POLYONE CORP
Form 10-Q
November 04, 2009

**UNITED STATES SECURITIES AND EXCHANGE COMMISSION**
**Washington, D.C. 20549**
**FORM 10-Q**
**[x] Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**
**For the quarterly period ended September 30, 2009**
**[ ] Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**
**For the transition period from __________ to __________.**
**Commission file number 1-16091**
**POLYONE CORPORATION**
*(Exact name of registrant as specified in its charter)*

| | |
|---|---|
| **Ohio** | **34-1730488** |
| *(State or other jurisdiction of incorporation or organization)* | *(I.R.S. Employer Identification No.)* |
| ***33587 Walker Road, Avon Lake, Ohio*** | ***44012*** |
| *(Address of principal executive offices)* | *(Zip Code)* |

Registrant s telephone number, including area code: **(440) 930-1000**
Former name, former address and former fiscal year, if changed since last report: **Not Applicable**
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.
[x] Yes [ ] No
Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). [ ] Yes [ ] No
Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer [ ] Accelerated filer [x] Non-accelerated filer [ ] Smaller reporting company [ ]
(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
[ ] Yes [x] No
The number of outstanding shares of the registrant s common stock, $0.01 par value, as of November 2, 2009 was 92,485,656.

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**Part I Financial Information**
**Item 1. Financial Statements**

**PolyOne Corporation and Subsidiaries**
**Condensed Consolidated Statements of Operations (Unaudited)**
(In millions, except per share data)

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| | **2009** | **2008** | **2009** | **2008** |
| Sales | $ 548.3 | $ 735.1 | $ 1,508.2 | $ 2,196.9 |
| Cost of sales | 441.0 | 669.9 | 1,255.4 | 1,958.3 |
| Gross margin | 107.3 | 65.2 | 252.8 | 238.6 |
| Selling and administrative | 56.3 | 69.7 | 203.6 | 217.6 |
| Adjustment to impairment of goodwill | | | 5.0 | |
| Income from equity affiliates | 5.2 | 5.8 | 28.6 | 24.4 |
| Operating income | 56.2 | 1.3 | 72.8 | 45.4 |
| Interest expense, net | (8.5) | (9.7) | (26.1) | (27.9) |
| Other expense, net | (1.2) | | (8.5) | (2.7) |
| Income (loss) before income taxes | 46.5 | (8.4) | 38.2 | 14.8 |
| Income tax benefit (expense) | 3.1 | 2.8 | 5.6 | (5.1) |
| Net income (loss) | $ 49.6 | $ (5.6) | $ 43.8 | $ 9.7 |
| Earnings (loss) per common share: | | | | |
| Basic earnings (loss) | $ 0.54 | $ (0.06) | $ 0.47 | $ 0.10 |
| Diluted earnings (loss) | $ 0.53 | $ (0.06) | $ 0.47 | $ 0.10 |
| Weighted-average shares used to compute earnings per share: | | | | |
| Basic | 92.4 | 92.9 | 92.4 | 92.9 |
| Diluted | 93.9 | 92.9 | 93.0 | 93.5 |

*See Accompanying Notes to the Unaudited Condensed Consolidated Financial Statements.*

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**PolyOne Corporation and Subsidiaries**
**Condensed Consolidated Balance Sheets**
(In millions)

| | (Unaudited) September 30, 2009 | December 31, 2008 |
|---|---|---|
| Assets | | |
| Current assets: | | |
| Cash and cash equivalents | $ 241.0 | $ 44.3 |
| Accounts receivable, net | 297.2 | 262.1 |
| Inventories | 158.2 | 197.8 |
| Deferred income tax assets | 0.5 | 1.0 |
| Other current assets | 15.6 | 19.9 |
| Total current assets | 712.5 | 525.1 |
| Property, net | 395.6 | 432.0 |
| Investment in equity affiliates and nonconsolidated subsidiary | 21.4 | 20.5 |
| Goodwill | 159.0 | 163.9 |
| Other intangible assets, net | 66.7 | 69.1 |
| Deferred income tax assets | | 0.5 |
| Other non-current assets | 66.9 | 66.6 |
| Total assets | $ 1,422.1 | $ 1,277.7 |
| Liabilities and Shareholders Equity | | |
| Current liabilities: | | |
| Current portion of long-term debt | $ 39.9 | $ 19.8 |
| Short-term debt | 0.6 | 6.2 |
| Accounts payable | 260.1 | 160.0 |
| Accrued expenses and other liabilities | 116.7 | 118.2 |
| Total current liabilities | 417.3 | 304.2 |
| Long-term debt | 389.0 | 408.3 |
| Postretirement benefits other than pensions | 24.1 | 80.9 |
| Pension benefits | 206.8 | 225.0 |
| Deferred income tax liabilities | 4.3 | |
| Other non-current liabilities | 94.8 | 83.4 |
| Shareholders equity | 285.8 | 175.9 |
| Total liabilities and shareholders equity | $ 1,422.1 | $ 1,277.7 |

*See Accompanying Notes to the Unaudited Condensed Consolidated Financial Statements.*

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**PolyOne Corporation and Subsidiaries**
**Condensed Consolidated Statements of Cash Flows (Unaudited)**
(In millions)

| | Nine Months Ended September 30, | |
|---|---|---|
| | **2009** | **2008** |
| **Operating Activities** | | |
| Net income | $ 43.8 | $ 9.7 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Depreciation and amortization | 49.8 | 51.8 |
| Deferred income tax provision (benefit) | 9.4 | (5.1) |
| Provision for doubtful accounts | 3.0 | 5.3 |
| Stock compensation expense | 2.2 | 2.2 |
| Adjustment to impairment of goodwill | 5.0 | |
| Asset write-downs and impairment charges | 7.7 | 0.5 |
| Companies carried at equity: | | |
| Income from equity affiliates | (28.6) | (24.4) |
| Dividends and distributions received | 27.6 | 20.8 |
| Change in assets and liabilities, net of acquisition: | | |
| Increase in accounts receivable | (20.2) | (74.4) |
| Decrease (increase) in inventories | 39.9 | (34.9) |
| Increase in accounts payable | 97.8 | 36.1 |
| (Decrease) increase in sale of accounts receivable | (14.2) | 25.8 |
| (Decrease) increase in accrued expenses and other | (6.3) | 3.6 |
| Net cash provided by operating activities | 216.9 | 17.0 |
| **Investing Activities** | | |
| Capital expenditures | (15.9) | (29.6) |
| Investment in affiliated company | | (1.1) |
| Business acquisitions, net of cash acquired | | (150.2) |
| Net cash used by investing activities | (15.9) | (180.9) |
| **Financing Activities** | | |
| Change in short-term debt | (5.5) | 73.4 |
| Purchase of common stock for treasury | | (8.0) |
| Issuance of long-term debt, net of debt issuance cost | | 77.8 |
| Repayment of long-term debt | | (22.2) |
| Proceeds from exercise of stock options | | 1.1 |
| Net cash (used) provided by financing activities | (5.5) | 122.1 |
| Effect of exchange rate changes on cash | 1.2 | 0.6 |
| Increase (decrease) in cash and cash equivalents | 196.7 | (42.4) |
| Cash and cash equivalents at beginning of period | 44.3 | 79.4 |

| | | |
|---|---|---|
| **Cash and cash equivalents at end of period** | $ 241.0 | $ 37.0 |

*See Accompanying Notes to the Unaudited Condensed Consolidated Financial Statements.*

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**PolyOne Corporation and Subsidiaries**
**NOTES TO CONDENSED CONSOLIDATED**
**FINANCIAL STATEMENTS (UNAUDITED)**

**Note 1 Basis of Presentation**

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with the instructions to
Form 10-Q and, in the opinion of management, contain all adjustments, consisting of normal recurring accruals, necessary to present fairly the financial position, results of operations and cash flows for the periods presented. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from these estimates. These interim financial statements should be read in conjunction with the financial statements and accompanying notes included in our 2008 Annual Report on Form 10-K. Operating results for the three-month and nine-month periods ended September 30, 2009 are not necessarily indicative of the results that may be attained in subsequent periods or for the year ending December 31, 2009.

**Reclassification** Certain prior year amounts have been reclassified to conform to the current year presentation.

**Note 2 New Accounting Pronouncements**

*Consolidation* In June 2009, the Financial Accounting Standards Board (FASB) issued new guidance that modifies how a company determines when an entity that is insufficiently capitalized or is not controlled through voting (or similar rights) should be consolidated. The new guidance clarifies that the determination of whether a company is required to consolidate an entity is based on, among other things, an entity s purpose and design and a company s ability to direct the activities of the entity that most significantly impact the entity s economic performance. A requirement of the new guidance is an ongoing reassessment of whether a company is the primary beneficiary of a variable interest entity. Additional disclosures are also required about a company s involvement in variable interest entities and any significant changes in risk exposure due to that involvement. The new requirements are effective for fiscal years beginning after November 15, 2009 and is effective for us on January 1, 2010. We are currently evaluating the impact, if any, that the adoption of the new guidance will have on our financial condition, results of operations and disclosures.

*Subsequent Events* In May 2009, the FASB issued new guidance to establish general standards of accounting for and disclosures of events that occur after the balance sheet date but before financial statements are issued or are available to be issued. The new guidance also requires entities to disclose the date through which subsequent events were evaluated as well as the rationale for the date that was selected and is effective for interim and annual periods ending after June 15, 2009. Refer to Note 18, *Subsequent Events*.

*Financial Instruments* On April 9, 2009, the FASB issued guidance regarding interim disclosures about fair value of financial instruments. The new guidance is intended to enhance consistency in financial reporting by increasing the frequency of fair value disclosures. Refer to Note 16, *Financial Instruments*, for information on our assets and liabilities measured at fair value.

*Fair Value Measurements and Disclosures* In September 2006, the FASB issued new guidance regarding fair value measurements, which defines fair value, establishes the framework for measuring fair value under U.S. generally accepted accounting principles and expands disclosures about fair value measurements. In February 2008, the FASB issued further guidance that delayed the effective date of fair value measurements for all nonfinancial assets and nonfinancial liabilities, except those that are recognized or disclosed at fair value in the financial statements on a recurring basis, to fiscal years beginning after November 15, 2008. The adoption of this new guidance on January 1, 2009, for all nonfinancial assets and nonfinancial liabilities, did not have a material impact on our financial statements. See Note 15, *Fair Value*, for information on our assets and liabilities measured at fair value.

*Business Combinations* In December 2007, the FASB issued new guidance that establishes principles over the method entities use to recognize and measure assets acquired and liabilities assumed in a business combination and enhances disclosures of business combinations. The new guidance is effective for business combinations completed on or after

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January 1, 2009. The impact of the adoption of this new guidance will depend on the nature and significance of future acquisitions.

*Derivatives and Hedging* In March 2008, the FASB issued new guidance that requires qualitative disclosures about objectives and strategies for using derivatives, quantitative disclosures about fair value amounts of and gains and losses on derivative instruments, and disclosures about credit-risk-related contingent features in derivative agreements. This new guidance is effective for fiscal years beginning after November 15, 2008. The adoption of this guidance on January 1, 2009 did not materially impact our financial statements. See Note 16, *Financial Instruments*, for information on our derivatives and the required disclosures.

**Note 3 Goodwill**

The following table details the changes in the carrying amount of goodwill during the nine months ended September 30, 2009:

| (In millions) | Nine Months Ended September 30, 2009 |
|---|---|
| Balance at beginning of the period | $ 163.9 |
| Adjustment to December 31, 2008 impairment charge | (5.0) |
| Translation and other adjustments | 0.1 |
| Balance at end of the period | $ 159.0 |

Goodwill as of September 30, 2009 and December 31, 2008, by operating segment, was as follows:

| (In millions) | September 30, 2009 | December 31, 2008 |
|---|---|---|
| International Color and Engineered Materials | $ 72.1 | $ 72.0 |
| Specialty Engineered Materials | 44.1 | 44.1 |
| Specialty Color, Additives and Inks | 33.8 | 33.8 |
| Performance Products and Solutions | 7.4 | 12.4 |
| PolyOne Distribution | 1.6 | 1.6 |
| Total | $ 159.0 | $ 163.9 |

As previously disclosed in our 2008 Annual Report on Form 10-K, during the fourth quarter of 2008, we noted indicators of potential impairment of our long-lived assets and goodwill. Based on the results of our preliminary review, we recorded a non-cash impairment charge of $170.0 million in the fourth quarter of 2008. Upon completion of the analysis in the first quarter of 2009, we revised our estimate of goodwill impairment as of December 31, 2008 to $175.0 million, of which $147.8 million and $27.2 million relates to the Geon Compounds and Specialty Coatings reporting units, respectively. Adjustments of $12.4 million and ($7.4) million related to the goodwill impairment charge for Specialty Coatings and Geon Compounds, respectively, were recorded in the first quarter of 2009 on the line *Adjustment to impairment of goodwill* and is reflected on the line *Corporate and eliminations* in Note 13, *Segment Information*.

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**Note 4 Inventories**

Components of inventories are as follows:

| (In millions) | September 30, 2009 | December 31, 2008 |
| --- | --- | --- |
| At FIFO or average cost, which approximates current cost: | | |
| Finished products | $ 106.2 | $ 127.4 |
| Work in process | 2.8 | 2.1 |
| Raw materials and supplies | 75.7 | 109.9 |
| | 184.7 | 239.4 |
| Reserve to reduce certain inventories to LIFO cost basis | (26.5) | (41.6) |
| | $ 158.2 | $ 197.8 |

**Note 5 Property**

| (In millions) | September 30, 2009 | December 31, 2008 |
| --- | --- | --- |
| Land and land improvements | $ 40.7 | $ 40.7 |
| Buildings | 278.9 | 278.6 |
| Machinery and equipment | 912.8 | 912.0 |
| | 1,232.4 | 1,231.3 |
| Less accumulated depreciation and amortization | (836.8) | (799.3) |
| | $ 395.6 | $ 432.0 |

During the nine months ended September 30, 2009, we recognized accelerated depreciation of $7.5 million as a result of certain plant closures. See Note 9, *Employee Separation and Plant Phaseout*, for further discussion.

**Note 6 Income Taxes**

For the third quarter of 2009, we recognized an income tax benefit of $3.1 million, compared to a benefit of $2.8 million in the third quarter of 2008. For the first nine months of 2009, we recognized an income tax benefit of $5.6 million compared to income tax expense of $5.1 million during the same period of 2008. We record our interim provision for income taxes based on our estimated annual effective tax rate as well as certain items discrete to the current period. Our interim provision as well as our estimated annual effective tax rate is impacted by a number of factors including our U.S. federal and state and foreign income tax loss carryforwards and our ability to use them, as well as changes to our unrealized tax benefits.

We decreased existing valuation allowances against our deferred tax assets by $28.4 million in the third quarter of 2009. During the first nine months of 2009, we decreased these same valuation allowances by $34.6 million. The non-cash benefit to income tax expense for the third quarter and first nine months of 2009 was $15.3 million and $12.6 million, respectively, and related to various U.S. federal, state, local and foreign deferred tax assets. The remaining decrease of $13.1 million and $22.0 million, respectively, related to pension and postretirement health care liabilities and was recorded as an increase to accumulated other comprehensive income. We review all valuation allowances related to deferred tax assets and will adjust these reserves when appropriate.

During the third quarter of 2009, we recognized $3.4 million of benefit related to a state tax refund.

**Note 7 Investment in Equity Affiliates**

The results of operations of SunBelt Chlor-Alkali Partnership (SunBelt), our significant equity investment, are included in the Resin and Intermediates segment. We own 50% of SunBelt.

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The following table presents SunBelt s summarized financial results for the periods indicated:

| (Dollars in millions) | Three Months Ended September 30, 2009 | 2008 | Nine Months Ended September 30, 2009 | 2008 |
|---|---|---|---|---|
| Net sales | $ 36.9 | $ 43.1 | $ 135.1 | $ 123.3 |
| Operating income | $ 11.6 | $ 22.4 | $ 59.2 | $ 59.9 |
| Partnership income as reported by SunBelt | $ 9.6 | $ 20.3 | $ 53.2 | $ 53.6 |
| PolyOne s ownership of SunBelt | 50% | 50% | 50% | 50% |
| Equity affiliate earnings recorded by PolyOne | $ 4.8 | $ 10.2 | $ 26.6 | $ 26.8 |

| (In millions) | September 30, 2009 | December 31, 2008 |
|---|---|---|
| Current assets | $ 36.4 | $ 22.4 |
| Non-current assets | 97.6 | 107.7 |
| Total assets | 134.0 | 130.1 |
| Current liabilities | 22.0 | 19.7 |
| Non-current liabilities | 97.5 | 97.5 |
| Total liabilities | 119.5 | 117.2 |
| Partnership capital | $ 14.5 | $ 12.9 |

Other investments in equity affiliates are discussed below.
The BayOne Urethane Systems, L.L.C. equity affiliate (owned 50%) is included in the Specialty Color, Additives and Inks operating segment. The Performance Products and Solutions operating segment includes the Geon Polimeros Andinos equity affiliate (owned 50%). Combined summarized financial information for these equity affiliates follows.

| (Dollars in millions) | Three Months Ended September 30, 2009 | 2008 | Nine Months Ended September 30, 2009 | 2008 |
|---|---|---|---|---|
| Net sales | $ 20.9 | $ 44.8 | $ 63.3 | $ 90.6 |
| Operating income | $ 1.2 | $ 0.8 | $ 4.8 | $ 5.4 |
| Partnership income as reported by other equity affiliates | $ 1.0 | $ 0.7 | $ 4.1 | $ 4.6 |
| PolyOne s ownership of other equity affiliates | 50% | 50% | 50% | 50% |
| Equity affiliate earnings recorded by PolyOne | $ 0.4 | $ 0.3 | $ 2.0 | $ 2.3 |

During the third quarter of 2008, we recorded a non-cash impairment charge of $2.6 million related to our proportionate share of a write-down of goodwill of Geon Polimeros Andinos. The impairment charge, included in Income from equity affiliates and minority interest on the condensed consolidated statements of operations and reflected on the line *Corporate and eliminations* in Note 13, *Segment Information*, mainly resulted from declines in current and projected operating results and cash flows of the equity affiliate. Also, in the third quarter of 2008, we recorded a $2.1 million charge related to an impairment of our investment in Geon Polimeros Andinos. These impairments are not reflected in the above equity affiliate earnings because they are excluded as a measure of segment operating income or loss that is reported to and reviewed by the chief operating decision maker (See Note 13, *Segment Information*). These impairments are recorded in *Income from equity affiliates and minority interest* in the condensed consolidated statements of operations.

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**Note 8 Weighted-Average Shares Used in Computing Earnings Per Share**

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| (In millions) | 2009 | 2008 | 2009 | 2008 |
| Weighted-average shares outstanding basic | 92.4 | 92.9 | 92.4 | 92.9 |
| Weighted-average shares diluted: | | | | |
| Weighted-average shares outstanding basic | 92.4 | 92.9 | 92.4 | 92.9 |
| Plus dilutive impact of stock options and awards | 1.5 | | 0.6 | 0.6 |
| Weighted-average shares diluted | 93.9 | 92.9 | 93.0 | 93.5 |

Basic earnings per common share is computed as net income available to common shareholders divided by the weighted average basic shares outstanding. Diluted earnings per common share is computed as net income available to common shareholders divided by the weighted average diluted shares outstanding. Pursuant to FASB ASC Topic 260, *Earnings Per Share*, when a loss is reported, the denominator of diluted earnings per share is not adjusted for the dilutive impact of stock options and other equity awards as doing so will result in anti-dilution. Therefore, for the three-month period ended September 30, 2008, basic weighted-average shares outstanding are used in calculating diluted earnings per share.

Outstanding stock options and stock appreciation rights with exercise prices greater than the average price of the common shares and certain other equity awards are anti-dilutive and are not included in the computation of diluted earnings per share. For the three-month and nine-month periods ended September 30, 2009, 5.5 million and 5.9 million, respectively, of these options and awards were excluded from the computation of diluted earnings per share. For the three-month and nine-month periods ended September 30, 2008, 5.8 million and 5.6 million, respectively, of these options and awards were excluded from the computation of diluted earnings per share.

**Note 9 Employee Separation and Plant Phaseout**

Management has undertaken certain restructuring initiatives to improve profitability, and as a result, we have incurred employee separation and plant phaseout costs. Employee separation and plant phaseout costs are reflected on the line *Corporate and eliminations* in Note 13, *Segment Information*. For further discussion of these initiatives, see Note 4, *Employee Separation and Plant Phaseout*, of the consolidated financial statements and the accompanying notes included in our 2008 Annual Report on Form 10-K.

A summary of total employee separation and plant phaseout costs for the three-month and nine-month periods ended September 30, 2009 and 2008, including where the charges are recorded in the accompanying condensed consolidated statements of operations, follows:

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| (In millions) | 2009 | 2008 | 2009 | 2008 |
| Cost of sales | $ 10.5 | $ 11.5 | $ 23.2 | $ 11.9 |
| Selling and administrative | 1.6 | 0.1 | 2.0 | 1.2 |
| Total employee separation and plant phaseout | $ 12.1 | $ 11.6 | $ 25.2 | $ 13.1 |

Cash payments during the three-month periods ended September 30, 2009 and 2008 were $6.6 million and $1.8 million, respectively. Cash payments during the nine-month periods ended September 30, 2009 and 2008 were

$26.9 million and $2.4 million, respectively. Included in *Cost of sales* for the three-month and nine-month periods ended September 30, 2009 were charges of $2.1 million and $7.5 million, respectively, for accelerated depreciation on assets related to these restructuring initiatives.

In July 2008, we announced the restructuring of certain manufacturing assets, including the closure of seven production facilities in North America and one in the United Kingdom. In January 2009, we announced further cost saving measures that include eliminating approximately 370 positions worldwide, implementing reduced work schedules for another 100 to 300 employees, closing our Niagara, Ontario facility and idling certain other capacity. We expect to incur one-time pre-tax charges of approximately $66 million related to these actions, including cash costs of approximately $40 million related to severance and site closure costs and non-cash charges of approximately $26 million related to asset write-downs and accelerated depreciation. We recognized charges of $38.3 million in 2008 and an additional $25.2 million in the nine-month period ended September 30, 2009. We expect to incur approximately $3 million of additional cash costs associated with these activities, most of which will be recognized during the fourth quarter of 2009.
The following table details the charges and changes to the reserves associated with these restructuring initiatives for the nine-month period ended September 30, 2009:

| | Employee Separation | | Plant Phaseout Costs | | |
|---|---|---|---|---|---|
| (Dollars in millions) | Number of Employees | Costs | Cash Closure | Asset Write-downs | Total |
| **Realignment of certain manufacturing plants** | | | | | |
| Balance at January 1, 2009 | 526 | $ 23.7 | $ 0.7 | $ | $ 24.4 |
| Charge | 170 | 2.9 | 7.1 | 15.2 | 25.2 |
| Utilized | (686) | (20.6) | (6.3) | (15.2) | (42.1) |
| Impact of foreign currency translation | | (0.6) | | | (0.6) |
| Balance at September 30, 2009 | 10 | $ 5.4 | $ 1.5 | $ | $ 6.9 |

In addition to the above, during the nine-month periods ended September 30, 2009 and 2008, we paid $0.7 million and $0.9 mill