Annual principal payments required as of December 31, 2004 are as follows (in millions of dollars):

| | |
|---|---|
| 2005 | $ 16.5 |
| 2006 | 151.4 |
| 2007 | 6.7 |
| 2008 | 6.7 |
| 2009 | 146.0 |
| after 2009 | 259.5 |
| Total payments | 586.8 |
| Less: Unamortized discounts | (2.3) |
| Total | $584.5 |

The Company has a revolving credit facility, which provides for borrowings up to $600 million through July 2009. This new facility effective July 22, 2004 replaced the Company's previous facility of $350 million. At December 31, 2004 and December 31, 2003 there were no borrowings outstanding and no obligations under standby letters of credit under the facility. The credit agreement is subject to the usual terms and conditions applied by banks to an investment grade company. The Company was in compliance with all covenants at December 31, 2004 and expects to be compliant in future periods.

## NOTE 7
## FINANCIAL INSTRUMENTS

The Company's financial instruments include cash and cash equivalents, trade receivables, trade payables and notes payable. Due to the short-term nature of these instruments, the book value approximates fair value. The Company's financial instruments also include long-term debt, interest rate and currency swaps, commodity swap contracts, and foreign currency forward contracts.

As of December 31, 2004 and 2003, the estimated fair values of the Company's senior unsecured notes totaled $589.0 million and $635.0 million, respectively. The estimated fair values were $60.9 million higher in 2004, and $74.9 million higher in 2003, than their respective carrying values. Fair market values are developed by the use of estimates obtained from brokers and other appropriate valuation techniques based on information available as of year-end. The fair value estimates do not necessarily reflect the values the Company could realize in the current markets.

The Company manages its interest rate risk by balancing its exposure to fixed and variable rates while attempting to minimize its interest costs. The Company selectively uses interest rate swaps to reduce market value risk associated with changes in interest rates (fair value hedges). We also selectively use cross-currency swaps to hedge the foreign currency exposure associated with our net investment in certain foreign operations (net investment hedges). A summary of these instruments outstanding at December 31, 2004 follows (currency in millions):

| | Hedge Type | Notional Amount | Interest Rates[b] Receive | Interest Rates[b] Pay | Floating Interest Rate Basis |
|---|---|---|---|---|---|
| **Interest rate swaps**[a] | | | | | |
| Fixed to floating | Fair value | $139 | 7.0% | 4.5% | 6 month LIBOR+1.7% |
| Fixed to floating | Fair value | $100 | 6.5% | 5.2% | 6 month LIBOR+2.4% |
| Fixed to floating | Fair value | $ 75 | 8.0% | 5.4% | 6 month LIBOR+2.6% |
| **Cross currency swap (matures in 2006)** | | | | | |
| Floating $ | Net investment | $125 | 4.2% | — | 6 mo. USD LIBOR+1.4% |
| to floating ¥ | | ¥14,930 | — | 1.7% | 6 mo. JPY LIBOR+1.6% |
| **Cross currency swap (matures in 2009)** | | | | | |
| Floating $ | Net investment | $75 | 5.4% | — | 6 mo. USD LIBOR+2.6% |
| to floating € | | €57 | — | 4.8% | 6 mo. EURIBOR+2.6% |
| **Cross currency swap (matures in 2019)** | | | | | |
| Floating $ | Net investment | $75 | 5.4% | — | 6 mo. USD LIBOR+2.6% |
| to floating € | | €61 | — | 4.8% | 6 mo. EURIBOR+2.6% |

(a) The maturity of the swaps corresponds with the maturity of the hedged item as noted in the debt summary, unless otherwise indicated.
(b) Interest rates are as of December 31, 2004.

As of December 31, 2004 and December 31, 2003, the fair value of the fixed to floating interest rate swaps was $6.9 million and $11.5 million, respectively and are recorded in the Company's Consolidated Balance Sheets as Other non-current assets with a corresponding adjustment to the carrying value of the hedged debt. The change in fair value of the swaps exactly offsets the change in fair value of the hedged debt with no net impact on earnings. The cross currency swaps were recorded at their fair value of $(33.1) at December 31, 2004 and $(4.2) million at December 31, 2003. Fair value is based on quoted market prices for contracts with similar maturities and the ineffective portion of all swaps was not significant.

The Company also entered into certain commodity derivative instruments to protect against commodity price changes related to forecasted raw material and supplies purchases. The primary purpose of the commodity price hedging activities is to manage the volatility associated with these forecasted purchases. The Company utilizes forward and option contracts, which are designated as cash flow hedges. These instruments are intended to offset the effect of changes in commodity prices on forecasted purchases. As of December 31, 2004 the Company had commodity swap contracts with a total notional value of $3.4 million. The fair market value of the swap contracts was $0.4 million as of December 31, 2004, which is deferred in other comprehensive income and will be reclassified and matched into income as the underlying operating transactions are realized. As of December 31, 2003, the Company had commodity swap contracts with a total notional value of $1.1 million and a fair market value of $0.1 million as of December 31, 2003, which was deferred in other comprehensive income. During the twelve months ended December 31, 2004 and 2003, hedge ineffectiveness associated with these contracts was not significant.

The Company uses foreign exchange forward contracts to protect against exchange rate movements for forecasted cash flows for purchases, operating expenses or sales transactions designated in currencies other than the functional currency of the operating unit. Most contracts mature in less than one year, however certain long-term commitments are covered by forward currency arrangements to protect against currency risk through the second quarter of 2009. Foreign currency contracts require the Company, at a future date, to either buy or sell foreign currency in exchange for the operating units local currency. At December 31, 2004 contracts were outstanding to buy or sell U.S. Dollars, Euros, British Pounds Sterling, Canadian Dollars and Hungarian Forints. Gains and losses arising from these contracts are unrealized in other comprehensive income and will be reclassified and matched into income as the underlying operating transactions are realized. As of December 31, 2004 unrealized gains amounted to $8.8 million, ($4.2 million maturing in less than one year) and unrealized losses amounted to $(4.1) million ($(3.2) million maturing in less than one year). As of December 31, 2003 unrealized gains amounted to $3.6 million and unrealized losses amounted to $(3.3) million. Hedge ineffectiveness associated with these contracts during 2003 and 2004 was not significant.

## NOTE 8
## RETIREMENT BENEFIT PLANS

The Company has a number of defined benefit pension plans and other post retirement benefit plans covering eligible salaried and hourly employees. The other post retirement benefit plans, which provide medical and life insurance benefits, are unfunded plans. The measurement date for all plans is December 31. The following provides a reconciliation of the plans' benefit obligations, plan assets, funded status and recognition in the Consolidated Balance Sheets.

| | Pension benefits | | | | Other post retirement benefits | |
|---|---|---|---|---|---|---|
| | **2004** | | 2003 | | **2004** | 2003 |
| millions of dollars | U.S. | Non-U.S. | U.S. | Non-U.S. | | |
| **Change in projected benefit obligation:** | | | | | | |
| Projected benefit obligation at beginning of year | **$316.5** | **$217.1** | $283.2 | $ 159.9 | **$ 537.4** | $ 446.5 |
| Service cost | **2.4** | **9.3** | 2.5 | 7.5 | **6.0** | 5.3 |
| Interest cost | **17.3** | **11.5** | 18.5 | 9.5 | **28.8** | 29.7 |
| Plan participants' contributions | **—** | **0.3** | — | 0.3 | **—** | — |
| Actuarial (gain)/loss | **(8.3)** | **12.2** | 33.9 | 21.1 | **(2.1)** | 89.2 |
| Currency translation | **—** | **17.9** | — | 24.7 | **—** | — |
| Curtailments | **—** | **—** | — | — | **—** | (0.8) |
| Benefits paid | **(22.6)** | **(8.1)** | (21.6) | (5.9) | **(32.9)** | (32.5) |
| Projected benefit obligation at end of year | **$305.3** | **$260.2** | $316.5 | $ 217.1 | **$ 537.2** | $ 537.4 |
| **Change in plan assets:** | | | | | | |
| Fair value of plan assets at beginning of year | **$288.0** | **$103.4** | $245.7 | $ 77.8 | | |
| Actual return on plan assets | **34.7** | **8.9** | 52.9 | 15.1 | | |
| Employer contribution | **24.3** | **12.0** | 11.0 | 6.1 | | |
| Plan participants' contribution | **—** | **0.3** | — | 0.3 | | |
| Currency translation | **—** | **8.2** | — | 10.0 | | |
| Benefits paid | **(22.6)** | **(8.1)** | (21.6) | (5.9) | | |
| Fair value of plan assets at end of year | **$324.4** | **$124.7** | $288.0 | $ 103.4 | | |
| **Funded status:** | | | | | | |
| Funded status at end of year | **$ 19.1** | **$(135.5)** | $ (28.5) | $(113.7) | **$(537.2)** | $(537.4) |
| Unrecognized net actuarial (gain) loss | **79.1** | **57.2** | 101.2 | 45.2 | **203.7** | 214.4 |
| Unrecognized transition obligation (asset) | **—** | **—** | — | 0.2 | **—** | — |
| Unrecognized prior service cost | **7.5** | **0.3** | 9.0 | 0.4 | **(2.1)** | (2.3) |
| Net amount recognized | **$105.7** | **$ (78.0)** | $ 81.7 | $ (67.9) | **$(335.6)** | $(325.3) |
| **Amounts recognized in the Consolidated Balance Sheets consist of:** | | | | | | |
| Prepaid benefit cost | **$105.7** | **$ —** | $ 81.7 | $ — | **$ —** | $ — |
| Accrued benefit liability | **—** | **(78.0)** | — | (67.9) | **(335.6)** | (325.3) |
| Additional minimum liability | **(63.2)** | **(21.2)** | (80.5) | (22.8) | **—** | — |
| Intangible asset | **7.2** | **0.2** | 8.7 | 0.4 | **—** | — |
| Accumulated reduction in stockholders equity | **56.0** | **21.0** | 71.8 | 22.4 | **—** | — |
| Net amount recognized | **$105.7** | **$ (78.0)** | $ 81.7 | $ (67.9) | **$(335.6)** | $(325.3) |
| Total accumulated benefit obligation for all plans | **$301.8** | **$229.6** | $316.2 | $ 194.9 | | |