

Note 2 – Acquisitions and Divestitures (continued)

The following results of operations for this business have been treated as discontinued operations for the years ending December 31, 2010 and 2009. This divestiture had no impact on the year ending December 31, 2011.

	2010	2009
Net sales	\$ –	\$ 406.7
Cost of goods sold	–	376.3
Gross profit	–	30.4
Selling, administrative and general expenses	–	59.3
Impairment and restructuring charges	–	52.6
Interest expense, net	–	0.2
Other expense, net	–	1.7
Earnings (loss) before income taxes on operations	–	(83.4)
Income tax benefit (expense) on operations	–	23.5
Gain (loss) on divestiture	11.6	(19.9)
Income tax (expense) benefit on disposal	(4.2)	7.2
Income (loss) from discontinued operations	\$ 7.4	\$ (72.6)

In 2009, approximately \$11.6 million of accumulated foreign currency translation adjustments were recognized as part of the loss on divestiture of the NRB operations.

NOTE 3 – EARNINGS PER SHARE

The following table sets forth the reconciliation of the numerator and the denominator of basic earnings per share and diluted earnings per share for the years ended December 31:

	2011	2010	2009
Numerator:			
Income (loss) from continuing operations attributable to The Timken Company	\$ 454.3	\$ 267.4	\$ (61.4)
Less: undistributed earnings allocated to nonvested stock	(1.6)	(1.2)	–
Income (loss) from continuing operations available to common shareholders for basic earnings per share and diluted earnings per share	\$ 452.7	\$ 266.2	\$ (61.4)
Denominator:			
Weighted average number of shares outstanding – basic	97,451,064	96,535,273	96,135,783
Effect of dilutive options and awards	1,204,449	980,929	–
Weighted average number of shares outstanding, assuming dilution of stock options and awards	98,655,513	97,516,202	96,135,783
Basic earnings (loss) per share from continuing operations	\$ 4.65	\$ 2.76	\$ (0.64)
Diluted earnings (loss) per share from continuing operations	\$ 4.59	\$ 2.73	\$ (0.64)

The exercise prices for certain stock options that the Company has awarded exceed the average market price of the Company's common stock. Such stock options are antidilutive and were not included in the computation of diluted earnings per share. The antidilutive stock options outstanding were 436,850, 980,477 and 4,128,421 during 2011, 2010 and 2009, respectively.