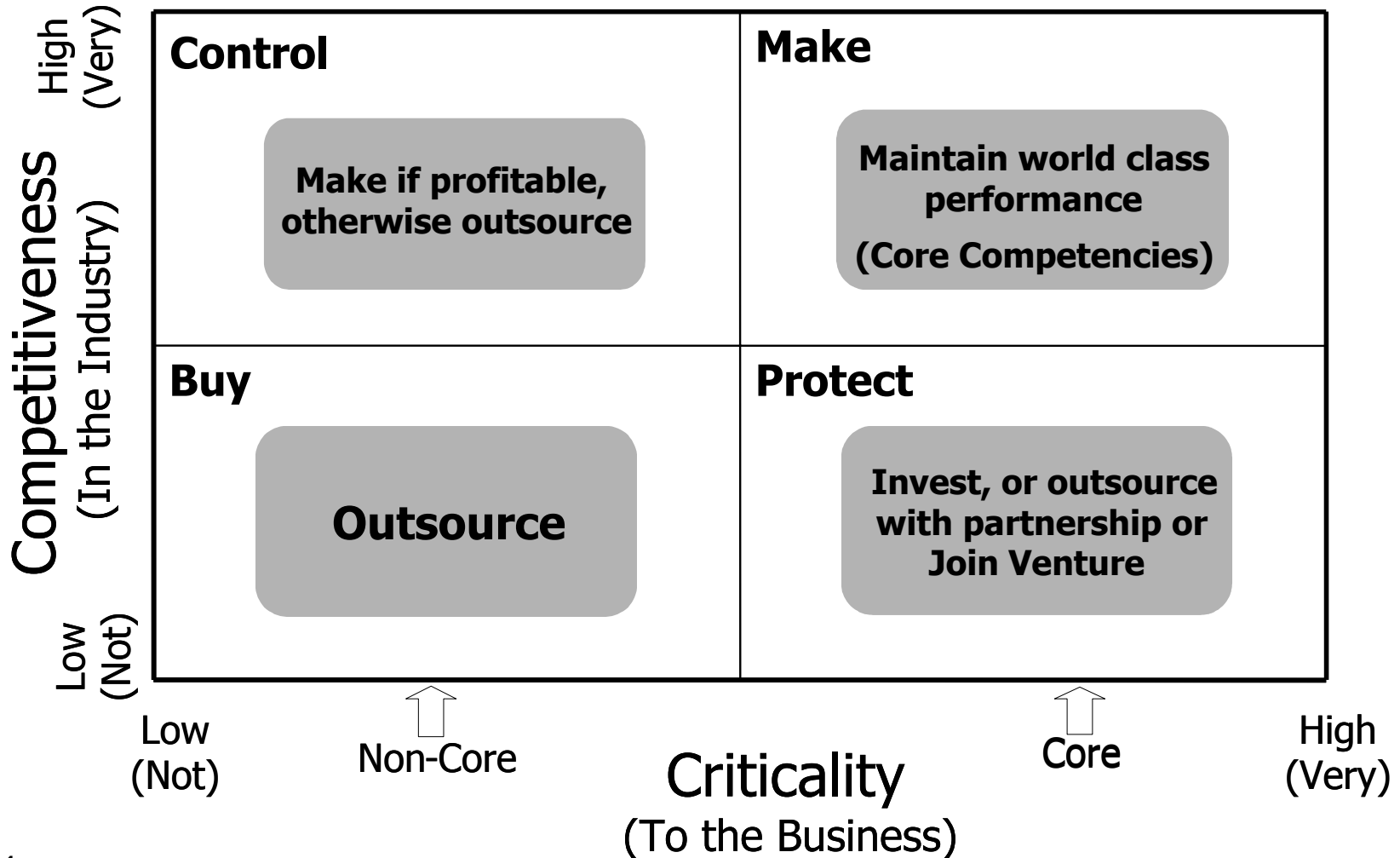
747 Main Body Gear

A-380 Main Body Gear



767 Main Gear	777 ER/LR Main Gear	Model	747 Main Body Gear	A-380 Main Body Gear
		Parameter		
131	165	Trunnion-to-Axle (Extended, Inches)	86	178
56	115	Truck Length (Fwd-to-Aft Axle, Inches)	58	134

**Larger Gear Requires New Capital**





- **Goodrich - leading supplier of very large Landing Gear**
- **Component size and projected volume requires capital infusion of >\$30M CAPEX in 2005 to meet demand**
- **Commercial backlog justifies planned capital expenditures over several years**
- **Aggressive Lean implementation and new equipment will result in lower cost and improved returns**
- **Addresses OEM and airline cost reduction pressures**

**Demonstrates Goodrich Commitment to Customer Needs**

- **Critical programs won**
- **Operational excellence and cost reduction are key to margin expansion**
- **Initiatives in place will start to yield results in 2005, biggest impact 2006 and beyond**
- **On-going investment in technology, programs, and re-structuring to improve financial returns**

**Significant Improvement in Segment Margins by 2006**

# **Engine Systems Segment**

**Jack Carmola**  
**President**

## Engine Controls



### 2003

Sales	\$1.7B
Operating Income *	\$97M
OI/Sales	5.7%
'03 Restr. Charges	\$111M

### 2004 (9 Mos.)

Sales	\$1.4B
Operating Income *	\$209M
OI/Sales	14.7%

\* after restructuring charges

## Aerostructures



## Turbo Machinery Products



## Turbine Fuel Technologies



## Cargo Systems



## Customer Services

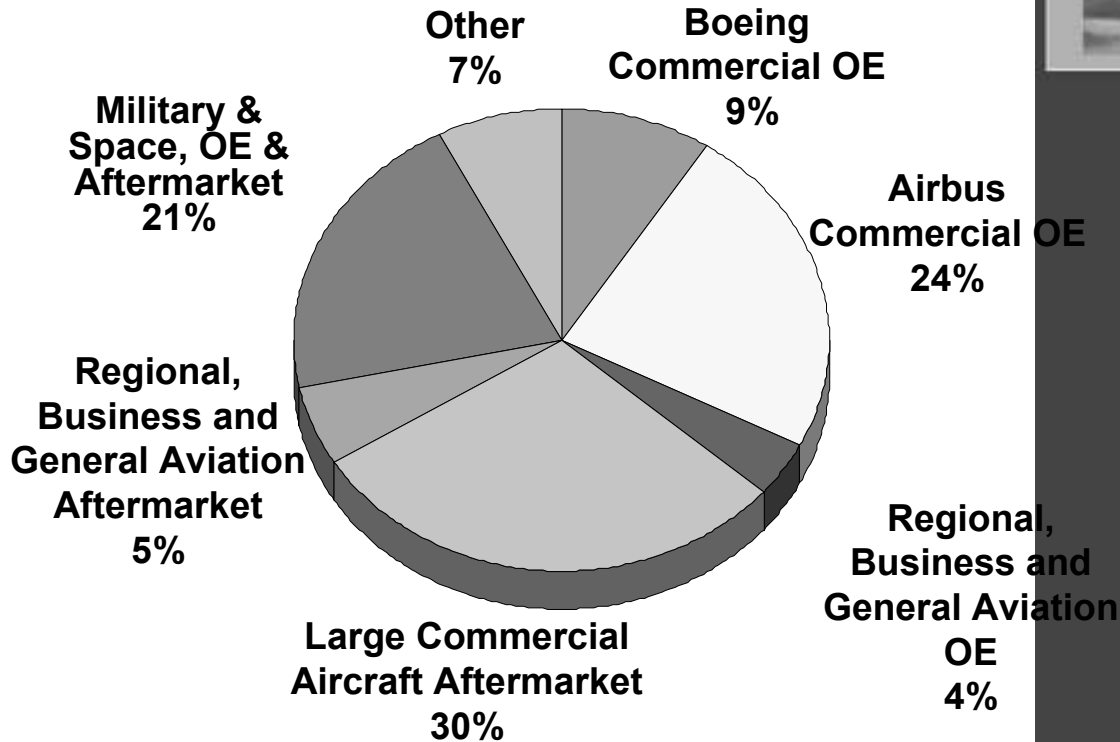


## Engine Systems Key Market Positions

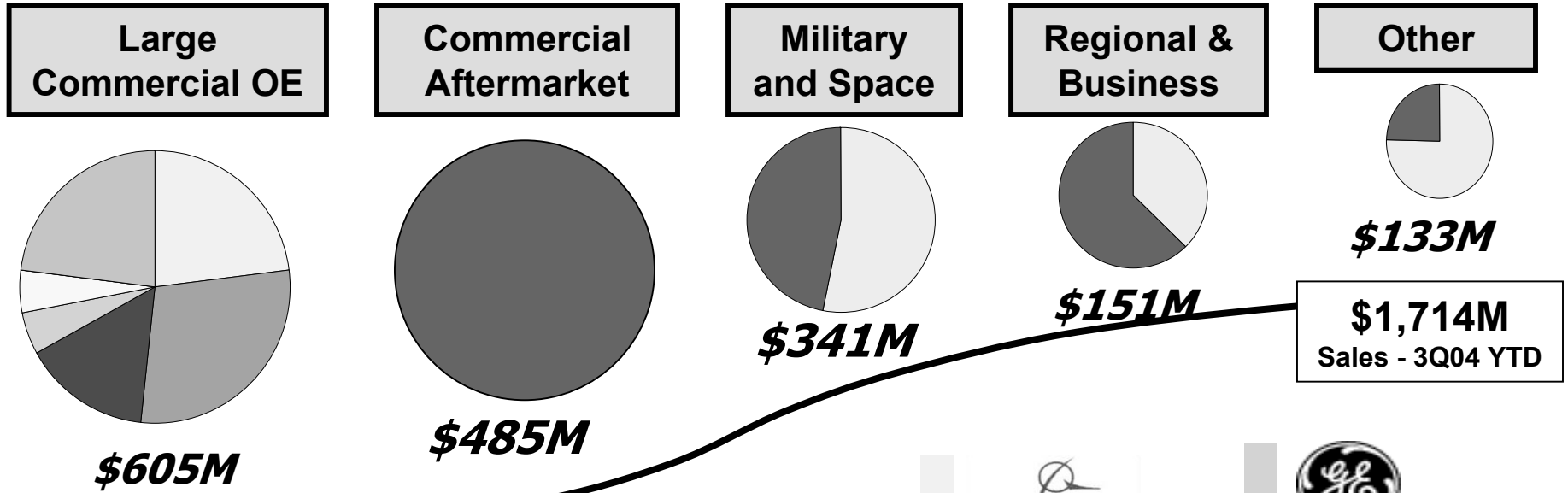
<b>Business</b>	<b>Key Products</b>	<b>Market Share Position</b>	<b>Key Customers</b>
Aerostructures	Nacelle System Structures	<b>#1</b>	Airbus, Boeing, Engine OEs, DOD, Airlines
Engine Controls	Engine Control Systems	<b>#1 - #2</b>	Rolls-Royce, MOD, Airlines
Turbine Fuel Technologies	Fuel Nozzles / Manifolds	<b>#1 - #2</b>	Rolls-Royce, Honeywell, DOD, GE
Cargo Systems	Mechanical, Electronic Cargo Systems	<b>#1</b>	Boeing, Airbus, Airlines

**High Percentage of Business #1, #2 in Market, Strong Customer Base**

## Sales by Market Channel (First nine months 2004)



# Engine Systems Segment Sales by Channel



## Key Drivers for Growth:

- Commercial OE
  - Boeing/Airbus OE build rates
- Commercial aftermarket
  - Airbus fleet growth/utilization
  - Rolls-Royce
- Regional and business fleet installed base



**Top Quartile  
Aerospace Returns**

**Balanced Growth**

- **Market Momentum**
- **Aftermarket/Services  
Protect and Grow**
- **New Programs**

**Leverage the  
Enterprise**

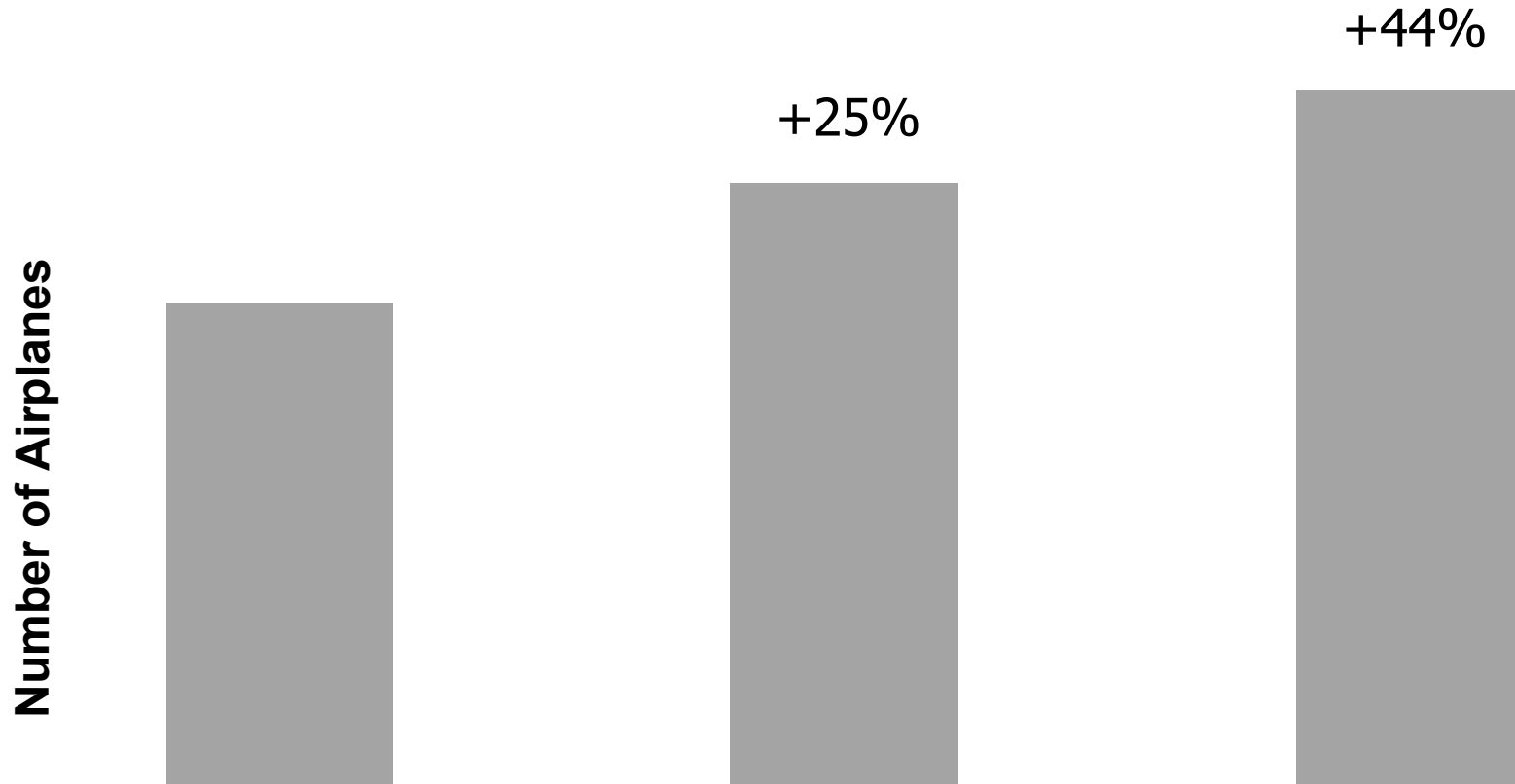
- **Innovation**
- **“One Face” to the  
Customer**
- **Strategic Sourcing**

**Operational  
Excellence**

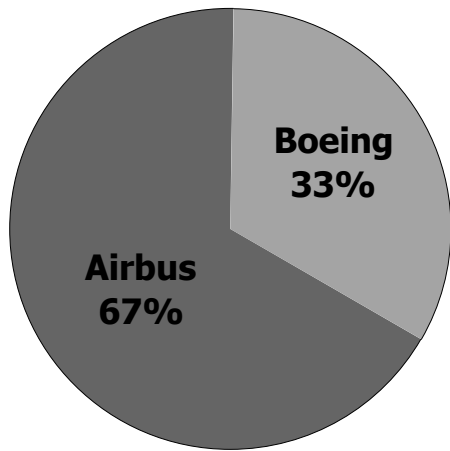
- **Significant Cost  
Reduction**
- **LEAN Journey**
- **Operational  
Excellence**



**Airbus Single Aisle Forecast**

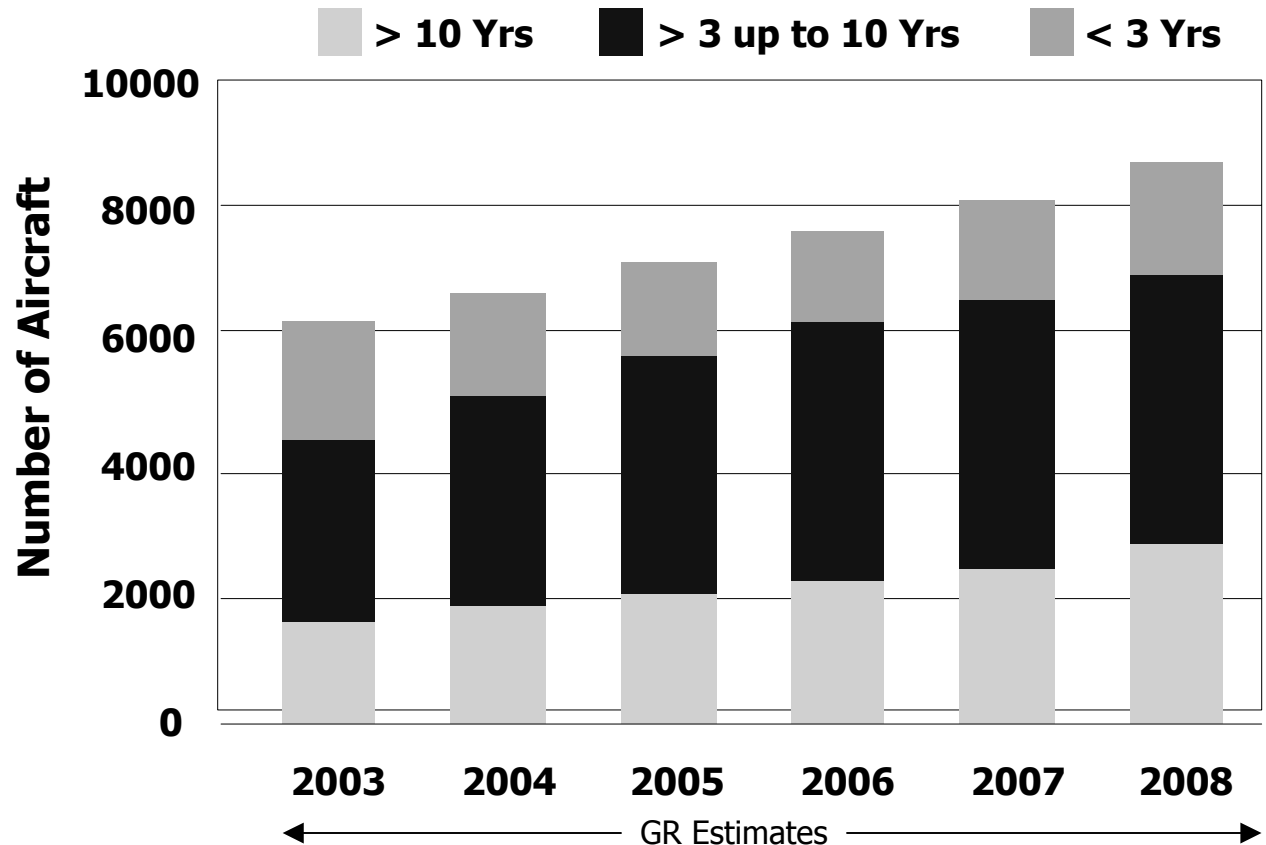


# Aftermarket presence on growing fleets

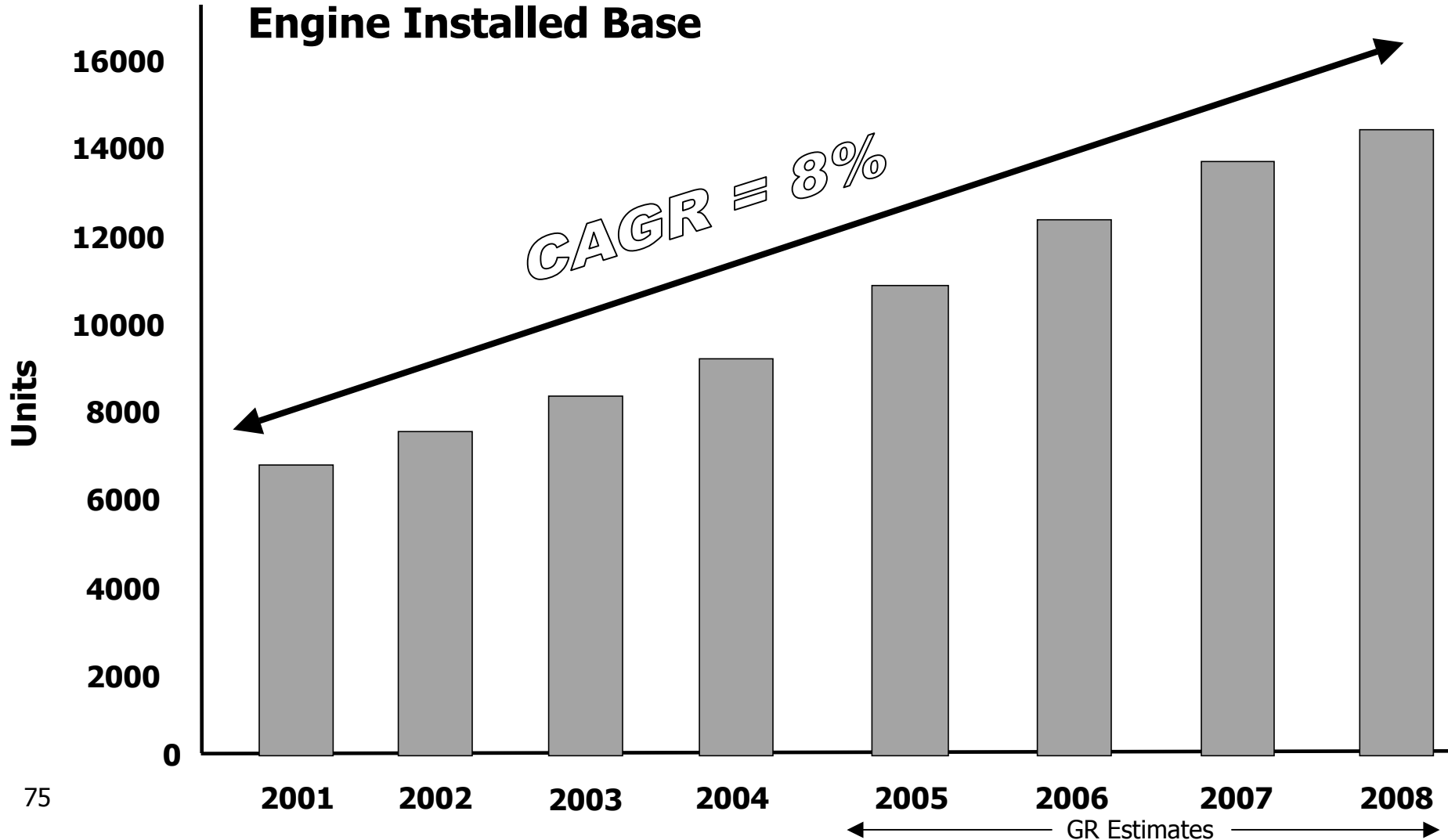


**Aftermarket Sales Mix**

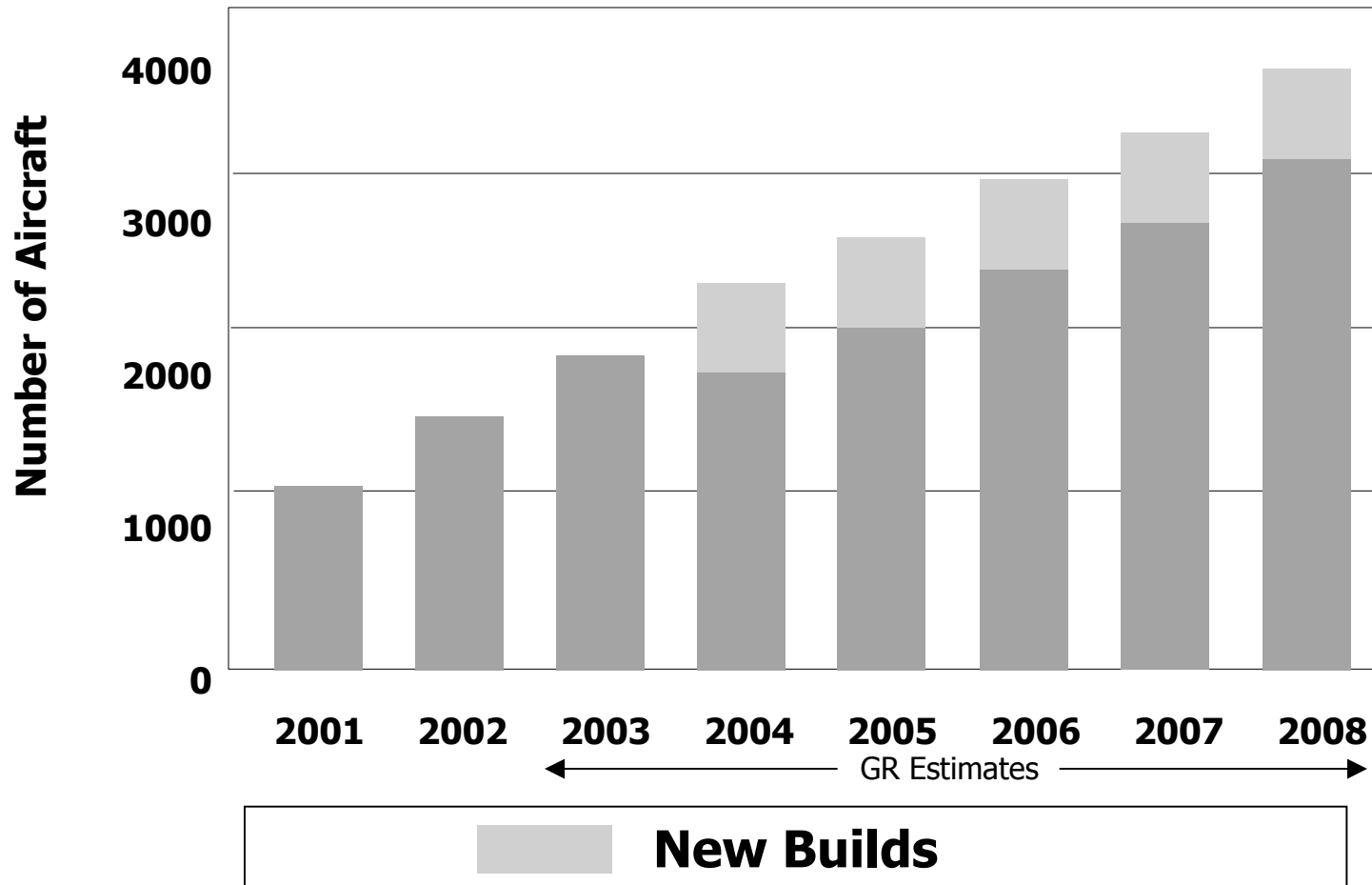
## Airbus Fleet Aging

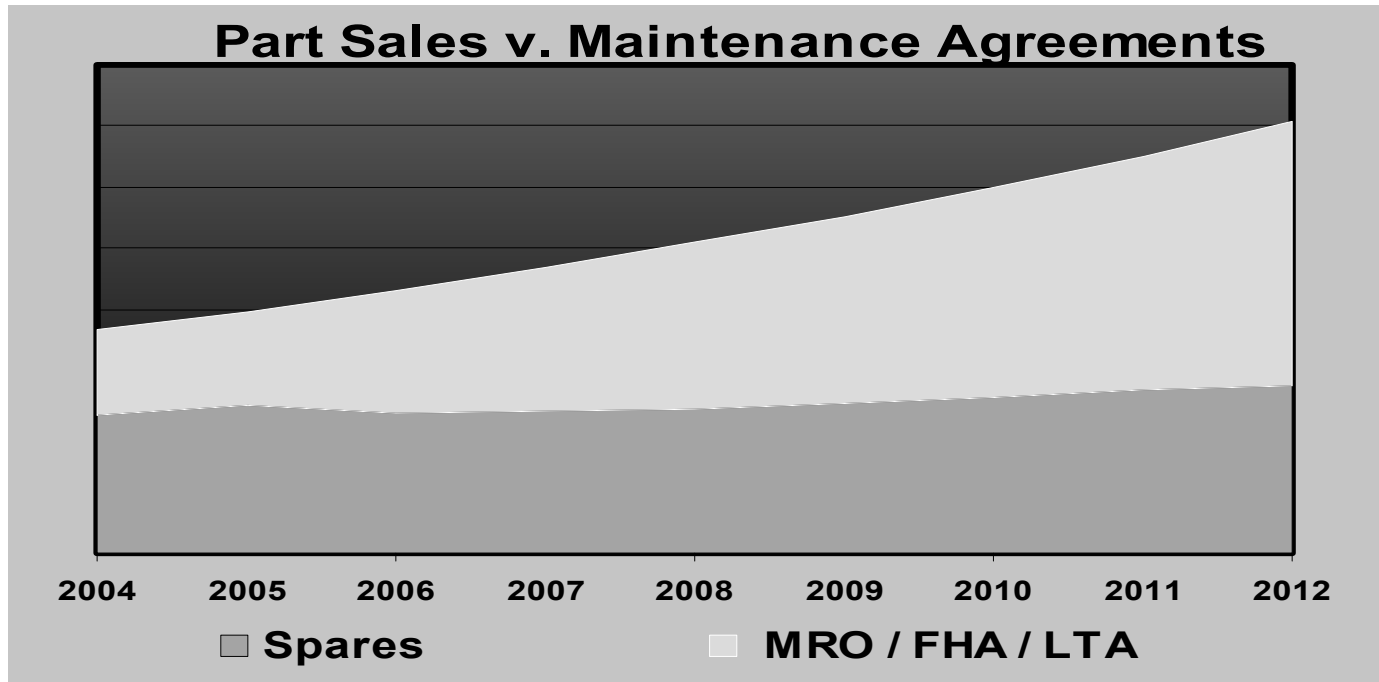


**Rolls-Royce  
Engine Installed Base**

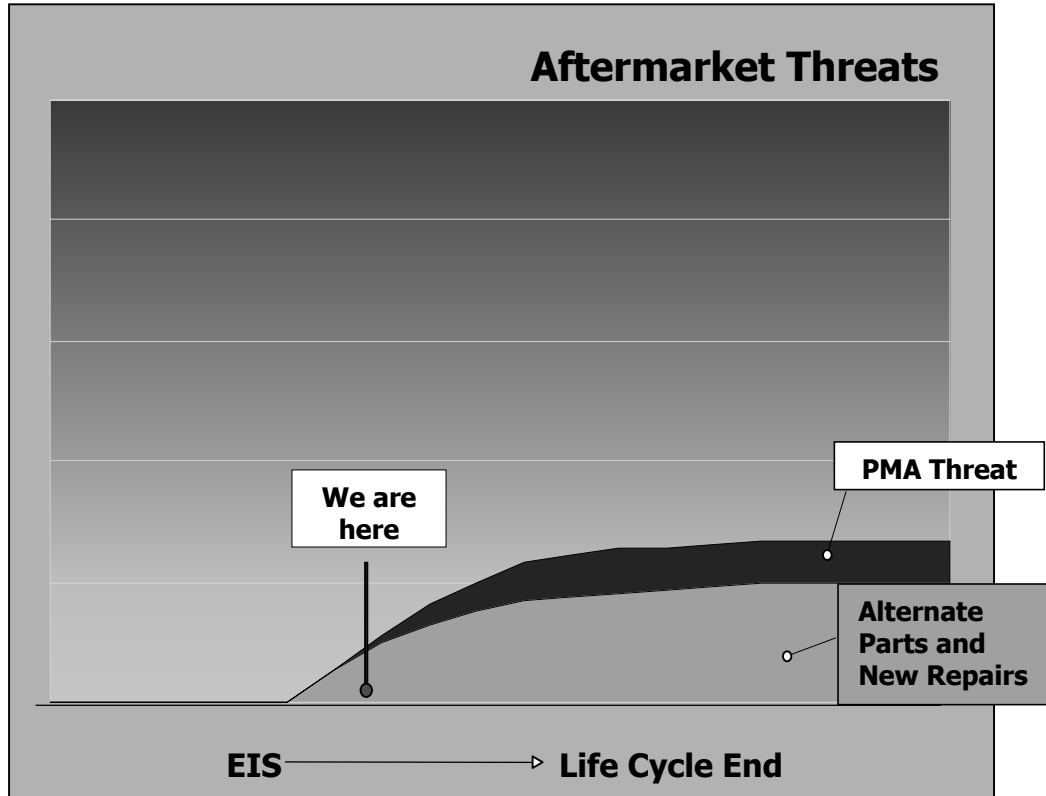


## Installed Regional Fleet Growth





- **Aggressive Sales Campaigns Beginning at New Fleet Purchase Announcement**
- **Long-Term Agreements (LTA)/MRO**
- **Linkage with Engine OEs and Airframers**
- **Cross-SBU Offerings**
- **Flight Hour Agreements (FHA)**
- **Team with Integrated Service Providers**



### Countermeasures:

- Focus on Delivery Performance
- Resolve Field Problems Quickly
- Emphasize Transactional Ease
- Protect Intellectual Property
- Aggressively Grow MRO Market Share
- Enterprise PMA Council
- Flight Hour Agreements (FHA)
- Team with Customers

**Actively Addressing Alternative Parts Threat**

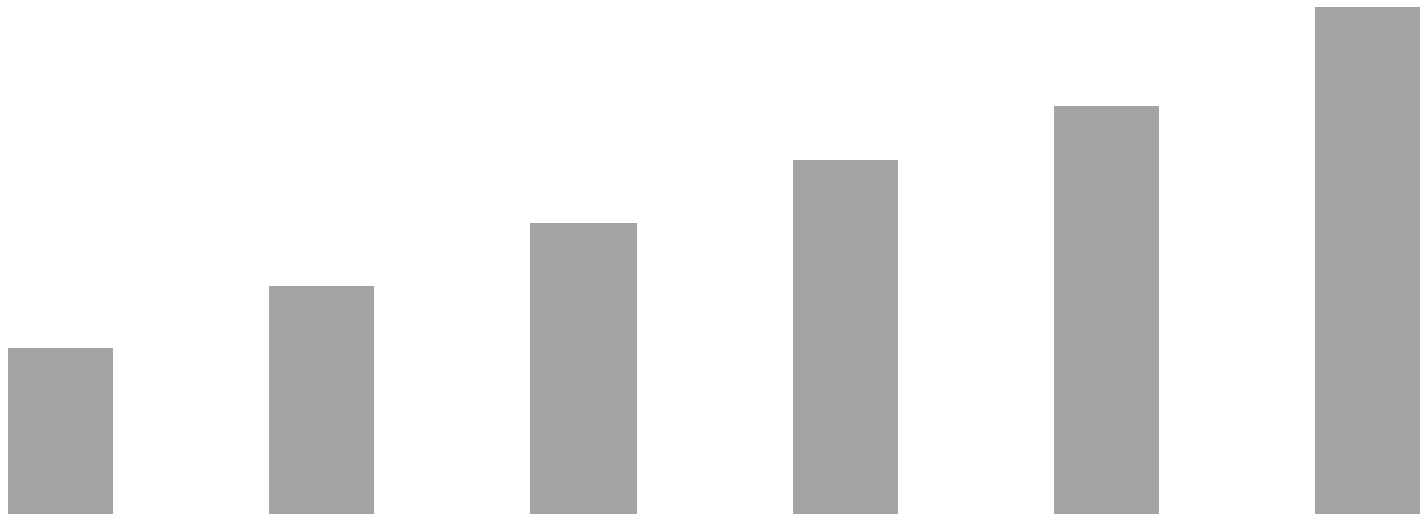
**New and Expected Programs****Recent Wins:****Expected Value (\$Bil)**

▪ <b>7E7 Nacelle System</b>	<b>\$4.0</b>
▪ <b>CF34-10 (Embraer)</b>	<b>\$1.4</b>
▪ <b>Gridlock Technology</b>	<b>\$0.8</b>
▪ <b>C-5 Re-engine</b>	<b>\$0.8</b>
▪ <b>A380/Trent 900</b>	<b>\$1.2</b>
▪ <b>Engine Control Systems – Trent 1000</b>	<b>\$1.0</b>
▪ <b>Small Engine Controls</b>	<b>\$1.1</b>
▪ <b>Miscellaneous programs</b>	<b><u>\$0.8</u></b>
<b>Total Recent Wins</b>	<b><u>\$11.1</u></b>

# Balanced Growth – Projected Sales from Recent Program Wins & Expected Wins

Sales (millions)

New and expected programs -  
expected sales = \$11.1B



**Grow Top Line with Program Wins**



**Top Quartile  
Aerospace Returns**

**Balanced Growth**

- **Market Momentum**
- **Aftermarket/Services  
Protect and Grow**
- **New Programs**

**Leverage the  
Enterprise**

- **Innovation**
- **“One Face” to the  
Customer**
- **Strategic Sourcing**

**Operational  
Excellence**

- **Significant Cost  
Reduction**
- **LEAN Journey**
- **Operational  
Excellence**



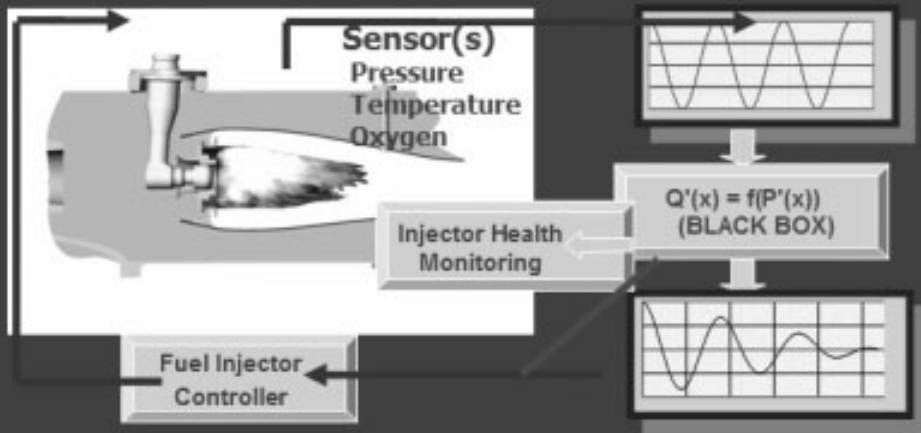
## Advanced Nacelles

- Acoustic Treatment
  - Quiet Technology
- Advanced Materials/Processes
  - Cost/Weight Savings



## Engine Control Systems

- Low Cost Electronics
- HUMS Technology



## Active Combustion Control

- Lowered emissions
- Longer engine component life
- Lower acoustic signature

## Current Position

- **SBU optimization**
- **Multiple Goodrich MRO facilities in same locations**
- **Multiple Goodrich faces to customer**
- **Inconsistent cross-SBU collaboration**



**Balanced Growth  
Leverage the Enterprise  
Operational Excellence**

## 2006

- **Goodrich representative at top 25 customers**
- **Provide seamless, simplified customer interfaces**
- **Utilize cross-company business processes**

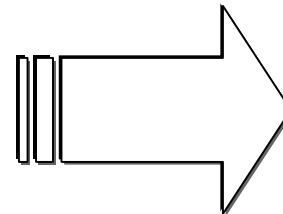
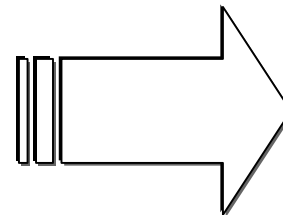
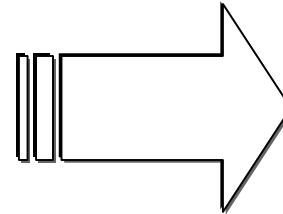
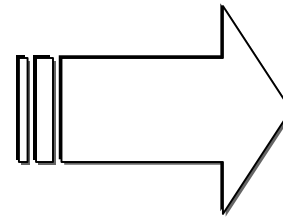
**Transition Well Under Way**

**Strategic Sourcing**  
Maximize Goodrich's Marketplace  
Effectiveness

**"One Company"**  
Aftermarket Initiatives  
Improve Goodrich's Customer Satisfaction

**Cross SBU Innovation**  
Achieve Technological Breakthroughs

**Other Enterprise Initiatives**  
Achieve Value through  
Consolidation and Standardization



**Goodrich**  
**"One Company"**

**Top Quartile  
Aerospace Returns**

**Balanced Growth**

- **Market Momentum**
- **Aftermarket/Services  
Protect and Grow**
- **New Programs**

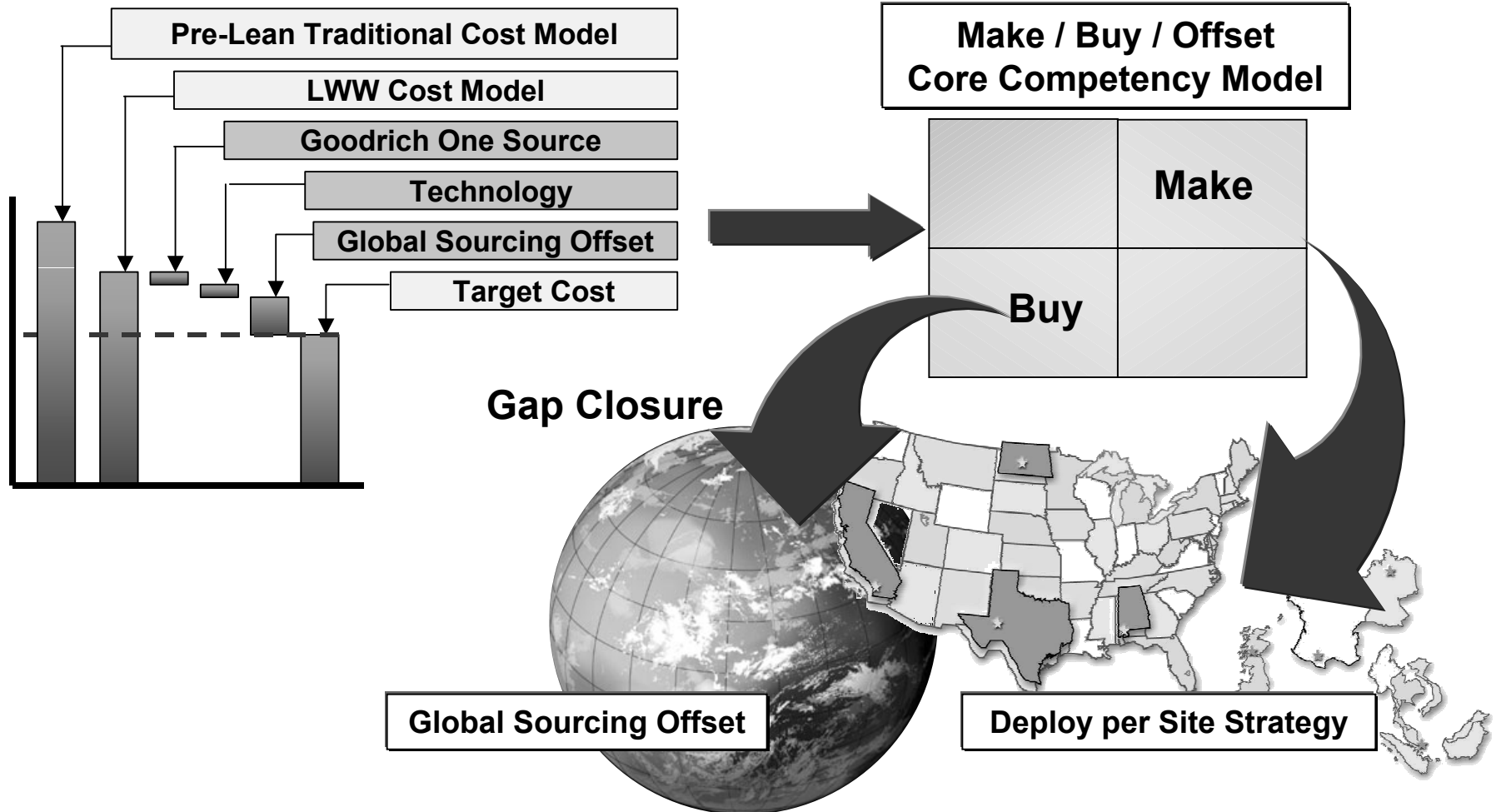
**Leverage the  
Enterprise**

- **Innovation**
- **“One Face” to the  
Customer**
- **Strategic Sourcing**

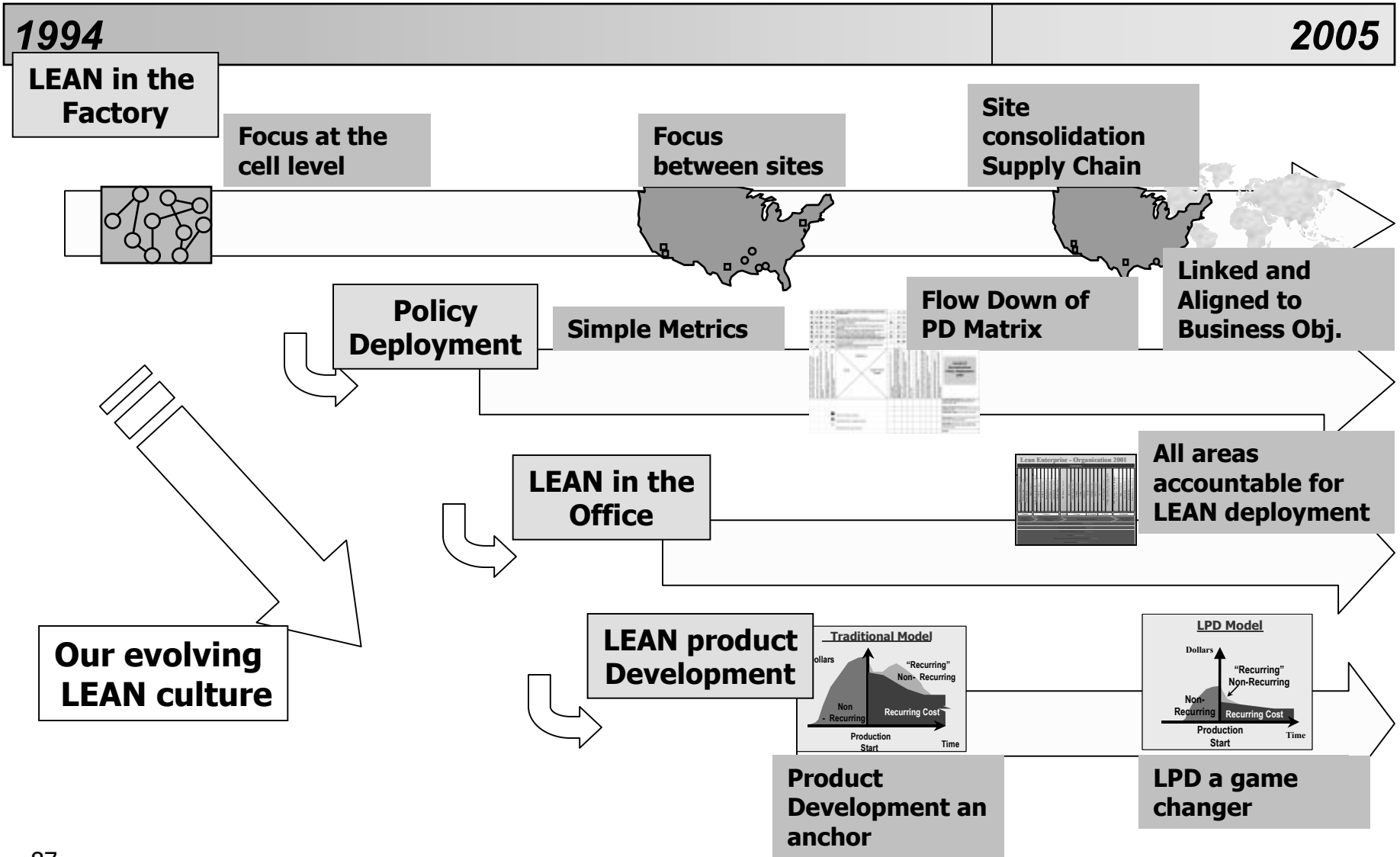
**Operational  
Excellence**

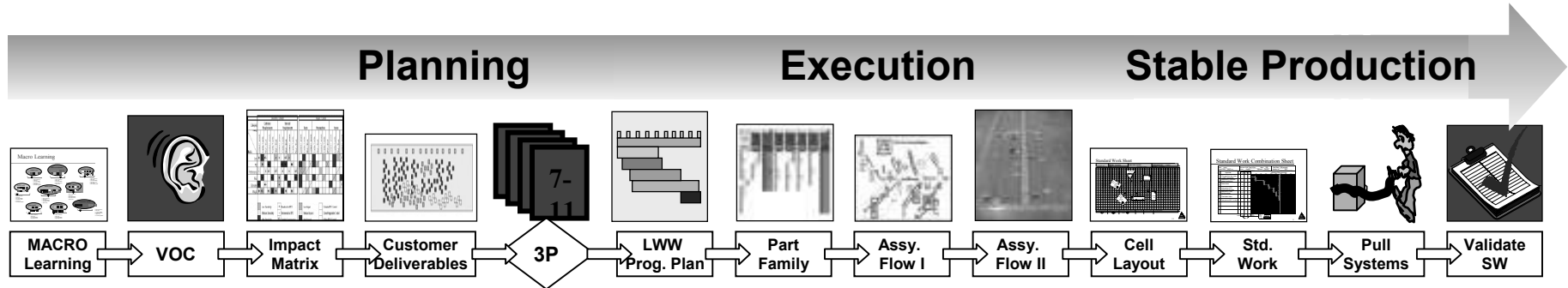
- **Significant Cost  
Reduction**
- **LEAN Journey**
- **Operational  
Excellence**

## The Challenge: Significant Cost Reduction



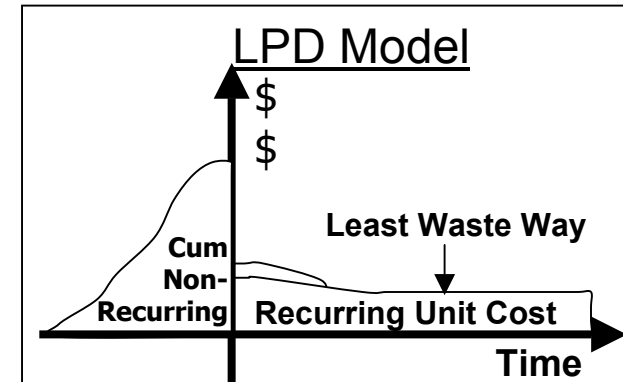
# Operational Excellence LEAN Journey (Aerostructures)





## New Program Execution – Lean Product Development:

- Continue to Evolve
- 7E7 Nacelle Program Execution
  - Newest Training Ground for Lean PD
  - Raises Performance Bar for Lean PD
- Rigorous and Relentless Application of Lean PD on
  - All New Business Acquisition Projects
  - All New Product Development Programs



**Implement... Improve... Standardize**



- **OE growth driven by market upturn, new program wins**
- **Aftermarket, services expansion through platform positions and aggressive grow and protect strategies**
- **Alignment initiatives streamlining business interfaces, driving innovation, and reducing costs**
- **Focused on operational excellence**

# **Electronic Systems Segment**

**Cindy Egnotovich**  
**President**

## Optical & Space Systems



## Sensors



## Interior Products



## Fuel & Utility Systems



	<u>2003</u>	<u>3Q YTD 2004</u>
<b>Sales</b>	<b>\$1,104M</b>	<b>\$ 835M</b>
<b>OI</b>	<b>\$ 140M</b>	<b>\$ 93M</b>
<b>% OI/Sales</b>	<b>12.7%</b>	<b>11.1%</b>

## Power Systems



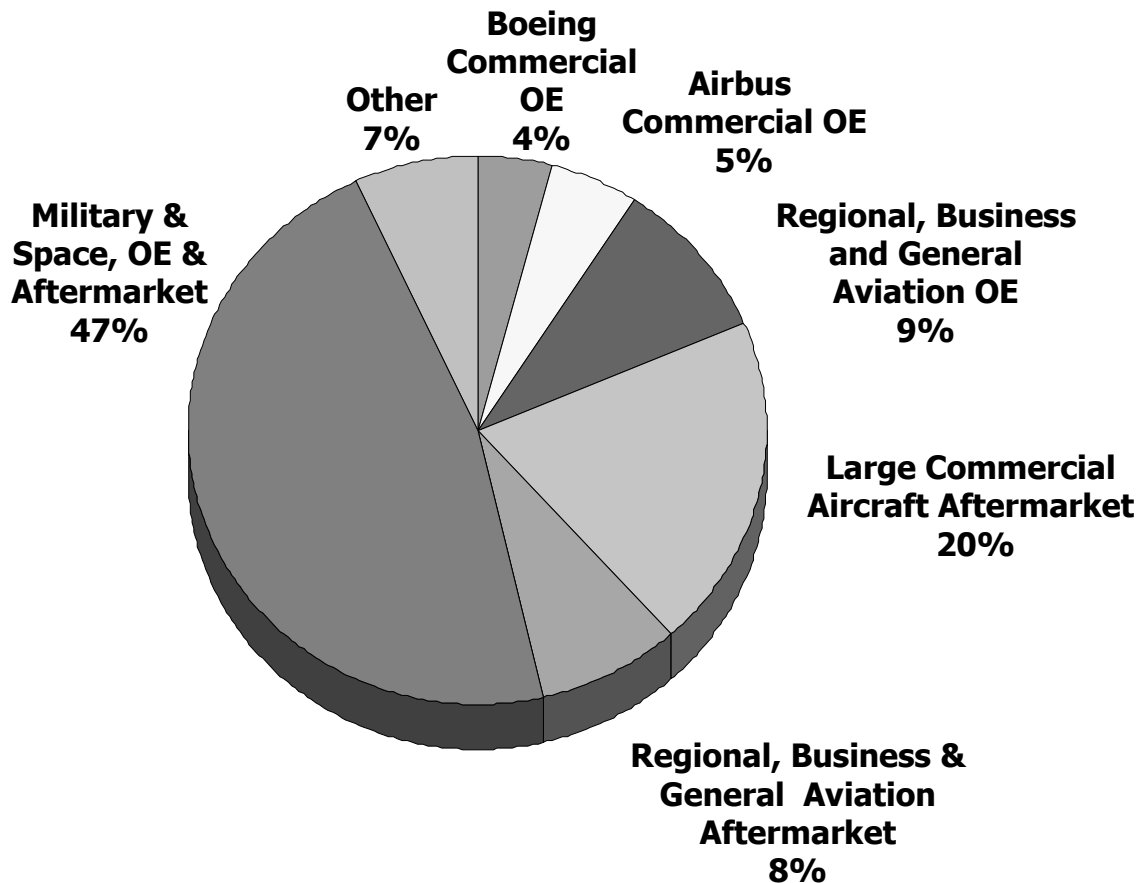
## De-Icing & Specialty



## Lighting

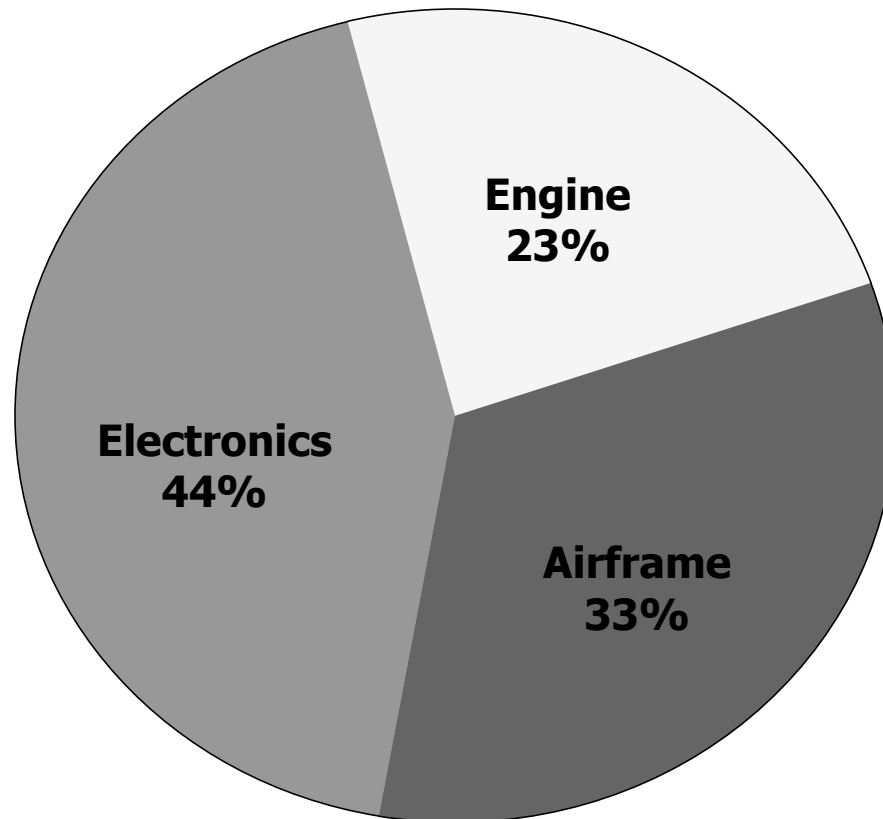


**Sales by Market Channel  
(3Q 2004 year-to-date)**



- **Largest Military and Space Concentration**
- **Growth Opportunities in RB&GA**

**Sales by Segment**  
(3Q 2004 year-to-date)





```
graph BT; A[Top Quartile Aerospace Returns] <--> B[Balanced Growth]; A <--> C[Leverage the Enterprise]; A <--> D[Operational Excellence];
```

**Top Quartile  
Aerospace Returns**

**Balanced Growth**

- Use portfolio mass and breadth to capture market share
- Win new program positions
- Pursue Military Markets and Government funding opportunities
- Aftermarket products and services expansion

**Leverage the  
Enterprise**

- Manage investments at the portfolio level
- Provide Enterprise Shared Services
- Leverage SBU capabilities into integrated, higher level systems
- Simplify customer interfaces – act as “One Company”

**Operational  
Excellence**

- Push aggressive Supply Chain Management and Continuous Improvement
- Drive breakthrough change in product and development costs using LPD and DFSS
- Improve Enterprise manufacturing and engineering efficiencies

- **Leverage product offerings into higher value systems**
  - **Sensors: SmartProbe™ Systems**
  - **Discrete Lights: “Tip-to-Tail” High Technology Systems**
  
- **Capitalize on product technologies that cross SBU’s (i.e. Fire Detection and Wireless Technologies)**
  
- **Increase Goodrich content in emerging government programs**
  - **Airborne Reconnaissance Programs**
  - **Homeland Security Opportunities (i.e. Chemical/Biological Agent Detection, Perimeter Security Systems)**
  
- **Deliver growth from innovative products**
  - **Video Security Systems**
  
- **Win strategic 7E7 opportunities**

- **“Turnkey” reconnaissance system for border patrol and homeland security**
  
- **Goodrich provides:**
  - **Airborne pods**
    - **DB-110 EO/IR camera**
    - **Data Link**
    - **Recorder**
  - **Ground stations**
  - **Training**
  - **Integrated logistics support**





UK Raptor



Tornado

Saudi Arabia  
Italy  
Germany



Gripen JAS 39

Sweden  
Gripen Export  
South Africa

Taiwan  
Turkey  
Greece  
Norway  
Japan  
Thailand  
Bahrain  
Jordan

Poland



F-16

Poland  
Egypt  
Israel  
Denmark  
Netherlands  
Belgium  
Singapore



F-15

Saudi  
Korea  
Japan AF  
USAF



- **Proven capability in a high risk environment**
  - **DB-110 used extensively in Operation Iraqi Freedom**
- **Continuing efforts underway to reduce product cost**
- **The approval process and delays in funding are issues**

## Market Needs:

- Develop a robust chemical and biological detection system for Defense and Homeland Security applications.

## Approach:

- Apply Goodrich’s Millimeter Wave technology to address detection of chemical and biological agents.
- Utilize expertise in the areas of threat warning, signal extraction, and systems design to solve difficult problems.
- Secure Funding for development and production from government agencies

***Revenue Potential: \$29M***

<b>Agency and Program</b>	<b>Contract Value</b>
<b>HSARPA:</b>	
<b>Auto Rapid Facility Chemical Agent Monitor (ARFCAM)</b>	<b>\$8M awarded</b>
<b>Rapid Automated Biological Identification System (RABIS)</b>	<b>\$3M awarded</b>
<b>ARO (Army Research Organization)</b>	<b>\$3M appropriated</b>
<b>DTRA (Defense Threat Reduction Agency)</b>	<b>\$4M pending</b>



**Perimeter Security  
Explosive Detection  
Container Sensing  
Market \$1.5B**

**5 Year  
LPAS Revenue  
Potential  
>\$150M**

**What needs Protection:**

- Power Generation
- Military Bases
- Oil Refineries
- Dams
- Airports
- Gov't Offices
- Embassies
- Borders
- Ships / Ports



\*Morgan Keegan & Co.

- **LPAS fills market need for autonomous perimeter security**
- **Positioned to fill gap between guard/fence/camera solutions and more expensive radar/infra-red schemes**

**Global demand for LPAS**

**High Value Asset Facilities**

**Sensitive Military Installations**

**Maritime Forces**

**Perimeter Protection**

**Map View**

**Net-Centric Operation**

**Profile View**

**Color-Coded by Range**

GOODRICH	
Laser Perimeter Awareness System	
Time (s)	4954
Returns (%)	55.9
LRR (kHz)	40
Tilt (deg)	4
LOD (deg)	9
Swamp (deg)	30
Swampact	1.8
Horiz (m/px)	1.28
Vert (m/px)	0.50

**Raw Laser Radar Imagery**

GOODRICH	
Laser Perimeter Awareness System	
Time (s)	1557
Returns (%)	55.9
X min (m)	90
X max (m)	1000
Y min (m)	-500
Y max (m)	500
Z min (m)	1
Z max (m)	38

**Real-time Intrusion (Movement) Detection and Targeting**

GOODRICH	
Laser Perimeter Awareness System	
Time (s)	4220
Returns (%)	54.3
X min (m)	18
X max (m)	1060
Y min (m)	-560
Y max (m)	560
Z min (m)	8

**Systems Integration**

**Automated Surveillance and Tracking**

**LPAS**

**Patented Software that can detect and identify subtle, abnormal vibrations in rotating machinery**



- “Listens” for Subtle, Abnormal “Sounds” (Vibrations)
- Early Detection of “Unhealthy” Conditions
- Directs Maintenance in Plain, Simple Language
  - No “Experts” Required
- Saves – TIME, Saves – MONEY, Saves – LIVES
- Safer Aircraft, Less Maintenance Time

↓ 2004 ↓ 2005 ↓ 2006 ↓ 2007 ↓ 2008 ↓ 2009 ↓

Army	UH-60L Demo		Retrofit Opportunities				500
	Integration Positioning		UH-60M				1200
Navy	SH-60B COSSI		Retrofit Opportunities				80
	MH-60 R/S						540
	CH-53 OSSI	Retrofit Opportunities					60
USMC	Integration Electronics		CH-53X		LRIP		130
	AH-1Z/UH-1Y COSSI						280
	S-92/VH-92						120

**Revenue Potential > \$300M**

Development
Production

**Pursue Civil Fleet and Military Upgrades**

### Top Quartile Aerospace Returns

#### Balanced Growth

- Use portfolio mass and breadth to capture market share
- Win new program positions
- Pursue Military Markets and Government funding opportunities
- Aftermarket products and services expansion

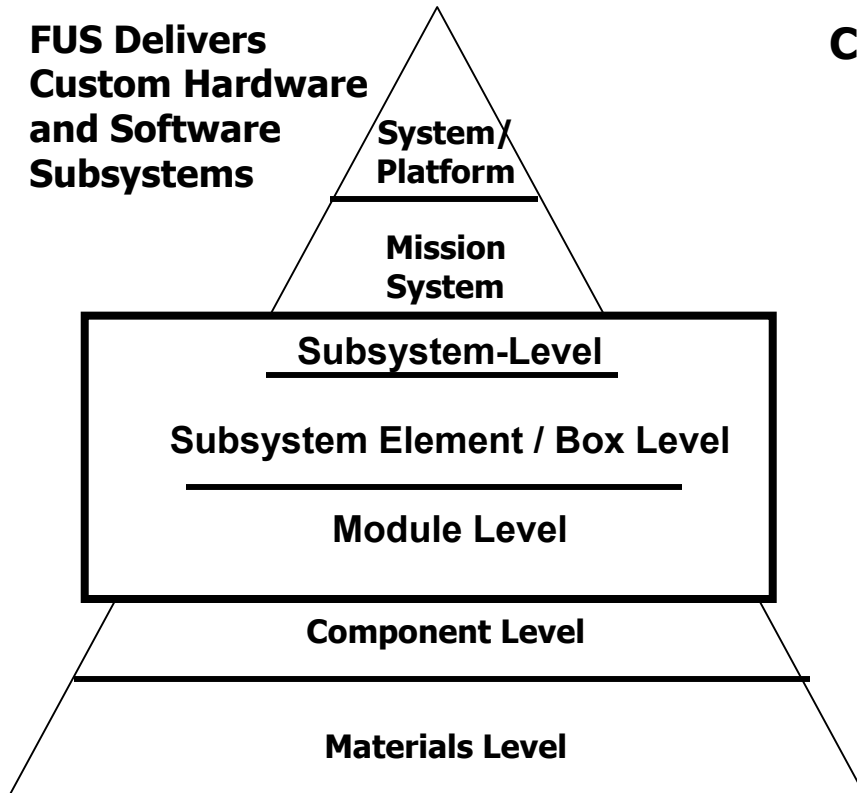
#### Leverage the Enterprise

- Manage investments at the portfolio level
- Provide Enterprise Shared Services
- Leverage SBU capabilities into integrated, higher level systems
- Simplify customer interfaces – act as “One Company”

#### Operational Excellence

- Push aggressive Supply Chain Management and Continuous Improvement
- Drive breakthrough change in product and development costs using LPD and DFSS
- Improve Enterprise manufacturing and engineering efficiencies

**FUS Delivers  
Custom Hardware  
and Software  
Subsystems**



## Critical Competencies

### System Design

- ✓ Requirements allocation
- ✓ Architecture

### System Intelligence

- ✓ Algorithms
- ✓ Specialty hardware

### System Performance

- ✓ Safety analysis
- ✓ Certification

### System Implementation

- ✓ On time delivery
- ✓ Quality products
- ✓ Robust processes

## Current Activity

- ✓ JSF Weapons Bay Door Proximity
- ✓ Cessna Mustang Brake Control
- ✓ Russian Regional Jet Brake Control
- ✓ Global Hawk Brake Control
- ✓ Cargo Fire Vision System
- ✓ Wireless Systems

**System Competencies Have Broad Applications Across The Enterprise**



## Leverage the Enterprise Wireless Working Group

### Sensor and Material Technical Centers

Energy harvesting  
Smart materials



### Goodrich Sensor Systems

Wireless aircraft video



### Landing Systems

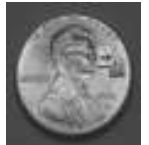
Wireless wheel speed and tire pressure  
Wireless proximity  
Wireless part tracking for maintenance



**Goodrich Discriminator:  
Intelligent Application  
Specific Architectures**

### Fuel and Utility Systems

Systems engineering  
Low power electronics  
Wireless HUMs  
Wireless proximity  
Wireless corrosion monitoring



### Engine Controls

Wireless engine monitoring

### Lighting Systems

Wireless lighting

### Wireless System Value

System configurability  
Ease of installation  
Ease of expansion/refresh  
Weight  
Reliability  
Redundancy  
Flexibility  
Robustness



```
graph BT; A[Top Quartile Aerospace Returns] <--> B[Balanced Growth]; A <--> C[Leverage the Enterprise]; A <--> D[Operational Excellence];
```

**Top Quartile  
Aerospace Returns**

**Balanced Growth**

- Use portfolio mass and breadth to capture market share
- Win new program positions
- Pursue Military Markets and Government funding opportunities
- Aftermarket products and services expansion

**Leverage the  
Enterprise**

- Manage investments at the portfolio level
- Provide Enterprise Shared Services
- Leverage SBU capabilities into integrated, higher level systems
- Simplify customer interfaces – act as “One Company”

**Operational  
Excellence**

- Push aggressive Supply Chain Management and Continuous Improvement
- Drive breakthrough change in product and development costs using LPD and DFSS
- Improve Enterprise manufacturing and engineering efficiencies

- **Complete business assessments to evaluate break-through cost reduction actions**
- **Achieve program targets on key by-product development programs**
- **Continue implementation of Lean Product Development and Design for Six Sigma across the Segment**
- **Establish globally competitive supply chain solutions**
- **Complete consolidation opportunities where appropriate**

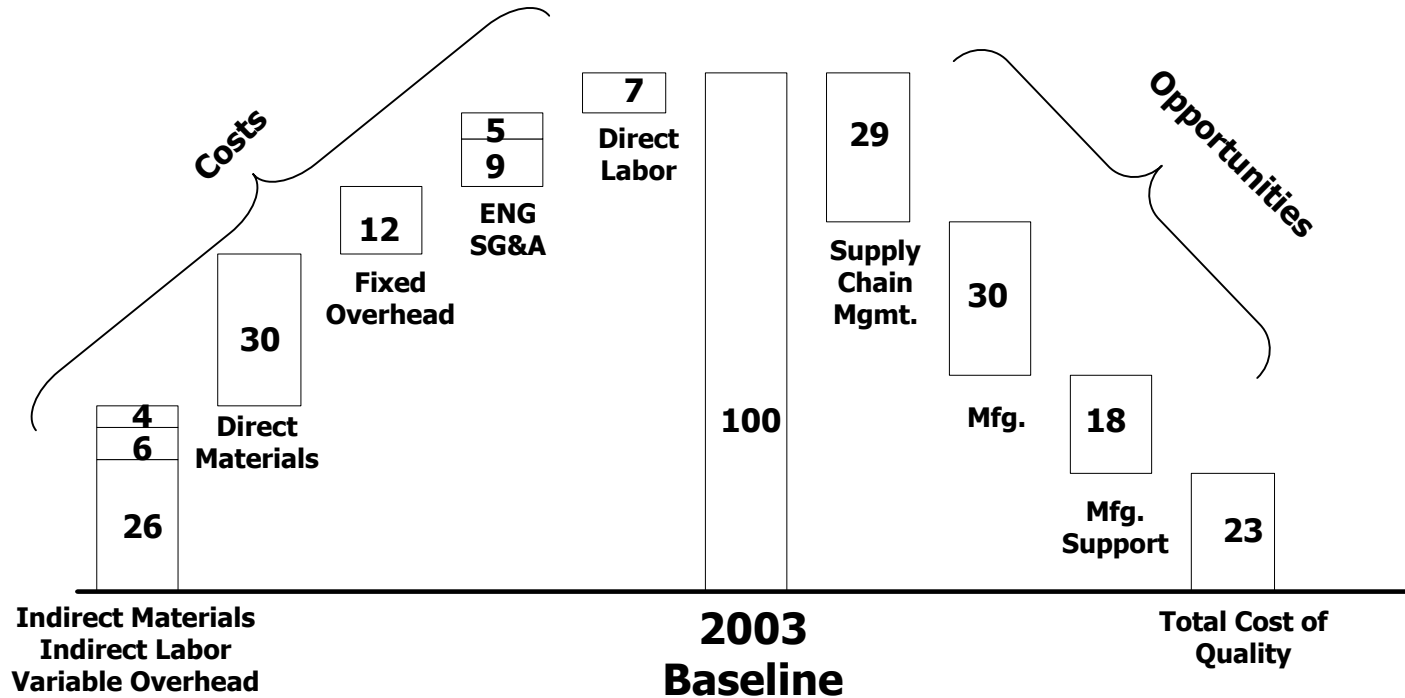
**Similar Objectives Across All SBUs**

<b>Division</b>	<b>Status</b>	<b>Date</b>
<b>Power Systems</b>	<b>Complete</b>	<b>June 25, 2004</b>
<b>Sensors Systems</b>	<b>Complete</b>	<b>July 16, 2004</b>
<b>OSSD</b>	<b>Complete</b>	<b>August 20, 2004</b>
<b>DSSD</b>	<b>In process</b>	<b>November</b>
<b>AIP</b>	<b>Complete</b>	<b>October 15, 2004</b>

- **Team of 8 cross-divisional, cross-functional personnel conduct on-site reviews**
- **Provide SBU and enterprise wide initiative priorities**

## **Cost Reduction Areas**

- 1. Supply Chain Management: The largest cost reduction area**
  - **Internal SBU SCM practices in conjunction with global sourcing**
- 2. Cost of Quality: Drive permanent improvement actions**
- 3. Aggressive Lean Deployment: Affects manufacturing and support**
- 4. Lean engineering: Design for Six Sigma**
- 5. Value Engineering: Affects current and new product cost**
- 6. Program Management: Affects DM, manufacturing, and engineering costs**
- 7. Facility Rationalization: Low cost country is best opportunity**



### Observations

- **Biggest opportunity exists in Variable Overhead and Fixed Overhead**
  - **Site/process rationalization**
  - **Low cost area utilization**
  - **Process standardization**

### Main Value Levers

- **Supply Chain Management**
- **Manufacturing**
- **Manufacturing Support**
- **Total Cost of Quality**

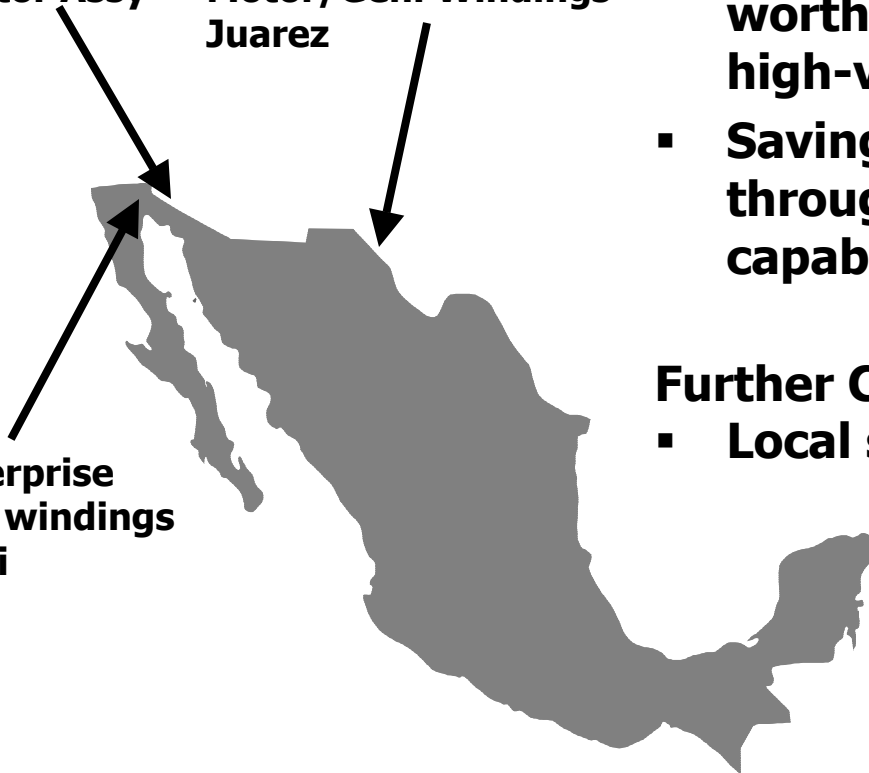
- 
- A dark gray silhouette of a world map is centered in the background of the slide, behind the text.
- **Cost savings opportunities through global sourcing are substantial on applicable commodities**
  - **Larger, more complex assemblies globally manufactured yields even greater results**
  - **China and India will have a domestic market for our products, so long-term growth in global sourcing and manufacturing will enhance our position in these markets**

**Global Footprint Enhances Competitive Position**

**Empresas  
Rotor/Stator Assy  
Calexico**

**Capsonic  
Motor/Gen. Windings  
Juarez**

**LM Enterprise  
Electric windings  
Mexicali**



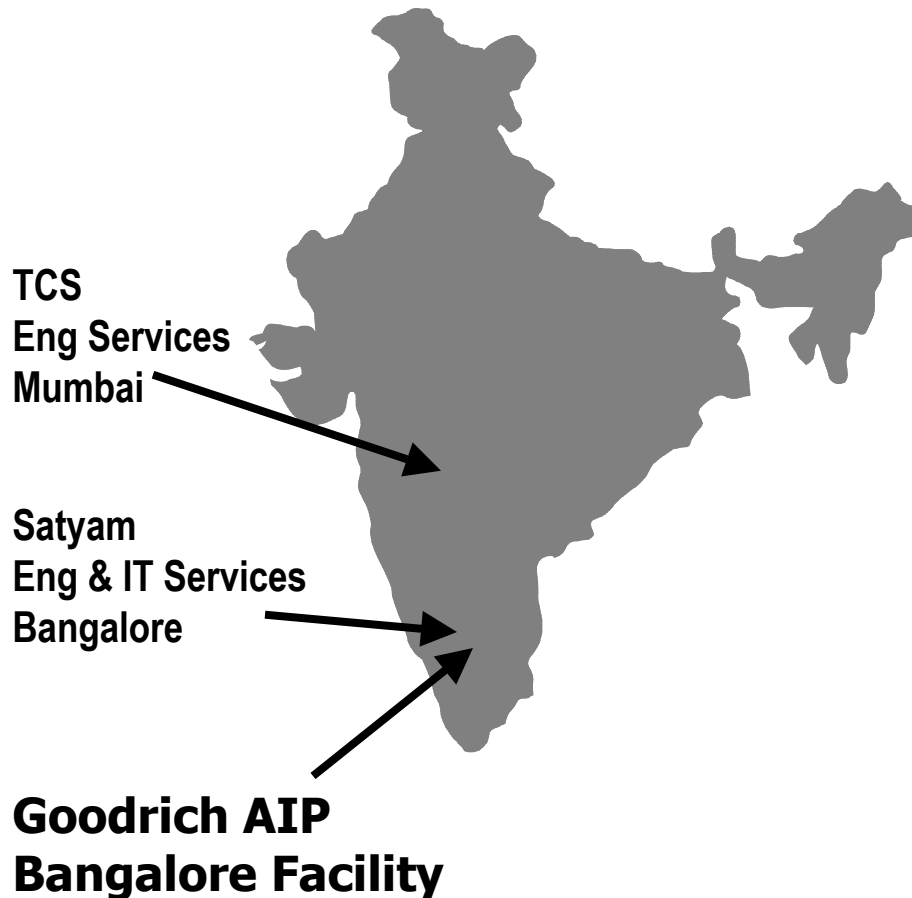
### **Power Systems Motor Components**

- **Closed facility and resourced \$8M worth of assemblies from U.S. to high-volume motor suppliers**
- **Savings on labor and overhead through leverage of existing capabilities**

### **Further Cost-Reduction Activity**

- **Local sourcing of sub-components**

**Sourcing to Competitive Global Supply Base**



**Aircraft Interior Products-  
Bangalore facility**

- **Began as Service Center in 1997**
- **Active move of evacuation slide OE assembly to India: 10 lines moved**
- **Significant savings in both labor and overhead**
- **New facility under construction to accommodate growth**

**Further Cost-Reduction Activity**

- **Local sourcing of hardware**
- **Additional engineering design and support**
- **Additional available footprint for additional assemblies**

**Execution of Low Cost Manufacturing Strategy**



- **Establish growth momentum in emerging government markets**
- **Maximize innovative and streamlined design and build capability to capture opportunities requirements**
- **Capitalize on leading aerospace technologies**
  - **Smart Systems**
  - **More Electric**
  - **Reduced Weight**
- **Drive for step changes in operational performance**



**Pausing for a short break.....**

**We'll be right back!!**

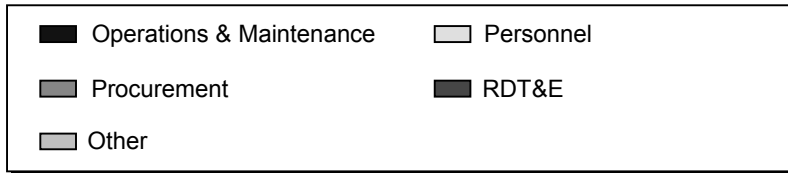
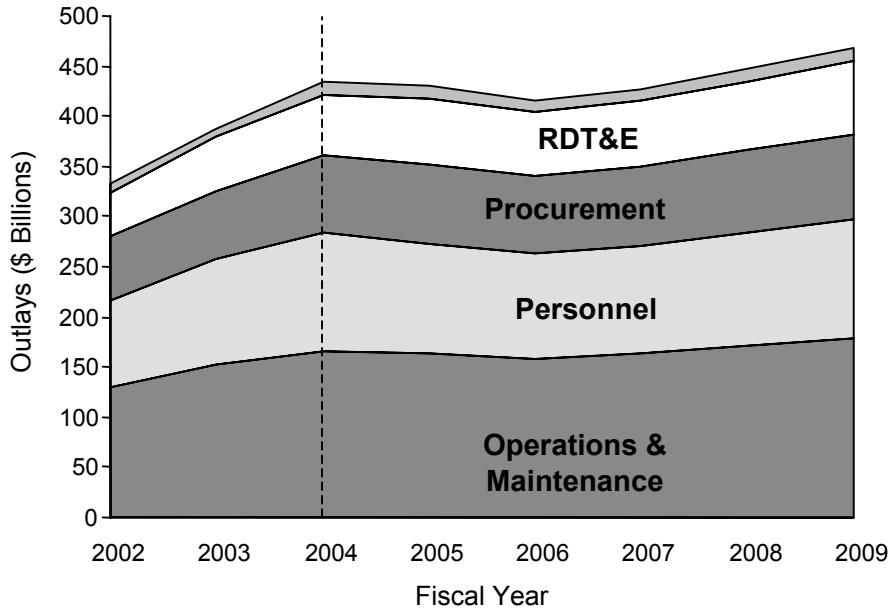


# **Technology and Innovation**

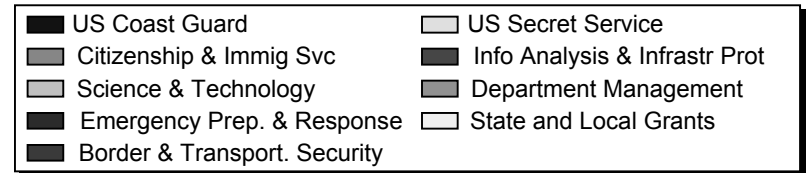
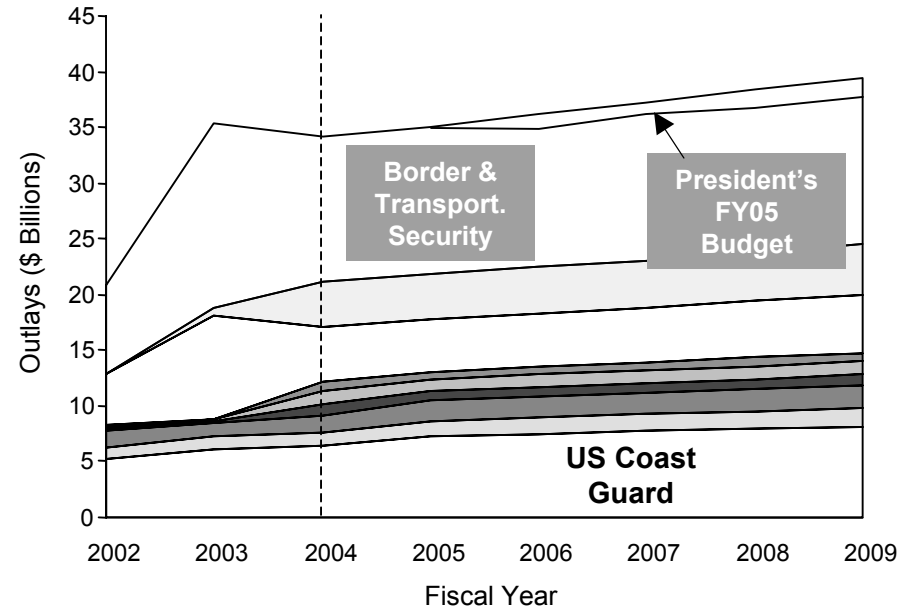
**Jerry S. Lee**  
**Senior VP Technology and**  
**Innovation**

# Military & Space Outlays are expected to flatten

### Department of Defense Forecast



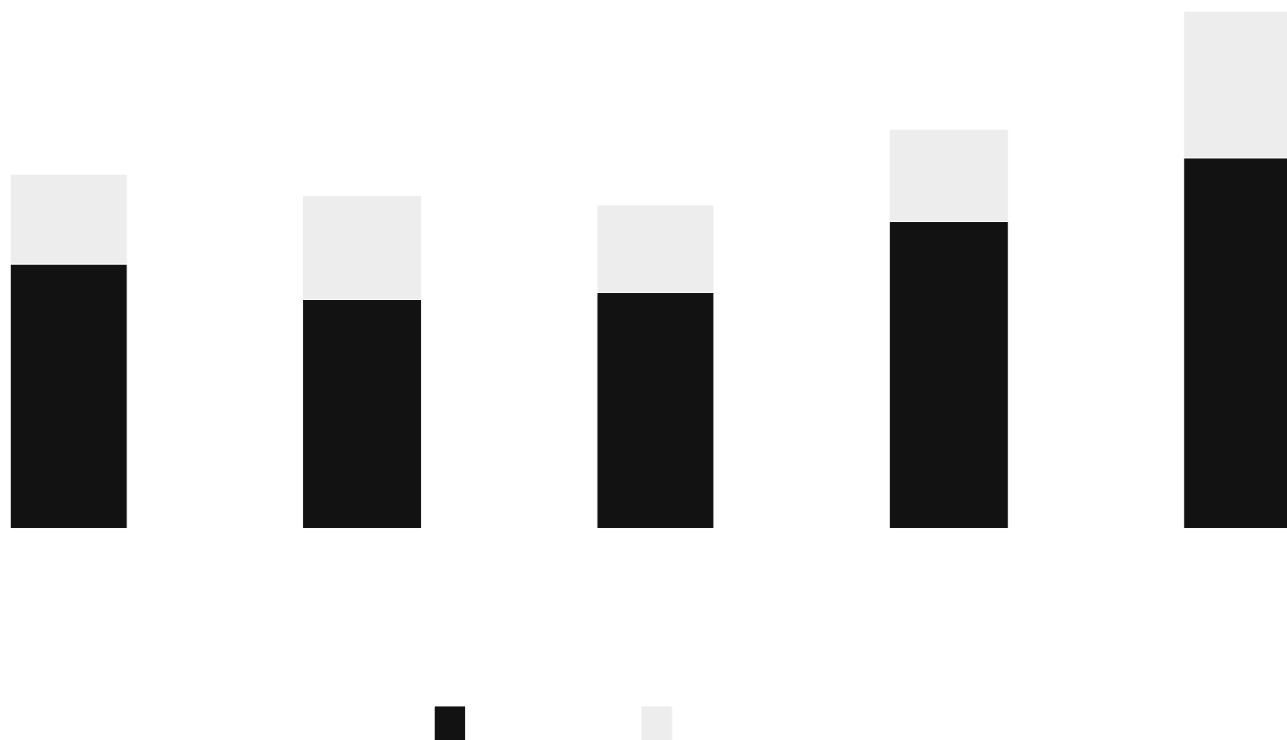
### Department of Homeland Security Forecast



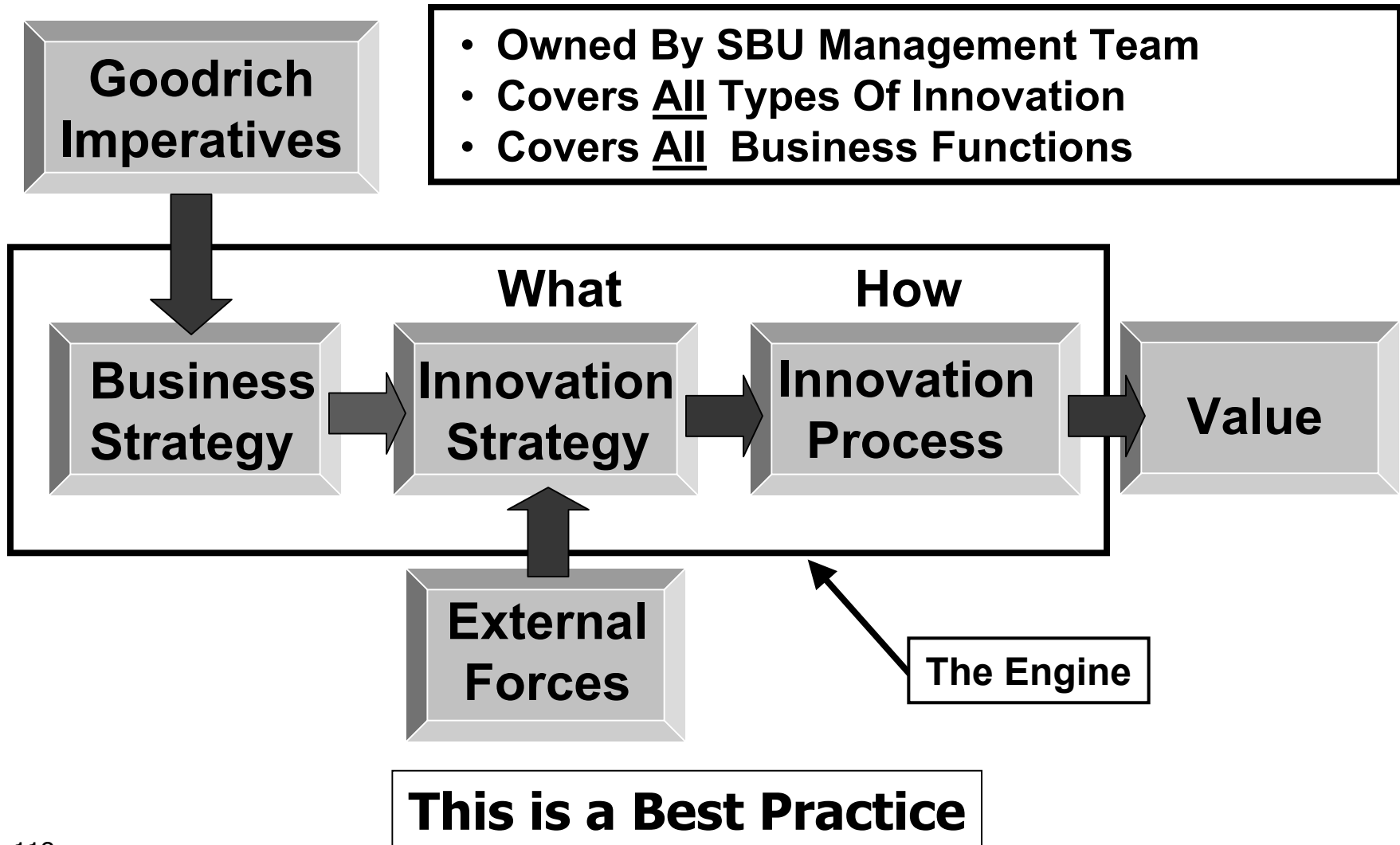
Note: DOD forecast assumes total outlays are equal to estimates in President's FY05 budget and that budget components remain same percentage of total; DHS forecast assumes 3% annual growth after FY2005 and that budget components remain same percentage of total

Source: President's FY2005 Budget (OMB), Booz Allen Hamilton analysis

2003 Total R&D = \$312 Million

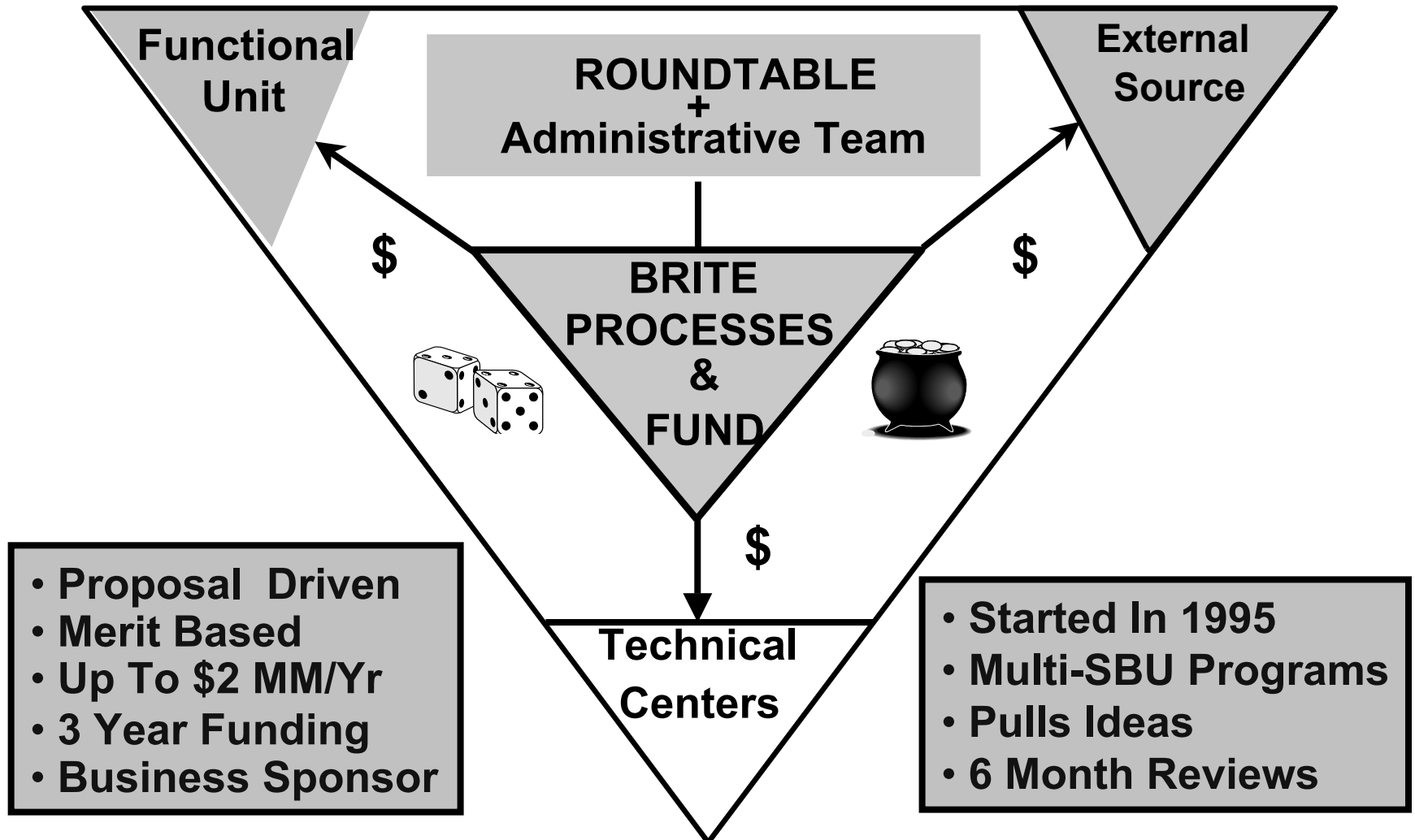


# Innovation Strategy In Each SBU Strategy

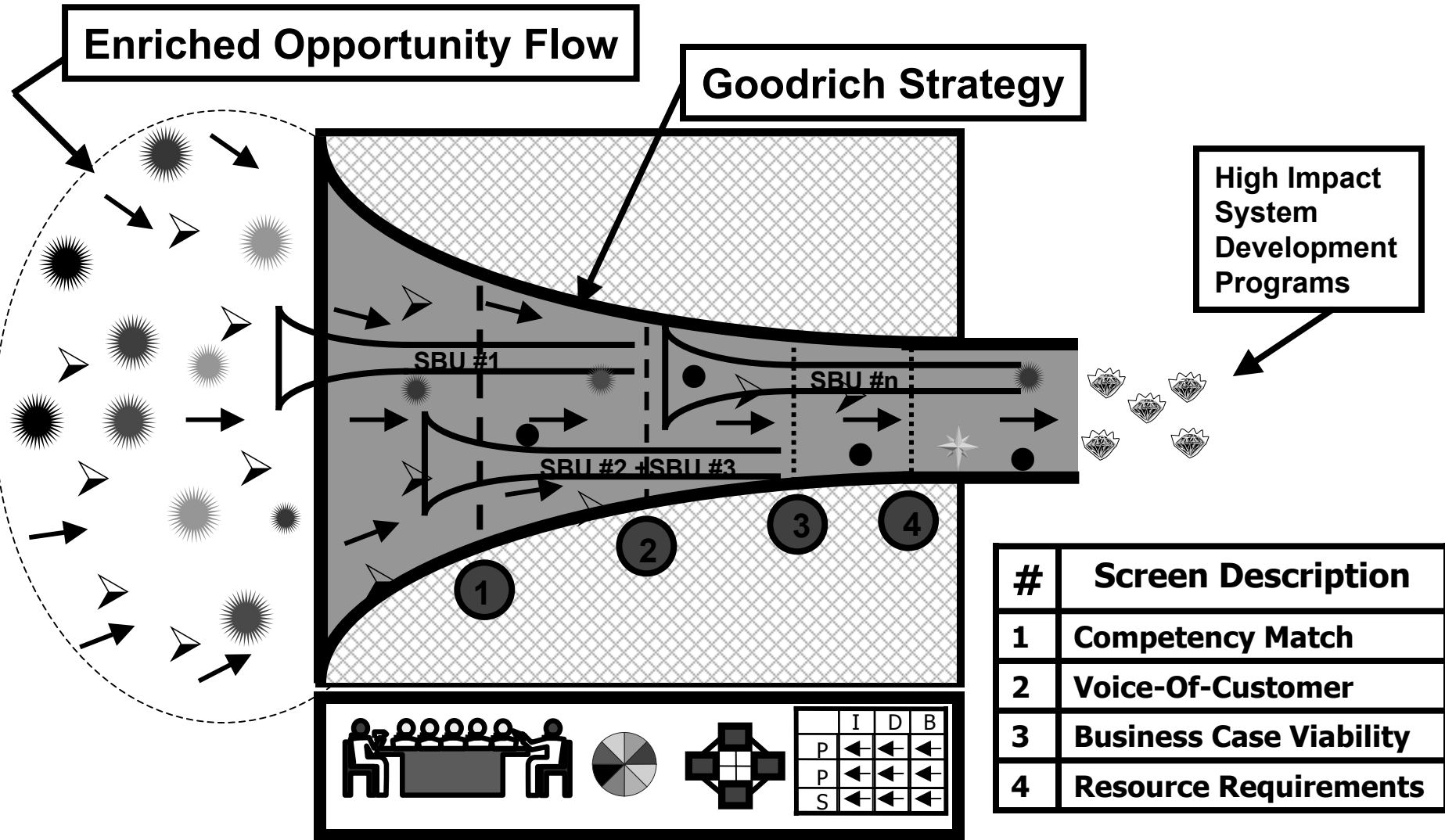


NATURE	CLASS			
	Incremental	Distinctive		Breakthrough
Product	←	←	←	←
Process	←	←	←	←
Procedure	←	←	←	←

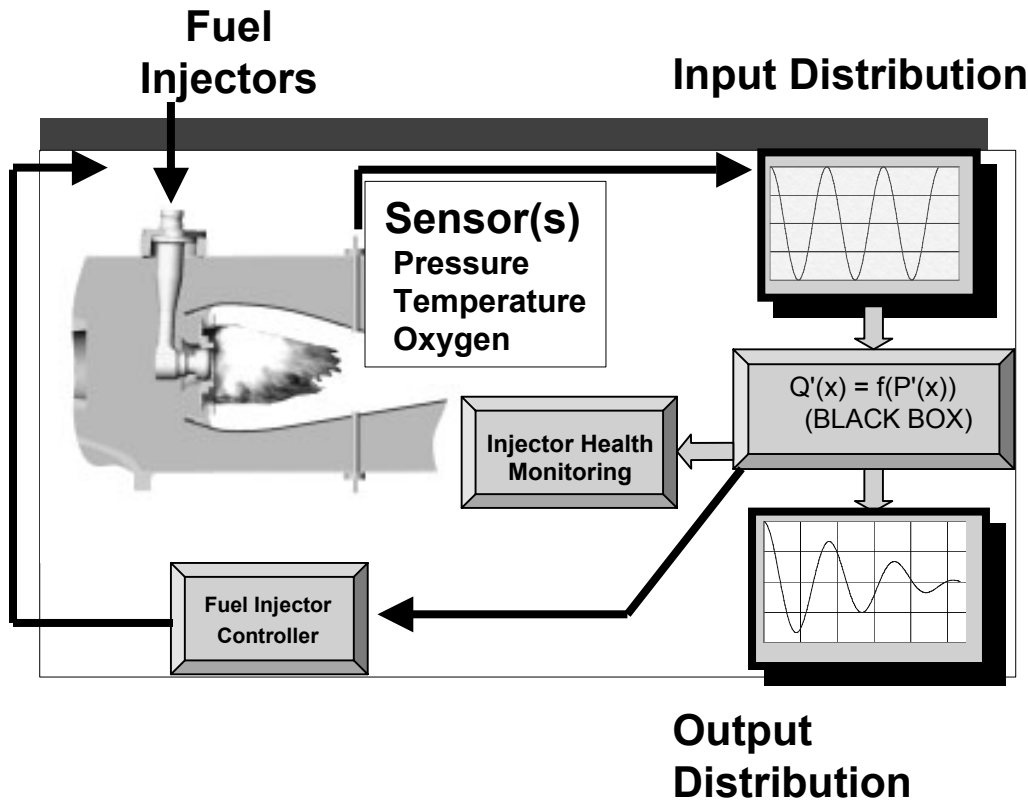
- Is there a “stream” in each “nature” category?
- Does “process” include functions besides manufacturing?
- Are there numerous “procedure” programs? In all functions?







**OBJECTIVE: Develop Control System to Reduce Combustion Instabilities and Maximize Gas Turbine Engine Efficiency**



The Team	
➤	Turbine Fuel Technologies
➤	Sensor Systems
➤	Advanced Sensors Tech Center
➤	University of Cincinnati
➤	Engine Control Systems

## **Advanced Inlet Lip Distinctive Example**

**OBJECTIVE: Develop an Advanced Inlet Lip Which Provides a Low Power Electro-thermal De-icing (LPED) System That Is Robust, Cost/weight Efficient, and Acoustically Enabling.**



### **TEAM:**

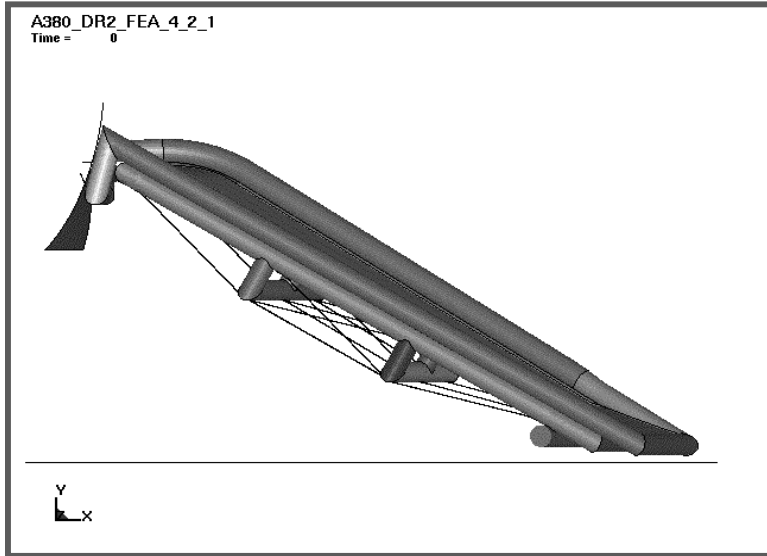
- Aerostructures
- De-Icing
- Engine Control Systems
- MSTC

**TARGETS: High Efficiency  
Aircraft**

### **BENEFITS:**

- Cost And Weight Savings
- Increased Engine Performance
- Increased Acoustic Attenuation
- Supports “All Electric Aircraft”

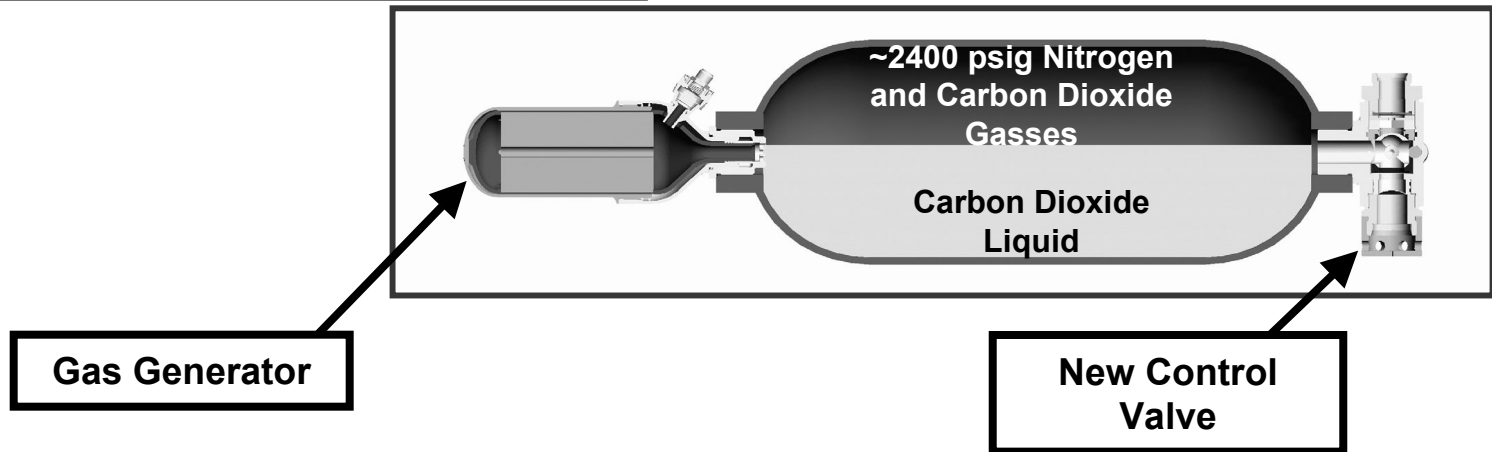
# Next Generation Evacuation System Distinctive System Innovation Example



Computer Optimized Slide Designs

+

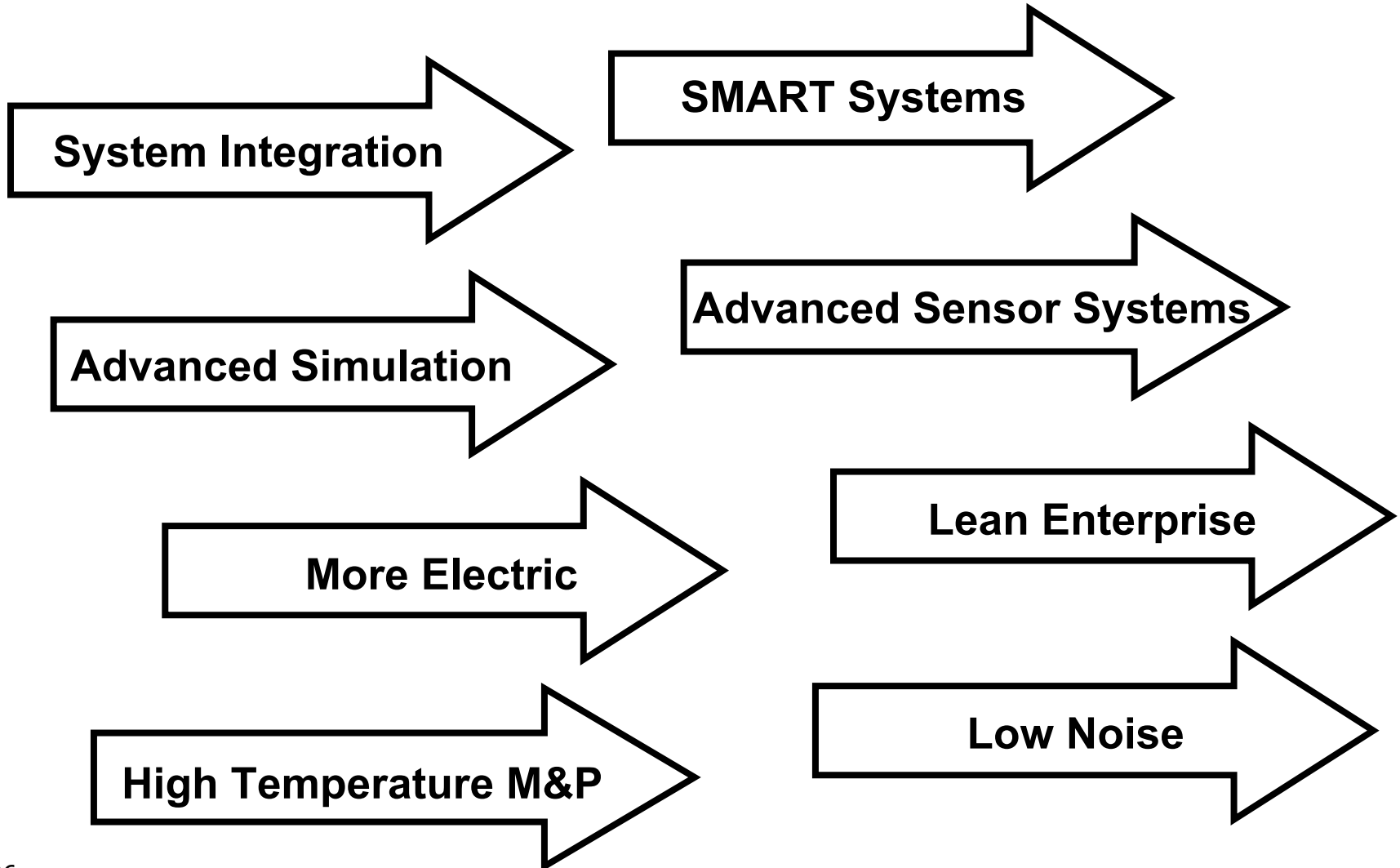
Tri-brid Inflation System



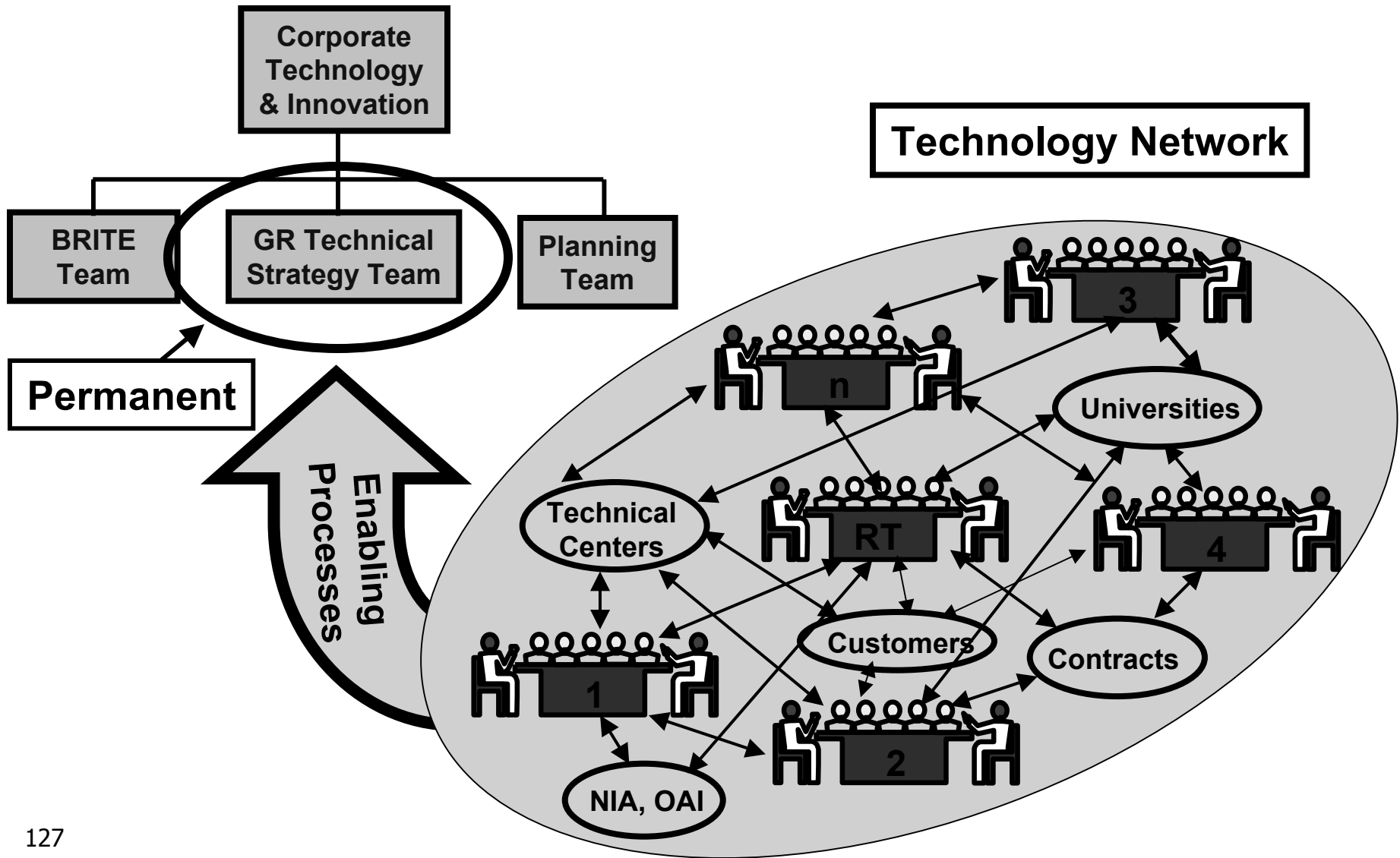
Technological Differentiation Won A380 Slides



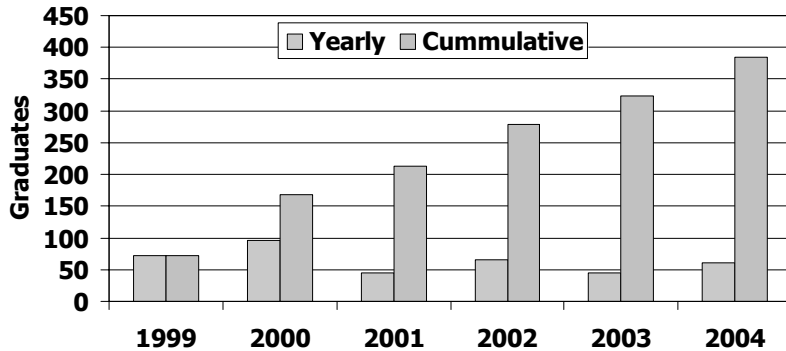
**Where We Are Going.....**



# New Opportunity Enhancement Enterprise Approach

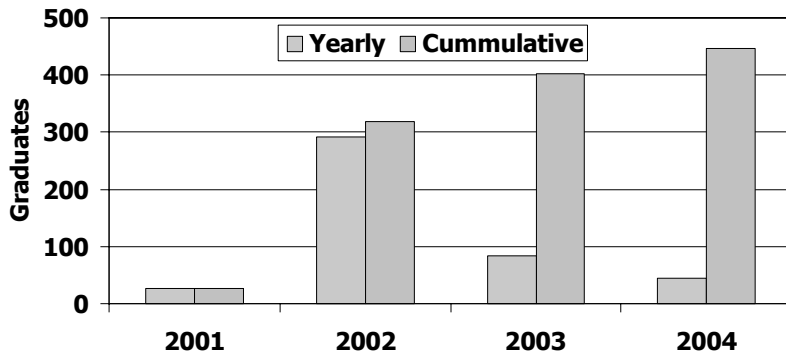


## Management of Innovation



Key Points	
➤	<b>Taught by outside experts</b>
➤	<b>Integrated With Goodrich Innovation Drive</b>
➤	<b>Shifted From Technical To All Functions</b>
➤	<b>Strong "Pull" From SBU's</b>
➤	<b>Demand Growing From European SBU's</b>

## Creative Problem Solving



Key Points	
➤	<b>Taught By outside experts</b>
➤	<b>Powerful For Problem Definition (What)</b>
➤	<b>Applied To All Kind Of Problems</b>
➤	<b>Adapted To Strategy Development</b>
➤	<b>Exceptional "Pull" From SBU's</b>
➤	<b>Demand Growing From European SBU's</b>



<b>Continuous Improvement</b>			
<b>CI Training</b>	<b>2003</b>	<b>2004</b>	<b>Totals</b>
<b>Lean Practitioner</b>	<b>94</b>	<b>214</b>	<b>308</b>
<b>Lean Expert</b>	<b>0</b>	<b>20</b>	<b>20</b>
<b>Six Sigma Green Belt</b>	<b>44</b>	<b>73</b>	<b>117</b>
<b>Six Sigma Black Belt</b>	<b>0</b>	<b>6</b>	<b>6</b>

<b>Key Points</b>	
➤	<b>Goodrich-Wide Training Materials</b>
➤	<b>Materials Controlled By Corporate CI</b>
➤	<b>Lean Expert Added At Enterprise</b>
➤	<b>Master Black Belt At Enterprise</b>
➤	<b>Training At Multiple SBU Locations</b>
➤	<b>Need SWAT Team Ability</b>

## New Training In 2005

<b>STRIDE Training</b>	
➤	<b>Innovation +LPD + DFSS</b>
➤	<b>Standard Training Materials</b>
➤	<b>Enterprise CI Does Materials</b>
➤	<b>On-Site Training At SBU's</b>
➤	<b>Technical Heads Teach</b>

<b>Program Management</b>	
➤	<b>Critical For Multi-SBU Efforts</b>
➤	<b>Critical To SBU Programs Too</b>
➤	<b>Consistent With STRIDE</b>
➤	<b>Instruction By Experts</b>
➤	<b>Create SBU "Pull"</b>

- **Positioned for Next Generation Products Within SBUs**
- **Refine and Embed the Goodrich Approach to Multi-SBU Products and Systems**
- **Aggressive Integration of Lean Product Development and Design For Six Sigma, While Growing Innovation Strategy Competency**
- **Broaden & Strengthen Innovation Training**
  - **Management of Innovation**
  - **Creative Problem Solving**
  - **STRIDE Process**
  - **Program Management**

# **Financial Review**

**Rick Schmidt**  
**Executive Vice President**  
**Chief Financial Officer**

- **Third Quarter Summary**
- **2004 and 2005 Outlook**
- **Initiatives/Strategies**

- **Another solid quarter**
  - **Driven by improving Aerospace market fundamentals**
  - **41% EPS growth compared to 3Q 2003**
  - **Strong cash flow**
  - **Several new contracts/awards**
- **Updated full year guidance**
  - **Sales high end of \$4.7-\$4.75 billion**
  - **EPS outlook \$1.45-\$1.50**
  - **Cash flow from operations less capital expenditures exceed net income**
- **Continued commitment to debt retirement**
  - **\$75M retired in 3Q**
  - **\$99M retired in 4Q**

**Establishing Solid Foundation for Long-term Value Creation**

## Third Quarter 2004 Sales by Market Channel

2004 YTD Sales Mix	Sales by Market Channel	Growth Over 2003	
		3Q 2004	YTD 2004
<b>25%</b>	<b>Boeing &amp; Airbus Aftermarket</b>	<b>10%</b>	<b>7%</b>
<b>7%</b>	<b>Regional, Business &amp; GA Aftermarket</b>	<b>31%</b>	<b>19%</b>
<b><u>3%</u></b>	<b>Heavy Airframe Maintenance</b>	<b><u>10%</u></b>	<b><u>1%</u></b>
<b>35%</b>	<b>Sub Total Commercial Aftermarket</b>	<b>14%</b>	<b>8%</b>
<b>30%</b>	<b>Military &amp; Space OE &amp; Aftermarket</b>	<b>5%</b>	<b>6%</b>
<b>23%</b>	<b>Boeing &amp; Airbus OE Production</b>	<b>5%</b>	<b>1%</b>
<b>6%</b>	<b>Regional, Business &amp; GA OE Production</b>	<b>40%</b>	<b>23%</b>
<b>6%</b>	<b>All Other</b>	<b>10%</b>	<b>5%</b>
<b>\$3.5 Bil</b>	<b>Goodrich Total Sales</b>	<b>10%</b>	<b>6%</b>

**Growth in All Markets**

<i>(Dollars in Millions, excluding EPS)</i>	<b>3rd Qtr 2003</b>	<b>3rd Qtr 2004</b>	<b>% Inc/(Dec)</b>
<b>Sales</b>	<b>\$1,064</b>	<b>\$1,167</b>	<b>10%</b>
<b>Segment Operating Income</b> <b>- % of Sales</b>	<b>\$118</b> <b>11.1%</b>	<b>\$132</b> <b>11.3%</b>	<b>12%</b>
<b>Net Income</b>	<b>\$34</b>	<b>\$50</b>	<b>47%</b>
<b>Diluted EPS</b>	<b>\$0.29</b>	<b>\$0.41</b>	<b>41%</b>
<b>Cash Flow from Operations</b>	<b>\$131</b>	<b>\$110</b>	<b>(16%)</b>
<b>Capital Expenditures</b>	<b>\$28</b>	<b>\$31</b>	<b>11%</b>



## Third Quarter 2004 Financial Change Analysis

Item	(Dollars in Millions)		
	Sales	After-tax Income from Continuing Operations	Diluted EPS
<b>Third Quarter 2003 –from Continuing Operations</b>	<b>\$1,064</b>	<b>\$34</b>	<b>\$0.29</b>
▪ <b>Increased overall volume, change in share count, other</b>	<b>\$82</b>	<b>\$23</b>	<b>\$0.19</b>
▪ <b>Increased new program development expenditures (R&amp;D, Bid and Proposal, other)</b>		<b>(\$11)</b>	<b>(\$0.09)</b>
▪ <b>Foreign Exchange Sales and Income Impacts</b>	<b>\$21</b>	<b>\$0</b>	---
▪ <b>Lower facility closure, headcount reduction and asset impairment charges</b>		<b>\$2</b>	<b>\$0.01</b>
▪ <b>Stock-based compensation expensing</b>		<b>(\$2)</b>	<b>(\$0.02)</b>
▪ <b>State tax settlement, debt retirement costs, reserve for adverse preliminary labor dispute ruling, technology development grant treatment correction</b>		<b>\$7</b>	<b>\$0.06</b>
▪ <b>P &amp; L Headwind (Incentive Comp, Liability Insurance, Tax Litigation, Retiree Medical)</b>		<b>(\$3)</b>	<b>(\$0.03)</b>
<b>Third Quarter 2004 –from Continuing Operations</b>	<b>\$1,167</b>	<b>\$50</b>	<b>\$0.41</b>



## Third Quarter 2004 Cash Flow Components

<i>(Dollars in Millions)</i>	<b>3rd Qtr 2003</b>	<b>3rd Qtr 2004</b>
<b>Net Income from Continuing Operations</b>	<b>\$34</b>	<b>\$50</b>
<b>Depreciation and Amortization</b>	<b>\$55</b>	<b>\$55</b>
<b>Working Capital – (Increase)/Decrease <sup>(1)</sup></b>	<b>(\$16)</b>	<b>(\$78)</b>
<b>Income Taxes</b>	<b>\$34</b>	<b>\$5</b>
<b>Restructuring (Net)</b>	<b>(\$10)</b>	<b>(\$4)</b>
<b>All Other (Net)</b>	<b><u>\$34</u></b>	<b><u>\$82</u></b>
<b>Cash Flow from Operations</b>	<b>\$131</b>	<b>\$110</b>
<b>Capital Expenditures</b>	<b>(\$28)</b>	<b>(\$31)</b>
<b>Free Cash Flow <sup>(2)</sup></b>	<b>\$103</b>	<b>\$79</b>
<b>Conversion <sup>(3)</sup></b>	<b>303%</b>	<b>158%</b>

(1) Working Capital *equals* Accounts Receivable *plus* Inventory *minus* Accounts Payable

(2) Cash Flow from Operations *minus* Capital Expenditures

(3) Free Cash Flow / Net Income

- **Third Quarter Summary**

- **2004 and 2005 Outlook**

- **Initiatives/Strategies**

- **Expect strong finish to 2004**
  - **Q4 sales at record levels**
  - **9-10% sequential growth over Q3**
  - **Corresponding EPS growth**
  - **Q4 positive free cash flow**
  - **Further debt retirement completed**

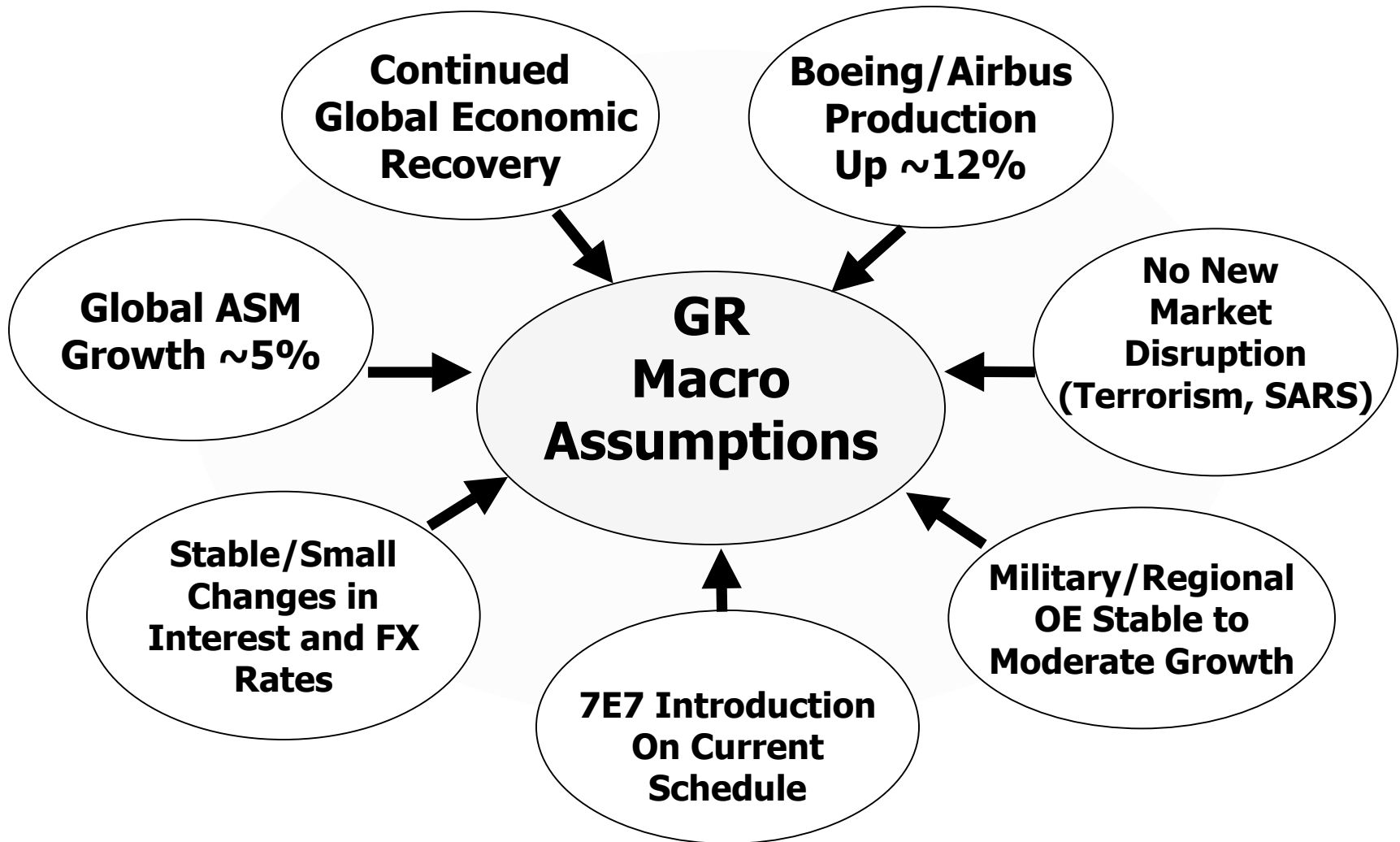
**Raised Guidance for 2004**

	<b>Actual Nine Months</b>	<b>Estimated Q4</b>	<b>2004 Outlook</b>
<b>Sales</b>	<b>\$3,463M</b>	<b>\$1,262-1,287M</b>	<b>\$4,700-4,750M (High End)</b>
<b>Net Income</b>	<b>\$136</b>	<b>\$38-44</b>	<b>\$174-180</b>
<b><u>Diluted Earnings Per Share:</u></b>			
- <b>Continuing Operations</b>	<b>\$1.00</b>	<b>\$0.32-0.37</b>	<b>\$1.32-1.37</b>
- <b>Cumulative Effect of Acctg Change</b>	<b><u>\$0.13</u></b>	<b>=</b>	<b><u>\$0.13</u></b>
<b>Net Income</b>	<b>\$1.13</b>	<b>\$0.32-0.37</b>	<b>\$1.45-1.50</b>
<b>Cash Flow from Operations</b>	<b>\$240M</b>	<b>&gt;\$80M</b>	<b>&gt; \$320M</b>
<b>Capital Expenditures</b>	<b>(\$82M)</b>	<b>(\$58-68M)</b>	<b>(\$140-150M)</b>
<b>Free Cash Flow <sup>(1)</sup></b>	<b>\$158M</b>	<b>&gt; \$17M</b>	<b>&gt; \$175M</b>
<b>Conversion % <sup>(2)</sup></b>	<b>116%</b>	<b>&gt; 45%</b>	<b>&gt; 100%</b>

(1) Cash Flow from Operations minus Capital Expenditures

(2) Free Cash Flow/Net Income

**Q4 Includes Projected \$0.06 EPS for Debt Retirement Expenses**



# 2005 Sales & Margin Expectations

## Sales Growth Expectations

Goodrich 2004 YTD Sales Mix	Market	2005 Market Growth
23%	Boeing/Airbus OE	~12%
6%	Regional, Business & GA OE	Flat
32%	Aftermarket (Commer & Regional)	~5%
30%	Military & Space (Total)	Low Single Digit
3%	Heavy Maintenance	> 10%
6%	IGT/Other	Flat

**2005 Sales \$5.0-5.1B  
+6-8% versus 2004**

## Segment Margin Considerations

### ▪ Positive influences

- Volume/fixed cost absorption
- Cost reduction/restructuring benefits
- Enterprise initiatives
- R&D/new program spending flat
- Improving Actuation results

### ▪ Negative influences

- Continued pricing pressure
- OE growth creates unfavorable mix
- Pension cost increasing
- FX – dollar weakness

**Expect Margin Expansion  
Beyond Sales Growth**

	<u>Estimate 2004</u>	<u>Estimate 2005</u>	<u>Highlights</u>
<b>Sales</b>	~ \$1.65M	~ \$1.78M	<ul style="list-style-type: none"> <li>+ Landing Gear, Actuation OE</li> <li>+ A380 deliveries</li> <li>+ Alaska heavy maintenance</li> <li>- Wheel &amp; Brake pricing</li> </ul>
	+ 7-8%		
<b>Segment Margins</b>	5.5-6.0%	5.2-5.7%	<ul style="list-style-type: none"> <li>+ Volume/absorption</li> <li>+ Enterprise initiatives</li> <li>+ Cost improvements</li> <li>+ Heavy maintenance efficiencies</li> <li>- Wheel &amp; Brake pricing</li> <li>- Anticipated restructuring expense</li> <li>- Higher OE mix</li> <li>- Higher Wheel &amp; Brake no charge</li> </ul>
	Slight Decrease		

**Focus on Operational Excellence;  
Expect Margin Expansion in 2006**

	<u>Estimate 2004</u>	<u>Estimate 2005</u>	<u>Highlights</u>
<b>Sales</b>	~ \$1.93B	~ \$2.02B <b>+ 5-6%</b>	<ul style="list-style-type: none"> <li>+ OE requirements</li> <li>+ Spares/Aftermarket growth</li> <li>+ Asia-Pacific MRO</li> <li>- Military program completion</li> </ul>
<b>Segment Margins</b>	14.0-14.5%	15.0-15.5% <b>Up 0.5-1.5%</b>	<ul style="list-style-type: none"> <li>+ Volume/absorption</li> <li>+ Aftermarket mix</li> <li>+ Cost improvements</li> <li>+ Enterprise initiatives</li> <li>- R&amp;D expense increase</li> </ul>

**Market Driven Sales Growth, Margin Expansion**



	<u>Estimate 2004</u>	<u>Estimate 2005</u>	<u>Highlights</u>
<b>Sales</b>	~ \$1.15B	~ \$1.25B	<ul style="list-style-type: none"> <li>+ Military/Space               <ul style="list-style-type: none"> <li>• Reconnaissance</li> <li>• Classified programs</li> </ul> </li> <li>+ New regional &amp; business programs</li> <li>+ A380 deliveries</li> <li>+ Homeland security</li> </ul>
	+ 8-9%		
<b>Segment Margins</b>	11.5-12.0%	13.0-13.5%	<ul style="list-style-type: none"> <li>+ Volume/absorption</li> <li>+ Enterprise initiatives</li> <li>+ Cost improvements</li> <li>+ Lower R&amp;D expense</li> </ul>
	Up 1.0-2.0%		

**Military Growth, Margin Expansion**

	<b>Estimate 2004</b>	<b>Estimate 2005</b>	<b>B/(W)</b>
<b>Sales</b>	<b>\$4.73-4.75B</b>	<b>\$5.0-5.1B</b>	<b>+6-8%</b>
<b>Segment Income</b>	<b>\$495-515</b>	<b>\$555-585</b>	<b>+10-15%</b>
<b>Margin %</b>	<b>10.5-11.0%</b>	<b>11.0-11.5%</b>	
<b>Net Income</b>	<b>\$174-180</b>	<b>\$195-220</b>	<b>+10-25%</b>
<b>EPS (Diluted)</b>			
<b>- Continuing Operations</b>	<b>\$1.32-1.37</b>	<b>\$1.60-1.80</b>	<b>+20-35%</b>
<b>- Reported</b>	<b>\$1.45-1.50</b>	<b>\$1.60-1.80</b>	<b>+10-20%</b>
<b>Shares Outstanding</b>	<b>120.5M</b>	<b>~ 122.5M</b>	<b>+1-2%</b>

**Strong Earnings Growth**

### EPS Guidance \$1.60-1.80

Major Variables	Low End	High End
Global ASM Growth	< 4% Increase	> 6% Increase
Boeing/Airbus OE Production	< 10% Increase	> 14% Increase
Foreign Exchange (Euro, £, C\$)	\$ Weakens >5% From Q3 End Rates	\$ Stable to Stronger Vs. Q3 End Rates
Pension Expense	Q4 Interest Rate & Equity Market Decreases	Q4 Interest Rate & Equity Market Increases
New Program Investments	Additional New Program Launches (A350, C Series)	No New Program Launches

### Factors Excluded from Guidance

- 2005 debt retirement expenses and savings
- Final resolution of Rohr and Coltec tax cases
- Settlement of potential contractual disputes with Northrop
- Unanticipated large contract terminations (e.g. 717)

	<b>Estimate 2004</b>	<b>Estimate 2005</b>	<b>Highlights</b>
<b>Net Income</b>	<b>\$174-180</b>	<b>\$195-220</b>	
<b>Depreciation &amp; Amortization</b>	<b>\$220-225</b>	<b>\$230-240</b>	- Higher CAPEX
<b>Working Capital</b>	<b>(\$130-150)</b>	<b>(\$30-60)</b>	- New programs, sales growth
<b>Income Taxes</b>	<b>\$20-30</b>	<b>\$0</b>	- Excludes Rohr & Coltec tax cases
<b>All Other</b>	<b>&gt; \$60</b>	<b><u>\$0 to Negative</u></b>	- Accrued liabilities, entry fees, pension, restructuring,
<b>Cash Flow from Operations</b>	<b>&gt; \$320</b>	<b>&gt; \$360</b>	
<b>Capital Expenditures</b>	<b>(\$140-150)</b>	<b>(\$190-210)</b>	- Cost reduction, capacity, Landing Gear recapitalization
<b>Free Cash Flow <sup>(1)</sup></b>	<b>&gt; \$175M</b>	<b>&gt; \$150M</b>	
<b>Conversion <sup>(2)</sup></b>	<b>&gt; 100%</b>	<b>&gt; 75%</b>	

(1) Cash Flow from Operations minus Capital Expenditures

(2) Free Cash Flow/Net Income

### Investment to Support Cyclical Upturn

## 2005 Potential P&L Headwind

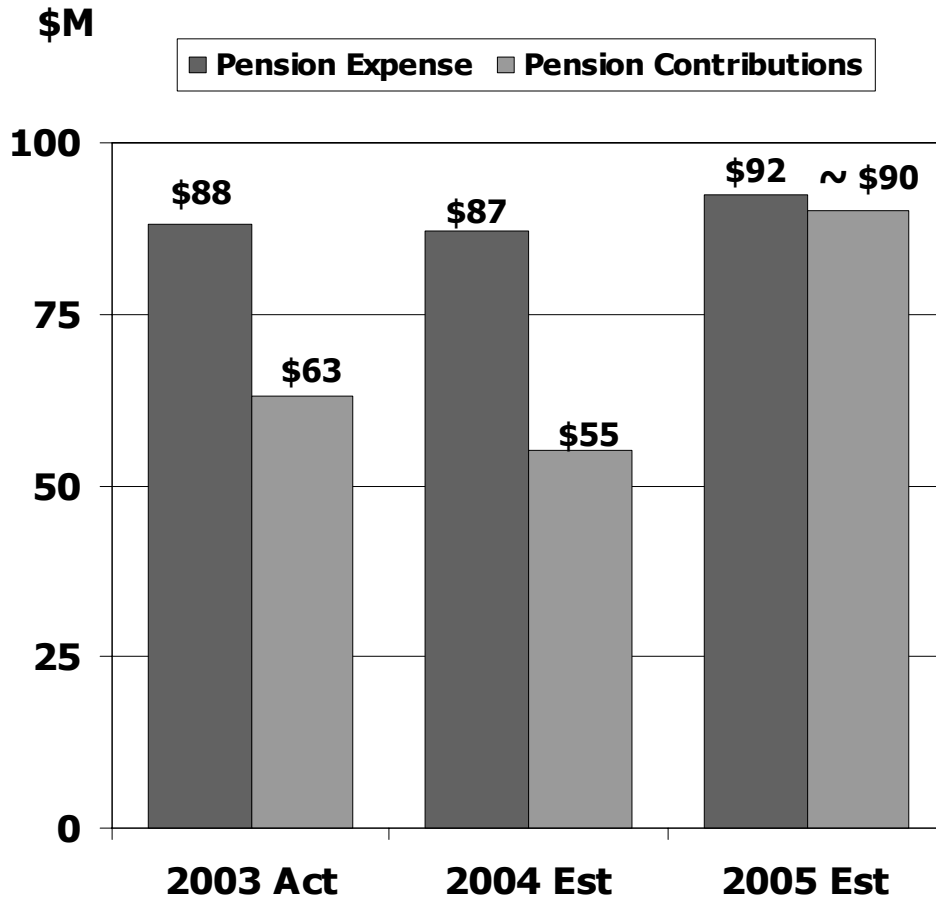
<b>Pension Expense</b>	<ul style="list-style-type: none"> <li>▪ <b>Dependent on 4Q 2004 performance</b></li> <li>▪ <b>Guidance assumes up \$5M pre-tax</b></li> </ul>
<b>Foreign Exchange</b>	<ul style="list-style-type: none"> <li>▪ <b>GR has unhedged exposure</b></li> <li>▪ <b>Guidance assumes dollar stable to slight weakening from Q3 2004 end rates</b></li> </ul>
<b>Tax Legislation (Jobs Creation Act of 2004)</b>	<ul style="list-style-type: none"> <li>▪ <b>Phase out of ETI/FSC benefit</b></li> <li>▪ <b>Contributes to rising effective tax rate</b></li> <li>▪ <b>Guidance assumes 32% rate (vs. 31% in 2004)</b></li> </ul>
<b>Debt Retirement</b>	<ul style="list-style-type: none"> <li>▪ <b>Guidance excludes further debt retirement savings &amp; premium expense</b></li> <li>▪ <b>2004 retirement generates 2005 interest savings</b></li> </ul>

**Reasonable Assumptions Reflected in Guidance**

# 2005 Outlook

## Pension Assumptions

(All Plans: Qualified & Non-Qualified)



- Pension assumptions:**

	Actual 2003	Actual 2004	Estimate 2005
<b><u>Asset Returns</u></b>			
- U.S.	9.25%	9.0%	9.0%
- U.K.	8.23%	8.5%	8.5%
<b><u>Discount Rate</u></b>			
- U.S.	6.875%	6.25%	6.25%
- U.K.	6.0%	5.75%	5.75%

- No smoothing of asset returns for 80% of plans**
- Implies 2005 expense based on 12/31/04 plan assets at FMV**
- Voluntary contributions projected equal to expense as part of return to full funding**
- No legally required contributions for 2005**

- **2005 pension expense dependent on Q4 2004 results for U.S. asset returns and interest rates**
- **Impact on 2005 pension expense from different Q4 assumptions**

Estimated 12/31/04 U.S. Discount Rate:	Estimated 12/31/04 Plan Assets		
	- \$100M	\$2.3B	+ \$100M
<b>5.75%</b>	<b>+\$24</b>	<b>+\$10</b>	<b>-\$4</b>
<b>6.0%</b>	<b>+\$19</b>	<b>+\$5</b>	<b>-\$9</b>
<b>6.25%</b>	<b>+\$14</b>	<b>\$0</b>	<b>-\$14</b>

- **September 30, 2004 actual plan assets \$2.3 billion**
- **Projected 2005 pension expense \$92M so possible headwind if asset returns and rates remain low in Q4**

- **Goodrich foreign currency exposure**
  - **Approx. 85-90% of sales in US dollars**
  - **Approx. 70-75% of pre-tax costs in US dollars**
  - **Euro, Pound and Canadian \$ represent >98% of exposure**
  - **Exposure increased with Aeronautical Systems acquisition due to significant European manufacturing presence**
- **Goodrich 2005 exposure**
  - **Currently hedged on approximately 65% of 2005 at favorable rates vs. 2004**
  - **Unhedged portion subject to FX rate fluctuations until hedged or realized**
  - **Active programs to reduce net exposure (outsourcing, contract terms)**
- **2005 sensitivity to FX rate changes for Euro, Pound & C\$**
  - **10% move equals \$0.10 EPS**



- **Repeals ETI benefit for U.S. exporters: Three year phase out; transition rules complex.**

Remaining ETI Benefit	<u>2005</u> 80%	<u>2006</u> 60%	<u>2007</u> 0%
-----------------------	--------------------	--------------------	-------------------

- **Replaced with domestic production activity (DPA) deduction based on U.S. manufacturing income; six year phase in.**

DPA Deduction	<u>2005-2006</u> 3%	<u>2007-2009</u> 6%	<u>2010 &amp; Beyond</u> 9%
---------------	------------------------	------------------------	--------------------------------

- **ETI benefit important to Goodrich.**

ETI Deduction *	<u>2003</u> \$54M	<u>2004</u> \$60-65M	<u>2005</u> \$65-70M
-----------------	----------------------	-------------------------	-------------------------

\* Before new legislation phase-out

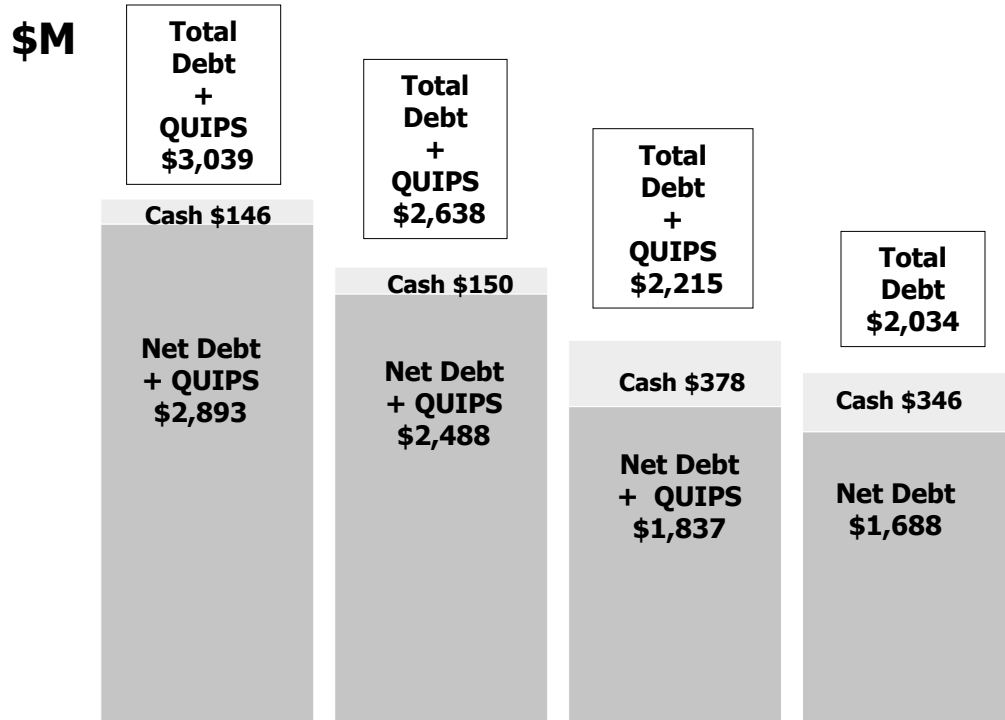
- **DPA benefit not expected to fully offset ETI loss.**
- **Contributes to projected higher 2005 effective tax rate of 32% vs. 31% in 2004.**
  - **Included in 2005 guidance**

<b>Preliminary Analysis Only; Still Under Review</b>
--

- **6% to 8% revenue growth projected**
- **50 to 100 basis point segment margin expansion**
  - **Operational excellence and volume leverage**
  - **Continuing to invest for future**
- **20% to 35% growth in EPS from continuing operations**
- **Free cash flow conversion above 75% as Aerospace cycle improves**
  - **New program investments (A380, 7E7)**
  - **Working capital to support revenue growth**
  - **Capital for cost reduction, capacity, landing gear**
- **Potential non-operational headwind**

**Balancing Short-term Earnings Improvements and  
Long-term Value Creation**

- **Third Quarter Summary**
- **2003 and 2004 Outlook**
- **Initiatives/Strategies**
  - **De-leveraging Strategies**
  - **Other Capital Structure Considerations**
  - **Investor Relations Objectives**



- **Stretched balance sheet 4Q 2002 to acquire strategic asset (TRW-AS)**
- **Concurrent market downturn**
- **Rapid de-leveraging became priority**
  - **Sold equity in 2002**
  - **Sold Avionics SBU to L3**
  - **Monetized assets**
  - **CAPEX control**
- **Enhanced resource allocation metrics & priorities**
- **Continued new product developments**

**Solid Results to Date;  
Reduced Net Debt Approx. \$1.2 Billion or 42%**

- **Continued debt retirement in Q4**
  - Retired \$99M senior debt in early November
  - \$10M premium expense included in EPS guidance
  - Utilized existing cash balances (\$346M @ 9/30/04)
  
- **2005 objective to retire another \$150-200M if current recovery confirmed/sustainable**
  - Positive cash flow after dividends projected for 2005
  - Cash balances @ normal operating levels ( $\pm$  \$50M)
  - Ample liquidity available
  - Premiums and savings excluded from guidance
  
- **Potential to accelerate 2005 debt retirement**
  - Cash flow exceeds expectations
  - Final resolution of Coltec tax case
  - Resolution of potential contract dispute with Northrop
  - Further portfolio pruning

**Debt Retirement Remains GR Priority**

- **Objective to achieve solid investment grade rating metrics in 2005/2006**

Today	Credit Ratings	Objective
<b>BBB -</b>	<b>S&amp;P</b>	<b>BBB +</b>
<b>Baa 3</b>	<b>Moody's</b>	<b>Baa 1</b>
<b>BBB</b>	<b>Fitch</b>	<b>BBB +</b>
<b>2.8 - 3.0X</b>	<b>Net Debt to EBITDA</b>	<b>2.0-2.5X</b>

- **Combination of debt retirement and earnings growth**
- **Comfortable with current \$0.80 dividend level**
  - **45-50% payout ratio on 2005 EPS guidance**
  - **Longer term objective 30-35% payout**
- **No significant acquisitions until ratings objectives achieved**

**Conservative Operating Philosophy**

- **Favorable ruling received November 2, 2004**
- **Government has 90 days to appeal – if Government does not appeal, or decision ultimately upheld, Goodrich entitled to the refund plus interest pursuant to agreement with Coltec**
- **Income recognition upon receipt of cash**
- **Financial Implications – as of November 3, 2004**
  - **Cash implications**

• Tax Refund	\$83M
• Interest	<u>\$46M</u> (Taxable @ 35% Rate)
<b>Total Cash</b>	<b>\$129M</b>
  - **Income recognition of \$145M (\$1.18/Share EPS)**

• Cash Received	\$129M
• Tax on Interest	(\$16M)
• Reserve Reversal	<u>\$32M</u>
<b>Total Income</b>	<b>\$145M</b>
- **Excluded from 2005 EPS & Cash Flow guidance**

- **Frequent, clear, concise communications**
  - **Industry conference participation**
  - **One-on-one's/road shows**
  - **Annual investor meeting**
  
- **Transparent financial results & disclosure**
  - **GAAP reporting**
  - **Conservative accounting principles**
  - **Detailed disclosure**
  
- **Focus on stakeholder issues**
  - **Strengthen balance sheet**
  - **Long-term value creation**

**GR Commitment to Transparency/Integrity  
and Shareholder Value**





# Goodrich 2004 Investor Conference

---

## Supplemental Information

## Goodrich Corporation Reconciliation of Debt Retirement to GAAP Financial Measures

	<u>9/30/2002</u>	Adjustments		Pro-forma <u>10/1/2002</u>	<u>12/31/2002</u>	<u>3/31/2003</u>	<u>6/30/2003</u>	<u>9/30/2003</u>	<u>12/31/2003</u>	<u>3/31/2004</u>	<u>06/30/04</u>	<u>09/30/04</u>
		to get to Pro-forma*										
		Pre-positioned										
		Cash	Bridge Loan									
Elements of Total Debt												
Short-term bank debt	\$ 284.0	\$ (200.0)	\$ 1,500.0	\$ 1,584.0	\$ 379.2	\$ -	\$ -	\$ -	\$ 2.7	\$ 2.7	\$ 2.0	\$ 1.0
Current maturities of long-term debt and capital lease obligations	\$ 3.5	\$ -	\$ -	\$ 3.5	\$ 3.9	\$ 3.6	\$ 3.5	\$ 4.3	\$ 75.6	\$ 9.6	\$ 63.4	\$ 2.3
Long-term debt and capital lease obligations	\$ 1,326.5	\$ -	\$ -	\$ 1,326.5	\$ 2,129.0	\$ 2,132.1	\$ 2,133.2	\$ 2,144.1	\$ 2,136.6	\$ 2,140.7	\$ 2,069.9	\$ 2,030.6
<b>Total Debt</b>	\$ 1,614.0	\$ (200.0)	\$ 1,500.0	\$ 2,914.0	\$ 2,512.1	\$ 2,135.7	\$ 2,136.7	\$ 2,148.4	\$ 2,214.9	\$ 2,153.0	\$ 2,135.3	\$ 2,033.9
Adjustments:												
Mandatory redeemable preferred securities of trust (QUIPS) - current	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 63.0	\$ -	\$ -	\$ -	\$ -
Mandatory redeemable preferred securities of trust (QUIPS)	\$ 125.3	\$ -	\$ -	\$ 125.3	\$ 125.4	\$ 125.5	\$ 125.6	\$ 63.5	\$ -	\$ -	\$ -	\$ -
<b>Total debt + QUIPS</b>	\$ 1,739.3	\$ (200.0)	\$ 1,500.0	\$ 3,039.3	\$ 2,637.5	\$ 2,261.2	\$ 2,262.3	\$ 2,274.9	\$ 2,214.9	\$ 2,153.0	\$ 2,135.3	\$ 2,033.9
Cash and cash equivalents	\$ 346.3	\$ (200.0)	\$ -	\$ 146.3	\$ 149.9	\$ 185.8	\$ 267.8	\$ 325.9	\$ 378.4	\$ 329.5	\$ 356.4	\$ 345.5
<b>Net Debt + QUIPS**</b>	\$ 1,393.0	\$ -	\$ 1,500.0	\$ 2,893.0	\$ 2,487.6	\$ 2,075.4	\$ 1,994.5	\$ 1,949.0	\$ 1,836.5	\$ 1,823.5	\$ 1,778.9	\$ 1,688.4

\* In late September 2002, the company utilized short-term debt of \$200 million to preposition certain funds necessary for the acquisition of TRW Aeronautical Systems. This short-term debt was repaid on October 1, 2002 with a portion of the proceeds from the \$1.5 billion bridge loan secured to finance the entire purchase. Accordingly, on October 1, 2002, cash was reduced by \$200 million.

\*\*Total Debt (defined as short-term debt plus current maturities of long-term debt and capital lease obligations plus long-term debt and capital lease obligations) and Net Debt (defined as Total Debt minus cash and cash equivalents) are non-GAAP financial measures that the Company believes are useful to rating agencies and investors in understanding the Company's capital structure and leverage. Because all companies do not calculate these measures in the same manner, the Company's presentation may not be comparable to other similarly titled measures reported by other companies.

\*\*\* QUIPS included in Current maturities of long-term debt and capital lease obligations as of December 31, 2003.

(Dollars in Millions)	3Q 2003	2004				2005 Outlook
		3Q Actual	3Q YTD Actual	Estimated 4Q	Full year Outlook	
<b>Net Income from Continuing Operations</b>	<b>\$34</b>	<b>\$50</b>	<b>\$136</b>	<b>\$38 - \$44</b>	<b>\$174 - \$180</b>	<b>\$195 - \$220</b>
<b>Cash Flow from Operations</b>	<b>\$131</b>	<b>\$110</b>	<b>\$240</b>	<b>&gt;\$80</b>	<b>&gt;\$320</b>	<b>&gt;\$360</b>
<b>Capital Expenditures</b>	<b>\$28</b>	<b>\$31</b>	<b>\$82</b>	<b>\$58 - \$68</b>	<b>\$140 - \$150</b>	<b>\$190 - \$210</b>
<b><u>Calculations:</u></b>						
<b>Free Cash Flow - (Cash Flow from Operations minus Capital Expenditures)</b>	<b>\$103</b>	<b>\$79</b>	<b>\$158</b>	<b>&gt;\$17</b>	<b>&gt;\$175</b>	<b>&gt;\$150</b>
<b>Free Cash Flow Conversion - (Free cash flow divided by net income)</b>	<b>303%</b>	<b>158%</b>	<b>116%</b>	<b>&gt;45%</b>	<b>&gt;100%</b>	<b>&gt;75%</b>

Free Cash Flow (defined as cash flow from operations minus capital expenditures) and Conversion (defined as Free Cash Flow divided by net income) are non-GAAP financial measures that management believes are useful for investors, because they portray the company's ability to generate cash from its core businesses for such purposes as repaying debt, funding acquisitions and paying dividends. Management uses these measures internally to assess business performance and overall liquidity and uses Free Cash Flow as a component for determining incentive-based compensation. These measures should not be considered as substitutes for cash flow from operations, and do not necessarily represent amounts available for discretionary expenditures. Because not all companies calculate these measures in the same manner, the company's presentation may not be comparable to other similarly titled measures reported by other companies.

**GOODRICH**

**Questions and Answers**

**Annual Investor Conference  
November 15, 2004  
New York City**

