

GARDNER DENVER INC  
Form 10-Q  
November 09, 2006

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**UNITED STATES SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549  
FORM 10-Q**

**QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES  
EXCHANGE ACT OF 1934**  
For the quarterly period ended September 30, 2006

**OR**

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

**Commission File Number 1-13215  
GARDNER DENVER, INC.**

(Exact name of registrant as specified in its charter)

**Delaware**  
(State or other jurisdiction of  
incorporation or organization)

**76-0419383**  
(I.R.S. Employer  
Identification No.)

**1800 Gardner Expressway  
Quincy, Illinois 62305**

(Address of principal executive offices and Zip Code)

**(217) 222-5400**

(Registrant's telephone number, including area code)

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer  Accelerated filer  Non-accelerated filer

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

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date: 52,506,354 shares of Common Stock, par value \$0.01 per share, as of October 29, 2006.

**GARDNER DENVER, INC.**  
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Table of Contents**PART I FINANCIAL INFORMATION****Item 1. Financial Statements****GARDNER DENVER, INC.  
CONSOLIDATED STATEMENTS OF OPERATIONS**

(Dollars in thousands, except per share amounts)

(Unaudited)

	<b>Three Months Ended September 30,</b>		<b>Nine Months Ended September 30,</b>	
	<b>2006</b>	<b>2005</b>	<b>2006</b>	<b>2005</b>
<b>Revenues</b>	\$ 414,028	\$ 356,095	\$ 1,229,634	\$ 845,265
Costs and expenses:				
Cost of sales (excluding depreciation and amortization)	271,549	240,535	800,438	569,449
Depreciation and amortization	13,000	11,335	39,527	25,816
Selling and administrative expenses	73,783	71,082	220,531	175,245
Interest expense	8,762	10,358	28,574	19,642
Other income, net	(1,015)	(1,016)	(2,155)	(4,338)
<b>Total costs and expenses</b>	<b>366,079</b>	<b>332,294</b>	<b>1,086,915</b>	<b>785,814</b>
<b>Income before income taxes</b>	<b>47,949</b>	<b>23,801</b>	<b>142,719</b>	<b>59,451</b>
<b>Provision for income taxes</b>	<b>15,832</b>	<b>7,140</b>	<b>47,106</b>	<b>17,835</b>
<b>Net income</b>	<b>\$ 32,117</b>	<b>\$ 16,661</b>	<b>\$ 95,613</b>	<b>\$ 41,616</b>
<b>Basic earnings per share</b>	<b>\$ 0.61</b>	<b>\$ 0.32</b>	<b>\$ 1.83</b>	<b>\$ 0.90</b>
<b>Diluted earnings per share</b>	<b>\$ 0.60</b>	<b>\$ 0.32</b>	<b>\$ 1.79</b>	<b>\$ 0.88</b>

The accompanying notes are an integral part of these consolidated financial statements.

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**GARDNER DENVER, INC.**  
**CONSOLIDATED BALANCE SHEETS**  
(Dollars in thousands, except per share amounts)

	<b>September 30, 2006</b> (unaudited)	<b>December 31, 2005</b>
<b>Assets</b>		
Current assets:		
Cash and equivalents	\$ 86,024	\$ 110,906
Accounts receivable (net of allowances of \$10,333 at September 30, 2006 and \$9,605 at December 31, 2005)	271,677	229,467
Inventories, net	228,555	207,326
Deferred income taxes	27,270	25,754
Other current assets	16,544	12,814
Total current assets	630,070	586,267
Property, plant and equipment, net	266,533	282,591
Goodwill	679,042	620,244
Other intangibles, net	197,511	203,516
Other assets	21,775	22,442
Total assets	\$ 1,794,931	\$ 1,715,060
<b>Liabilities and Stockholders Equity</b>		
Current liabilities:		
Short-term borrowings and current maturities of long-term debt	\$ 32,034	\$ 26,081
Accounts payable	102,733	103,028
Accrued liabilities	198,252	184,735
Total current liabilities	333,019	313,844
Long-term debt, less current maturities	459,197	542,641
Postretirement benefits other than pensions	31,863	31,387
Deferred income taxes	83,551	86,171
Other liabilities	89,648	82,728
Total liabilities	997,278	1,056,771
Stockholders equity:		
Common stock, \$0.01 par value; 100,000,000 shares authorized; 52,501,169 and 51,998,704 shares issued and outstanding at September 30, 2006 and December 31, 2005, respectively	562	278

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Capital in excess of par value	487,131	472,825
Retained earnings	301,994	206,381
Accumulated other comprehensive income	39,608	8,124
Treasury stock at cost, 3,733,095 and 3,618,052 shares at September 30, 2006 and December 31, 2005, respectively	(31,642)	(29,319)
Total stockholders' equity	797,653	658,289
Total liabilities and stockholders' equity	\$ 1,794,931	\$ 1,715,060

The accompanying notes are an integral part of these consolidated financial statements.

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**GARDNER DENVER, INC.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(Dollars in thousands)  
(Unaudited)

	<b>Nine Months Ended September 30,</b>	
	<b>2006</b>	<b>2005</b>
<b>Cash Flows From Operating Activities</b>		
Net income	\$ 95,613	\$ 41,616
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	39,527	25,816
Unrealized foreign currency transaction loss (gain), net	354	(108)
Net loss on asset dispositions	51	146
Stock issued for employee benefit plans	2,767	2,496
Excess tax benefits from stock-based compensation	(2,925)	
Deferred income taxes	(4,787)	(1,874)
Changes in assets and liabilities:		
Receivables	(32,639)	(7,638)
Inventories	(16,581)	(4,316)
Accounts payable and accrued liabilities	(2,212)	(8,609)
Other assets and liabilities, net	7,572	5,298
Net cash provided by operating activities	86,740	52,827
<b>Cash Flows From Investing Activities</b>		
Net cash paid in business combinations	(20,057)	(480,421)
Capital expenditures	(26,277)	(22,650)
Disposals of property, plant and equipment	11,436	536
Other, net		(2,148)
Net cash used in investing activities	(34,898)	(504,683)
<b>Cash Flows From Financing Activities</b>		
Principal payments on short-term borrowings	(7,997)	(23,380)
Proceeds from short-term borrowings	8,293	16,663
Principal payments on long-term debt	(210,376)	(467,328)
Proceeds from long-term debt	120,922	786,150
Proceeds from issuance of common stock		199,318
Proceeds from stock options	4,593	5,498
Excess tax benefits from stock-based compensation	2,925	
Purchase of treasury stock	(1,222)	(2,810)
Debt issuance costs	(540)	(7,789)
Other	(158)	
Net cash (used in) provided by financing activities	(83,560)	506,322

Effect of exchange rate changes on cash and equivalents	6,836	(4,511)
<b>(Decrease) increase in cash and equivalents</b>	<b>(24,882)</b>	<b>49,955</b>
<b>Cash and equivalents, beginning of year</b>	<b>110,906</b>	<b>64,601</b>
<b>Cash and equivalents, end of period</b>	<b>\$ 86,024</b>	<b>\$ 114,556</b>

The accompanying notes are an integral part of these consolidated financial statements.

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**GARDNER DENVER, INC.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

(Dollars in thousands, except per share amounts or amounts described in millions)

(Unaudited)

**Note 1. Summary of Significant Accounting Policies**

*Basis of Presentation*

The accompanying consolidated financial statements include the accounts of Gardner Denver, Inc. and those subsidiaries that are majority-owned or over which Gardner Denver, Inc. exercises control (referred to herein as Gardner Denver or the Company ). In consolidation, all significant intercompany transactions and accounts have been eliminated. Current and prior year per share amounts in this report on Form 10-Q reflect the effect of a two-for-one stock split (in the form of a 100% stock dividend) that was completed on June 1, 2006 (see Note 3).

The financial information presented as of any date other than December 31, 2005 has been prepared from the books and records of the Company without audit. The accompanying condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ( generally accepted accounting principles ) for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and notes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments, consisting only of normal recurring adjustments necessary for a fair presentation of such financial statements, have been included.

The unaudited interim consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto included in Gardner Denver s Annual Report on Form 10-K for the year ended December 31, 2005.

The results of operations for the nine-month period ended September 30, 2006 are not necessarily indicative of the results to be expected for the full year. The balance sheet at December 31, 2005 has been derived from the audited financial statements at that date but does not include all of the information and notes required by generally accepted accounting principles for complete financial statements.

Other than as specifically indicated in the Notes to Consolidated Financial Statements included in this Quarterly Report on Form 10-Q, the Company has not materially changed its significant accounting policies from those disclosed in its Form 10-K for the year ended December 31, 2005.

In the first quarter of 2006, the Company made certain organizational changes that resulted in a realignment of its reportable segments. The operations of the Company s line of specialty bronze and high alloy pumps for the general industrial and marine markets (acquired in July 2005 as part of Thomas Industries Inc. ( Thomas )) (see Note 2) and the operations of its line of self-sealing couplings (acquired in January 2004 as part of Syltone plc ( Syltone )) were transferred from the Compressor and Vacuum Products segment to the Fluid Transfer Products segment. Accordingly, reportable segment information for these two operations has been included in the Fluid Transfer Products segment results. Results for the three and nine-month periods ended September 30, 2005 have been restated to reflect this realignment. In addition, operating results of the Todo Group ( Todo ), a manufacturer of self-sealing couplings that was acquired in January 2006 (see Note 2) have been included in the Fluid Transfer Products segment from the date of acquisition.

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*Changes in Accounting Principles and Effects of New Accounting Pronouncements*

In December 2004, the Financial Accounting Standards Board ( FASB ) issued Statement of Financial Accounting Standards ( SFAS ) No. 123 (revised 2004), *Share-Based Payment* ( SFAS No. 123(R) ), which is a revision of SFAS No. 123, *Accounting for Stock-Based Compensation* ( SFAS No. 123 ). SFAS No. 123(R) supersedes Accounting Principals Board ( APB ) Opinion No. 25, *Accounting for Stock Issued to Employees* ( APB 25 ) and amends SFAS No. 95, *Statement of Cash Flows*. The Company adopted the provisions of SFAS No. 123(R) effective January 1, 2006. Disclosures related to the Company's stock-based compensation plans are included in Note 9.

In June 2006, the FASB issued FASB Interpretation No. 48, *Accounting for Uncertainty in Income Taxes - an interpretation of FASB Statement No. 109* ( FIN 48 ), which prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. FIN 48 also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. FIN 48 is effective for fiscal years beginning after December 15, 2006. The Company will adopt FIN 48 in the first quarter of 2007. The cumulative effects, if any, of applying FIN 48 will be recorded as an adjustment to retained earnings as of the beginning of the period of adoption. Management has commenced the process of evaluating the expected effect of FIN 48 on the Company's consolidated financial statements and related disclosure requirements.

In June 2006, the Emerging Issues Task Force reached a consensus on the income statement presentation of various types of taxes. The new guidance, Emerging Issues Task Force Issue 06-3 *How Taxes Collected from Customers and Remitted to Governmental Authorities Should Be Presented in the Income Statement (That Is, Gross versus Net Presentation)* ( EITF 06-3 ) applies to any tax assessed by a governmental authority that is directly imposed on a revenue-producing transaction between a seller and a customer and may include, but is not limited to, sales, use, value added, and some excise taxes. The presentation of taxes within the scope of this issue on either a gross (included in revenues and costs) or a net (excluded from revenues) basis is an accounting policy decision that should be disclosed pursuant to APB Opinion No. 22, *Disclosure of Accounting Policies*. The EITF's decision on gross versus net presentation requires that any such taxes reported on a gross basis be disclosed on an aggregate basis in interim and annual financial statements, for each period for which an income statement is presented, if those amounts are significant. EITF 06-3 is effective for fiscal years beginning after December 15, 2006. Management has commenced the process of evaluating the expected effect of EITF 06-3 on the Company's disclosure requirements.

In September 2006, the FASB issued SFAS No. 157, *Fair Value Measurements* ( SFAS No. 157 ), which defines fair value, establishes a framework for using fair value to measure assets and liabilities, and expands disclosures about fair value measurements. SFAS No. 157 applies whenever other statements require or permit assets or liabilities to be measured at fair value. This statement is effective for fiscal years beginning after November 15, 2007. Management is currently evaluating the impact the adoption of SFAS No. 157 will have on the Company's consolidated financial statements and related disclosure requirements.

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In September 2006, the FASB issued SFAS No. 158, *Employers Accounting for Defined Benefit Pension and Other Postretirement Plans – an amendment of FASB Statements No. 87, 88, 106 and 132(R)* ( SFAS No. 158 ), which requires companies to recognize a net liability or asset and an offsetting adjustment to accumulated other comprehensive income to report the funded status of defined benefit pension and other postretirement benefit plans. SFAS No.158 requires prospective application, and the recognition and disclosure requirements are effective for fiscal years ending after December 15, 2006. Additionally, this statement requires companies to measure plan assets and obligations at their year-end balance sheet date. This requirement is effective for fiscal years ending after December 15, 2008. Management has commenced the process of evaluating the expected effect of SFAS No. 158 on the Company's consolidated financial statements and related disclosure requirements.

In September 2006, the SEC issued Staff Accounting Bulletin No. 108, *Considering the Effects of Prior Year Misstatements when Quantifying Misstatements in Current Year Financial Statements* ( SAB No. 108 ), which addresses the diversity in practice in quantifying financial statement misstatements and provides interpretive guidance regarding the consideration given to prior year misstatements when determining materiality in current year financial statements. SAB No. 108 is effective for fiscal years ending after November 15, 2006. Management is currently evaluating the impact the adoption of SAB No. 108 will have on the Company's consolidated financial statements and related disclosure requirements.

**Note 2. Business Combinations**

*Service marks, trademarks and/or tradenames and related designs or logotypes owned by Gardner Denver, Inc. or its subsidiaries are shown in italics.*

The following table presents summary information with respect to acquisitions completed by Gardner Denver during 2005:

<b>Date of Acquisition</b>	<b>Acquired Entity</b>	<b>Net Transaction Value</b>
June 1, 2005	Bottarini S.p.A.	8.0 million (approximately \$10.0 million)
July 1, 2005	Thomas Industries Inc.	\$483.5 million

During the nine-month period ended September 30, 2006, the Company also made cash acquisition payments of approximately \$4.0 million, primarily consisting of payments to former stockholders and transaction-related costs in connection with Thomas, and reflected in the above transaction value.

On January 9, 2006, the Company completed the acquisition of the Todo Group ( Todo ) for a purchase price of 126.2 million Swedish kronor (approximately \$16.1 million), net of debt and cash acquired. Todo, with assembly operations in Sweden and the United Kingdom, and a central European sales and distribution operation in the Netherlands, has an extensive offering of dry-break couplers. *Todo-Matic* self-sealing couplings are used by oil, chemical and gas companies to transfer their products. The Todo acquisition extends the Company's product line of *Emco Wheaton* couplers, added as part of the Syltone plc ( Syltone ) acquisition in 2004.

All acquisitions have been accounted for by the purchase method and, accordingly, their results are included in the Company's consolidated financial statements from the respective dates of acquisition. Under the purchase method, the purchase price is allocated based on the fair value of assets received and liabilities assumed as of the acquisition date.

**Table of Contents***Acquisition of Thomas Industries Inc.*

Under the purchase method of accounting, the assets and liabilities of Thomas were recorded at their estimated respective fair values as of July 1, 2005. The initial allocation of the purchase price was subsequently adjusted when preliminary valuation estimates were finalized. The following table summarizes the nature and amount of such adjustments recorded in 2006:

**Thomas Industries Inc.  
Purchase Price Allocation and Adjustments  
September 30, 2006**

Total intangible assets recorded as of December 31, 2005	\$ 360,373
Purchase accounting adjustments recorded in 2006:	
Fair value of current assets and liabilities, net	9,090
Fair value of property, plant and equipment, net	2,893
Termination benefits and other related liabilities	(2,872)
Income taxes, net	4,865
Other, net	1,951
Total intangible assets recorded as of September 30, 2006	\$ 376,300
Goodwill	\$ 276,955
Identifiable intangible assets	99,345
Total	\$ 376,300

Finalization of the fair value of the Thomas tangible and amortizable intangible assets resulted in a cumulative \$5.5 million pre-tax charge to depreciation expense and a cumulative \$3.2 million pre-tax credit to amortization expense in the second quarter of 2006.

In connection with the acquisition of Thomas, the Company initiated plans to close and consolidate certain former Thomas facilities, primarily in the U.S. and Europe. These plans include various voluntary and involuntary employee termination and relocation programs affecting both salaried and hourly employees and exit costs associated with the sale, lease termination or sublease of certain manufacturing and administrative facilities. The terminations, relocations and facility exits are expected to be substantively completed during the next nine months. A liability of \$17,500 was included in the allocation of the Thomas purchase price for the estimated cost of these actions at July 1, 2005 in accordance with EITF No. 95-3, *Recognition of Liabilities in Connection with a Purchase Business Combination*. Based on finalization of these plans, an estimated total cost of \$16,862 has been included in the allocation of the Thomas purchase price. The cost of these plans is comprised of the following:

Voluntary and involuntary employee termination and relocation	\$ 14,718
Lease termination and related costs	1,007
Other	1,137
Total	\$ 16,862

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The following table summarizes the activity in the associated accrual account. All additional amounts accrued, net, were recorded as adjustments to the cost of acquiring Thomas.

	<b>Termination Benefits</b>	<b>Other</b>	<b>Total</b>
Established at July 1, 2005	\$ 16,814	\$ 686	\$ 17,500
Amounts paid	(8,157)		(8,157)
Balance at December 31, 2005	8,657	686	9,343
Additional amounts accrued (reversed), net	(2,096)	1,458	(638)
Amounts paid	(3,096)	(527)	(3,623)
Balance at September 30, 2006	\$ 3,465	\$ 1,617	\$ 5,082

**Note 3. Stockholders Equity and Stock Split**

On May 2, 2006, the Company's stockholders approved an increase in the number of authorized shares of common stock from 50 million to 100 million. This increase in shares allowed the Company to complete the previously announced two-for-one stock split (in the form of a 100% stock dividend). Stockholders of record at the close of business on May 11, 2006 received a stock dividend of one share of the Company's common stock for each share owned. The stock dividend was paid after the close of business on June 1, 2006. All shares reserved for issuance pursuant to the Company's stock option, retirement savings and stock purchase plans were automatically increased by the same proportion pursuant to the Company's Long-Term Incentive Plan and retirement savings plan. In addition, shares subject to outstanding options or other rights to acquire the Company's stock and the exercise price for such shares were adjusted proportionately. The Company transferred \$0.3 million to common stock from additional paid-in capital, representing the aggregate par value of the shares issued under the stock split. Current and prior year share and per share amounts in this report on Form 10-Q reflect the effect of the two-for-one stock split (in the form of a 100% stock dividend) that was completed on June 1, 2006.

**Table of Contents****Note 4. Inventories**

	<b>September 30, 2006</b>	<b>December 31, 2005</b>
Raw materials, including parts and subassemblies	\$ 104,212	\$ 95,855
Work-in-process	39,653	37,230
Finished goods	95,493	80,494
	239,358	213,579
Excess of FIFO costs over LIFO costs	(10,803)	(6,253)
Inventories, net	\$ 228,555	\$ 207,326

**Note 5. Goodwill and Other Intangible Assets**

The changes in the carrying amount of goodwill attributable to each business segment for the nine-month period ended September 30, 2006, and the year ended December 31, 2005, are presented in the table below. The adjustments to goodwill recorded in 2006 reflect the finalization of the purchase price allocations for the Thomas and Bottarini S.p.A. ( Bottarini ) acquisitions.

	<b>Compressor &amp; Vacuum Products</b>	<b>Fluid Transfer Products</b>	<b>Total</b>
<b>Balance as of December 31, 2004</b>	\$ 336,075	\$ 38,084	\$ 374,159
Acquisitions	256,942		256,942
Adjustments to goodwill	4,332		4,332
Foreign currency translation	(13,908)	(1,281)	(15,189)
<b>Balance as of December 31, 2005</b>	583,441	36,803	620,244
Acquisitions		12,409	12,409
Adjustments to goodwill	24,724		24,724
Foreign currency translation	20,093	1,572	21,665
<b>Balance as of September 30, 2006</b>	\$ 628,258	\$ 50,784	\$ 679,042

The following table presents the gross carrying amount and accumulated amortization of identifiable intangible assets, other than goodwill, at the dates presented:

	<b>September 30, 2006</b>		<b>December 31, 2005</b>	
	<b>Gross Carrying Amount</b>	<b>Accumulated Amortization</b>	<b>Gross Carrying Amount</b>	<b>Accumulated Amortization</b>
Amortized intangible assets:				
Customer lists and relationships	\$ 63,290	\$ (7,793)	\$ 105,896	\$ (7,389)
Acquired technology	37,691	(18,652)	30,802	(13,164)
Other	11,758	(4,376)	13,453	(3,558)
Unamortized intangible assets:				
Trademarks	115,593		77,476	

Total other intangible assets	\$ 228,332	\$ (30,821)	\$ 227,627	\$ (24,111)
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Amortization of intangible assets for the three and nine-month periods ended September 30, 2006, was \$2.6 million and \$5.8 million, respectively. Finalization of the fair value of the Thomas amortizable intangible assets resulted in a cumulative \$3.2 million pre-tax credit to amortization expense in the second quarter of 2006. Amortization of intangible assets for the three and nine-month periods

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ended September 30, 2005, was \$2.9 million and \$6.6 million, respectively. Amortization of intangible assets is anticipated to be approximately \$8.0 to \$9.0 million annually in 2006 through 2010, based upon existing intangible assets with finite useful lives as of September 30, 2006.

**Note 6. Accrued Product Warranty**

The following table summarizes the activity in the Company's product warranty accrual for the three and nine-month periods ended September 30, 2006 and 2005, respectively:

	<b>Three Months Ended</b>		<b>Nine Months Ended</b>	
	<b>September 30,</b>		<b>September 30,</b>	
	<b>2006</b>	<b>2005</b>	<b>2006</b>	<b>2005</b>
Balance at beginning of period	\$ 17,048	\$ 10,861	\$ 15,254	\$ 10,671
Product warranty accruals	3,101	3,464	10,985	7,374
Settlements	(3,961)	(3,235)	(10,709)	(6,700)
Other (acquisitions and foreign currency translation)	747	5,872	1,405	5,617
Balance at end of period	\$ 16,935	\$ 16,962	\$ 16,935	\$ 16,962

**Note 7. Pension and Other Postretirement Benefits**

The following table summarizes the components of net periodic benefit cost for the Company's defined benefit pension plans and other postretirement benefit plans recognized for the three and nine month periods ended September 30, 2006 and 2005, respectively:

	<b>Three Months Ended September 30,</b>				<b>Other</b>	
	<b>Pension Benefits</b>				<b>Postretirement</b>	
	<b>U.S. Plans</b>		<b>Non-U.S. Plans</b>		<b>Benefits</b>	
	<b>2006</b>	<b>2005</b>	<b>2006</b>	<b>2005</b>	<b>2006</b>	<b>2005</b>
Service cost	\$ 857	\$ 1,346	\$ 1,342	\$ 1,342	\$ 33	\$ 28
Interest cost	993	1,025	2,120			