COASTAL CARIBBEAN OILS & MINERALS LTD
Form 10-K
March 28, 2008

**UNITED STATES SECURITIES AND EXCHANGE COMMISSION**
**WASHINGTON, D.C. 20549**

**Form 10-K**

(Mark One)

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

**For the fiscal year ended December 31, 2007**

**or**

o **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 001-04668**

**Coastal Caribbean Oils & Minerals, Ltd.**
*(Exact name of Registrant as specified in its charter)*

| **BERMUDA** | **NONE** |
|---|---|
| *(State or Other Jurisdiction of Incorporation or Organization)* | *(I.R.S. Employer Identification No.)* |
| **Clarendon House, Church Street, Bermuda** | **HM 11** |
| *(Address of Principle Executive Offices)* | *(Zip Code)* |

**Registrant's telephone number, including area code:**
**(850) 653-2732**

**Securities registered pursuant to Section 12(b) of the Act:**

| **Title of each class** | **Name of each exchange on which registered** |
|---|---|
| **NONE** | **NONE** |

**Securities registered pursuant to Section 12(g) of the Act:**

**Title of Class**
Common stock, par value $.12 per share

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.
o Yes x No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.
o Yes x No

**Note** - Checking the box above will not relieve any registrant required to file reports pursuant to Section 13 or 15(d) of the Exchange Act from their obligations under those Sections.

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 o No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.
o Yes x 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 definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

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

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

State the aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common equity was last sold, or the average bid and asked price of such common equity, as of the last business day of the registrant's most recently completed second fiscal quarter: $3,549,292 (U.S.) at June 30, 2007.

**Note** - If a determination as to whether a particular person or entity is an affiliate cannot be made without involving unreasonable effort and expense, the aggregate market value of the common stock held by non-affiliates may be calculated on the basis of assumptions reasonable under the circumstances, provided that the assumptions are set forth in this Form.

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of the latest practicable date: Common stock, par value $.12 per share, 46,211,604 shares outstanding as of March 26, 2008.

**DOCUMENTS INCORPORATED BY REFERENCE**

List hereunder the following documents if incorporated by reference and the Part of the Form 10K (e.g. Part I, Part II, etc.) into which the document is incorporated: (1) Any annual report to security holders; (2) Any proxy or information statement; and (3) Any prospectus filed pursuant to Rule 424(b) or (c) under the Securities Act of 1933. The listed documents should be clearly described for identification purposes (e.g., annual report to security holders for fiscal year ended December 24, 1980).

None

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All monetary figures set forth are expressed in United States currency.

# PART I

## Item 1. Business

***Company Website***

The Company has a website located at http://www.coastalcarib.com. The website can be used to access recent news releases, Securities and Exchange Commission filings, and other items of interest. The contents of the Company's website are not incorporated into this document. Securities and Exchange Commission filings, including supplemental schedules and exhibits can also be accessed free of charge through the SEC website at http://www.sec.gov.

## General

Coastal Caribbean Oils & Minerals, Ltd. ("Company" or "Coastal Caribbean"), was organized in Bermuda on February 14, 1962. The Company is the successor to Coastal Caribbean Oils, Inc., a Panamanian corporation organized on January 31, 1953 to be the holding company for Coastal Petroleum Company ("Coastal Petroleum"). Coastal Caribbean, has been engaged, through its subsidiary, Coastal Petroleum, in the exploration for oil and gas reserves. At December 31, 2007, Coastal Caribbean's principal asset was its 100% interest in its subsidiary Coastal Petroleum. Coastal Petroleum's principal assets are its nonproducing oil and gas leases in the States of Montana and North Dakota in a fertile oil producing region know as the Williston Basin. Coastal Petroleum is the lessee under leases relating to the exploration for and production of oil and gas on approximately 124,882 net acres of land in Valley County, Montana and approximately 8,510 net acres of land in Billings, Slope and Stark Counties, North Dakota.

Prior to acquiring leases in Montana and North Dakota, and beginning in the 1940's the Company held State of Florida oil, gas and mineral leases covering approximately 3,700,000 acres of submerged lands along the Gulf Coast and under certain inland lakes and rivers. For more than 15 years, the State of Florida used laws, policies and permit denials to prevent Coastal Petroleum from using its leases. The Company vigorously litigated to be able to use its leases or to be compensated for the State's taking of them, but Florida courts ultimately ruled against the Company. See Item 3. "Legal Proceedings".

After the United States Supreme Court refused to hear the case in 2004, the State of Florida approached the Company regarding a possible buyback of the Company's leases on the condition that all parties with oil, gas or mineral interests in the lands covered by the leases were joined in one agreement. On June 1, 2005 the Company, Coastal Petroleum and other royalty holders ("Royalty Holders") entered an agreement to exchange mutual releases, dismiss pending actions and to surrender the leases and royalty rights back to the State of Florida in exchange for a total compensation of $12.5 million to be divided among the parties in interest.

By agreement with the State, the compensation received under the Agreement was deposited into an escrow account and payments were made to the Royalty Holders, Lykes Mineral Corporation, the Settlement Consultant, and creditors of both Coastal Caribbean and Coastal Petroleum. The Company and its subsidiary received approximately $4,872,000 in net proceeds. The Company also regained 100% ownership of its subsidiary, Coastal Petroleum.

The Company has utilized the funds it received from the Agreement with the State of Florida to acquire the leases in Montana and North Dakota described above and to begin drilling there. No economical oil or gas discoveries have yet been made on these properties; therefore, the Company has no proved reserves of oil and gas and has had no production.

**Crude Oil and Natural Gas Exploration**

Through its wholly owned subsidiary, Coastal Petroleum, the Company has begun to explore for oil and gas in Montana.

Under an agreement with Western Standard Energy Corp. (Western Standard) a well was drilled on our Valley County, Montana Leases to test a shallow gas prospect during October 2007. The well reached a total depth of 1,126 feet and casing was run into the hole. The well has confirmed that the structure to be tested is high in relation to other wells in the area. Operations to complete and test the well in two horizons in which there were gas shows were scheduled to begin at the end of November, but were delayed by equipment repairs. The well is located on Federal land and the Bureau of Land Management will not allow the completion and testing operations or any further drilling to begin between December 1st and July 1st, so operations have been suspended until July.

Within 30 days after the test well is completed, Western Standard has the option to purchase a 50% interest in approximately 42,000 acres near the well location (referred to as “Valley County Shallow Gas Assembly”) for $1,000,000, payable in $200,000 installments based on certain milestones related to drilling step-out wells. The Company has received a permit to drill one of the step-out wells and is currently in the permitting process for two additional permits.

On November 3, 2007, F-Cross Resources, LLC (“F- Cross”) spudded the first well under an Agreement with the Company. The well was drilled to test a Lodgepole reef oil prospect and drilling on the well has finished. The Company expects that the well will be completed and tested as soon as weather and state regulators permit. Upon completion of the well, F-Cross has the option to acquire a 50% working interest in the approximately 64,000 acres covered by the agreement for $25 per acre. F-Cross also may extend its option to acquire the 50% working interest by drilling a second Lodgepole test well.

In January 2006, the Company drilled a well in north-central Montana. The Company completed and tested multiple zones in the well that potentially could contain oil or gas. While the targeted Lodgepole reef was reached and while gas was encountered in uphole zones, the well did not contain economic quantities of oil or gas. This well was abandoned during 2007.

The Company also drilled a well, along with several other participants, in Valley County, Montana. The well was a twin to the Evaline 1-18 well, the only Lodgepole producer in Montana. The drilling began on September 5, 2006, and the well reached the targeted Lodgepole reef and encountered oil, but there were not sufficient quantities of oil to be economical for the Company to develop. The well was abandoned during 2007.

The Company has three agreements with two different entities under which the Company expects approximately four wells to be drilled in Montana and one in North Dakota. Four of the Montana wells are expected to be drilled on the shallow gas prospect under the Company's agreement with Western Standard. In North Dakota, the Company expects that Western Standard will drill one Lodgepole oil test well out of the four prospects the Company sold them in December of 2007. The Company is proceeding with the process of permitting wells in its main block of leases in Valley County, Montana, in order to accommodate the drilling of the expected wells.

**Environmental Regulation**

Coastal Caribbean is committed to responsible management of the environment, health and safety, as these areas relate to the Company's operations. The Company strives to achieve the long-term goal of sustainable development within the framework of sound environmental, health and safety practices and standards.

All facets of the Company's operations are affected by a myriad of federal, state, regional and local laws, rules and regulations. The Company is further affected by changes in such laws and by constantly changing administrative regulations. Furthermore, government agencies may impose substantial penalties if the Company fails to comply with such regulations or for any contamination resulting from the Company's operations.

The costs incurred to ensure compliance with environmental, health and safety laws and other regulations are inextricably connected to normal operating expenses such that the Company is unable to separate the expenses related to these matters.

Coastal Caribbean maintains insurance coverage that it believes is customary in the industry although it is not fully insured against all environmental or other risks. The Company is not aware of any environmental claims existing as of December 31, 2007 that would have a material impact upon the Company's financial position, results of operations, or liquidity.

***Regulation of Oil and Gas***

The oil and gas industry is extensively regulated by numerous federal, state and local authorities. Legislation affecting the oil and gas industry is under constant review for amendment or expansion, frequently increasing the regulatory burden. Also, numerous departments and agencies, both federal and state are authorized by statute to issue rules and regulations binding on the oil and gas industry and its individual members, some of which carry substantial penalties for failure to comply. Although the regulatory burden on the oil and gas industry increases the Company's cost of doing business and, consequently, may affect profitability, these burdens generally do not affect the Company any differently or to any greater or lesser extent than they affect other companies in the industry with similar types, quantities and locations of production.

The Company's operations are subject to various types of regulation at federal, state and local levels. These types of regulation include requiring permits for the drilling of wells, drilling bonds and reports concerning operations. Most states, and some counties and municipalities in which the Company operates may also regulate one or more of the following: the location of wells; the method of drilling and casing wells; the rates of production or "allowables;" the surface use and restoration of properties upon which wells are drilled; the plugging and abandoning of wells; and notice to surface owners and other third parties.

State laws regulate the size and shape of drilling and spacing units or proration units governing the pooling of oil and natural gas properties. Some states allow forced pooling or integration of tracts to facilitate exploration while other states rely on voluntary pooling of lands and leases. In some instances, forced pooling or unitization may be implemented by third parties and may reduce the Company's interest in the unitized properties. In addition, state conservation laws establish maximum rates of production from oil and natural gas wells, generally prohibit the venting or flaring of natural gas, and impose requirements regarding the ratability of production. These laws and regulations may limit the amount of oil and natural gas the Company can produce from its wells or limit the number of wells or the locations at which it can drill.

Moreover, each state generally imposes a property, production or severance tax with respect to the production and sale of oil, natural gas and natural gas liquids within its jurisdiction.

**Competition**

The oil and gas industry is highly competitive. The Company must compete with other companies that have substantially greater resources available to them. As an independent, the Company does not own any refining or retail outlets and, therefore, it would have little control over the price it may receive for any crude oil it produces. In acquisition activities, significant competition exists as integrated and independent companies and individual producers are active bidders for desirable oil and gas properties. Although many of these competitors have greater financial and other resources than the Company, Management believes that Coastal Caribbean is in a position to compete effectively due to its low cost structure, transaction flexibility, experience and determination.

**Employees**

The Company currently has one employee. The Company relies heavily on consultants for legal, accounting, geological and administrative services. The Company uses consultants because it believes it is more cost effective than employing a larger full time staff.

**Oil and Gas Properties**

**Williston Basin**

***Blaine County, Montana***

The Company had a 100% working interest in one property consisting of 160 acres located in northern Blaine County under a farm-in agreement. The Company drilled a well on the property and encountered natural gas, but not in economic quantities. The well was abandoned and pursuant to the farm-in agreement the Company retained no interest in the property.

***Valley County, Montana***

The Company's assets in Valley County consist of leases covering approximately 124,882 net acres. The Company's working interest in these properties is 100% and would be reduced to 75% at payout, except as modified by the agreements described below. Most of the leases were acquired during 2005, but approximately 27,780 gross acres (27,740 net acres) were acquired in February of 2006. Two wells have been drilled on these leases but they have not yet been completed and tested so the Company has no proved reserves on the property as yet. The Company has entered into two separate agreements with other entities on two different areas of the Valley County Leases.

First, in August 2007, the Company entered into a farm-out agreement with Western Standard Energy Corp. (f/k/a Lusora Healthcare Systems Inc.) ("Western Standard"). Under the agreement Western Standard paid $40,000 to Coastal and then paid an additional $384,000 to cover the costs of drilling the first well to test a shallow natural gas prospect in Valley County, Montana and to cover associated lease rentals. Western Standard will have a 100% working interest in the well until payout when it will be reduced to 80% with Coastal receiving the other 20% working interest. Within 30 days after the test well is completed, Western Standard has the option to purchase a 50% interest in approximately 42,000 acres near the well location (referred to as "Valley County Shallow Gas Assembly") for $1,000,000, payable in $200,000 installments based on certain milestones related to drilling step-out wells.

The first well under the agreement with Western Standard was drilled during October 2007, and reached a total depth of 1,126 feet, casing was run into the hole and the well is awaiting completion and testing for gas in two horizons in which there were gas shows. The well is located on Federal land and the Bureau of Land Management would not allow the completion and testing operations or any further drilling to begin between December 1st and July 1st, so operations have been suspended until July. In light of the delay an additional agreement was reached with Western Standard in which the Company received an additional $29,000 from Western Standard to cover costs associated with the delay in well completion. Western Standard has committed to pay the estimated well completion costs of $65,000 no later than April 30, 2008 so that completion operations can be commenced as soon as they are allowed.

Second, in September 2007, the Company received $50,000 from F-Cross Resources, LLC ("F-Cross") when the two parties entered into a farm-out agreement covering approximately 64,000 acres on the northwest part of the Company's Valley County Leases. Under the agreement, F-Cross has the option to drill a Lodgepole test well within six months and after drilling that well has the further option to acquire an interest in surrounding acreage. F-Cross is to pay for the cost of drilling the initial well and will receive a 100% working interest in the well until payout and an 80% working interest subsequent to payout with the Company retaining a 20% working interest. The first well with F-Cross was spudded on November 3, 2007 and has finished drilling but is awaiting completion and testing. Unlike the shallow gas well on Federal land, this well is located on State land and provided that there is no State objection, we expect that F-Cross will resume operations to complete and test the well once the weather and state regulators permit it. Upon completion of the well, F-Cross has the option to acquire a 50% working interest in the approximately 64,000 acres covered by the agreement for $25 per acre. F-Cross also may extend its option to acquire the 50% working interest by drilling a second Lodgepole test well.

The Company still holds approximately 22,000 acres under its Valley County Leases that are not under agreement with any third party and the Company is not currently looking for other entities to team with to explore that acreage.

***Billings, Slope and Stark Counties, North Dakota***

The Company owns leases covering approximately 8,510 net acres in these three counties. Generally, the Company's working interest in these properties is 100% and at payout is reduced to 75%. However, under a farm-out agreement with Western Standard Energy Corp. ("Western Standard"), Coastal assigned leases over four of its high-graded Lodgepole Reef prospects to Western Standard in return for $80,000. Coastal retains a back-in working interest of 20% in those leases after payout. The leases cover all rights below the Tyler formation, including the Lodgepole formation, with an 80% net revenue interest. These and other leases in the area were acquired in 2005 by Coastal from Oil For America for $50,000 and Coastal has invested some additional funds to geochemically test and high-grade these and other prospects on the leases. Oil For America has agreed to waive the drilling obligation on the four prospects assigned to Western Standard. After the assignment, Coastal still retains additional Lodgepole reef prospects on its North Dakota leases under the general working interest described above. The Company has not yet begun any drilling on the property and has no proved reserves on the property.

The Company originally acquired these and other leases in these countiescovering approximately 30,345 gross acres in 2005, however, some of the leases have since expired.

**Acreage and Wells**

The following chart reflects the approximate acreage held under lease by Coastal Caribbean through its wholly owned subsidiary Coastal Petroleum, at December 31, 2007:

Acreage under lease at December 31, 2007

| Lease Location | Gross Acres* | | Net Acres** | |
|---|---|---|---|---|
| | *Undeveloped* | *Developed* | *Undeveloped* | *Developed* |
| Montana | 125,302.23 | 0 | 124,882.22 | 0 |
| North Dakota | 8,748.94 | 0 | 8,510.31 | 0 |
| **Total:** | 134,051.17 | 0 | 133,392.53 | 0 |

* A gross acre is an acre in which a working interest is owned.

** A net acre is deemed to exist when the sum of fractional ownership working interests in gross acres equals one. The number of net acres is the sum of the fractional working interests owned in gross acres expressed as whole numbers and fractions thereof.

Two wells were drilled in 2007 and two wells were drilled in 2006 on our leases.

**Drilling Activity**

During 2007, two wells were drilled on the Company's Valley County, Montana Leases under two separate agreements, with two different entities and covering different areas within the Company's Valley County Leases.

The first well was drilled by Western Standard Energy Corp. ("Western Standard") to test a shallow natural gas prospect near the middle of the Company's Valley County Leases. This well is the initial well drilled under an agreement with Western Standard. The well reached a total depth of 1,126 feet, casing was run into the hole and the well will be completed and tested for gas in two horizons in which there were gas shows. Operations to complete and test the well were scheduled to begin at the end of November, but were delayed by equipment repairs. The well is located on Federal land and the Bureau of Land Management would not allow the completion and testing operations or any further drilling to begin between December 1st and July 1st, so operations have been suspended until July.

The second well drilled on the Company's Valley County Leases in 2007 was drilled by F-Cross Resources, LLC ("F-Cross") under an agreement with F-Cross, covering the northwestern part of Coastal's Valley County, Montana Leases. The first Lodgepole test well was spudded on November 3, 2007 and drilling has finished, but the well is awaiting completion and testing of several zones which have potential for both oil and gas. Unlike the shallow gas well on Federal land, this well is located on State land and provided that there is no State objection, the Company expects F-Cross will resume operations to complete and test the well once the weather and state regulators permit it.

The Company's initial well in Blaine County, Montana drilled in January 2006 hit the target Lodgepole reef, but the reef had been flushed with fresh water. Several other formations were tested and while gas was encountered, the well did not contain economic quantities of oil or gas. The Company expensed $800,000 in drilling costs related to this well in the fourth quarter of 2006. This well was abandoned by the Company.

The Company also participated in and acted as operator in a twin well to the only known well to produce from the Lodgepole in Montana. The targeted Lodgepole reef contained oil, but not in sufficient quantities to be economical for the Company to develop. Likewise, an uphole test of the Mission Canyon Formation resulted in oil being encountered, but not in sufficient quantities to be economical for the Company to develop. The Company's participation costs in the twin well were approximately $245,000, which was expensed in the fourth quarter of 2006. The total cost of the well was approximately $1,360,000. There are approximately $115,000 in unpaid expenses related to this well that are collectively the responsibility of the various partners. This amount is not reflected as a liability in the accompanying financial statements. This well was abandoned.

**Item 1B. Unresolved Staff Comments**

None

**Item 2. Properties**

**Properties**

Information required by Item 2 "Properties" is included under Item 1 "Business."

**Disclosure Concerning Oil and Gas Operations.**

Since the properties in which the Company has interests are undeveloped and nonproducing, items 2 through 4 of Securities Exchange Act Industry Guide 2 are not applicable.

(5) Undeveloped Acreage.

The Company's undeveloped acreage as of December 31, 2007 was as follows:

| | Gross Acres | Net Acres |
|---|---|---|
| Montana | 125,302.23 | 124,882.22 |
| North Dakota | 8,748.94 | 8,510.31 |
| **Total:** | 134,051.17 | 133,392.53 |

(6) Drilling Activity.

Two wells were drilled on the Company's leases during 2007 through farm-out agreements with two separate entities. See Drilling Activity section under Item 1 Business at page 9.

(7) Present Activities.

See Drilling Activity section under Item 1 Business at page 9.

**Item 3. Legal Proceedings**

**Agreement with the State of Florida**

For years the Company's subsidiary, Coastal Petroleum litigated against the State in an effort to secure drilling permits and drill for oil off the coast of Florida. The State denied Coastal Petroleum permission to drill on its Leases, a decision that was upheld by a Florida court. Florida courts also denied Coastal Petroleum compensation for a taking of the Leases. Furthermore, the longstanding State policy against any drilling for oil or gas offshore of Florida remains in place as a reflection of the Florida Statutes which bans such activity, and there is no indication that it will change. Given the policy and court decisions, any additional attempt by Coastal Petroleum to secure a permit to drill its Florida Leases was considered by Management as futile.

After the United States Supreme Court refused to hear Coastal Petroleum's taking case in 2004 and the Company's legal options were limited, the State of Florida approached Coastal Petroleum regarding a possible buyback of its leases. With limited financial resources to continue a legal fight which was further frustrated with recent court decisions, Coastal Petroleum continued discussions with the State and ultimately, on June 1, 2005 was joined by Coastal Caribbean and other royalty holders in accepting an offer by the State of Florida to repurchase Coastal Petroleum's Florida Leases and other royalty rights. The proceeds from the State were divided by the parties to the Agreement and the Company and its subsidiary received approximately $4.871 million after payment to all their creditors. The Agreement resulted in the closing and dismissal of all of the Company's litigation concerning the leases including the following:

- Drilling Permit Litigation - Lease Taking Case (Lease 224-A)
- Ancillary Matters to Lease Taking Case (Lease 224-A)
- Coastal Caribbean Royalty Litigation
- Lease Taking Case (Lease 224-B)

The Company is currently not a party to any litigation.

**Contingency Fees**

All contingency fees previously issued to firms or individuals relating to the litigation against the State of Florida, were released or nullified by the 2005 Agreement with the State of Florida or in the mutual releases exchanged pursuant to that Agreement. No contingency fees remain in effect.

**Item 4. Submission of Matters to a Vote of Security Holders**

None.

## PART II

### Item 5. Market for the Company's Common Stock, Related Stockholder Matters and Issuer Purchases of Equity Securities

**Market Information.**

The principal market for the Company's common stock is in the over-the-counter market on the "Electronic Bulletin Board" of the National Association of Securities Dealers, Inc. under the symbol **COCBF**. The quarterly high and low closing prices on the Electronic Bulletin Board and the Pink Sheets (Pink Sheets LLC) during the last two years were as follows:

| **2006** | **1st quarter** | **2nd quarter** | **3rd quarter** | **4th quarter** |
|---|---|---|---|---|
| High | 0.72 | 0.73 | 0.39 | 0.23 |
| Low | 0.15 | 0.32 | 0.21 | 0.12 |

| **2007** | **1st quarter** | **2nd quarter** | **3rd quarter** | **4th quarter** |
|---|---|---|---|---|
| High | 0.33 | 0.16 | 0.15 | 0.23 |
| Low | 0.11 | 0.081 | 0.075 | 0.106 |

**Holders.**

The approximate number of record holders of the Company's common stock at March 20, 2008 was 8,227.

**Dividends.**

The Company has never declared or paid dividends on its common stock and it does not anticipate declaring or paying any dividends in the foreseeable future. The Company plans to retain any future earnings to reduce the deficit accumulated during the development stage of $35,669,640 at December 31, 2007 and to finance its operations.

***Foreign Exchange Control Regulations***

The Company is subject to the applicable laws of The Islands of Bermuda relating to exchange control, but has the permission of the Foreign Exchange Control of Bermuda to carry on business in, to receive, disburse and hold United States dollars and dollar securities under its designation as an External Account Company. The Company has been advised that, although as a matter of law it is possible for such designation to be revoked, there is little precedent for revocation under Bermuda law.

***Income and Withholding Taxes***

Coastal Caribbean is a Bermuda corporation. Bermuda currently imposes no taxes on corporate income or capital gains realized outside of Bermuda. Any amounts received by Coastal Caribbean from United States sources as dividends, interest, or other fixed or determinable annual or periodic gains, profits and income, will be subject to a 30% United States withholding tax. In addition, any dividends from its domestic subsidiary, Coastal Petroleum, will not be eligible for the 100% dividends received deduction, which is allowable in the case of a United States parent corporation. Shares of the Company held by persons who are citizens or residents of the United States are subject to federal estate and gift and local inheritance taxation. Any dividends received by such persons will also be subject to federal, State and local income taxation. The foregoing rules are of general application only, and reflect law in force as of the date of this report.

A convention between Bermuda and the United States relating to mutual assistance on tax matters became operative in 1988.

***Passive Foreign Investment Company Rules***

The Internal Revenue Code of 1986, as amended, provides special rules for distributions received by U.S. holders on stock of a passive foreign investment company (PFIC), as well as amounts received from the sale or other disposition of PFIC stock.

Under the PFIC rules, a non-U.S. corporation will be classified as a PFIC for U.S. federal income tax purposes in any taxable year in which, after applying certain look-through rules, either (1) at least 75 percent of its gross income is passive income or (2) at least 50 percent of the gross value of its assets is attributable to assets that produce passive income or are held for the production of passive income.

Passive income for this purpose generally includes dividends, interest, royalties, rents, and gains from commodities and securities transactions. Special rules apply in cases where a foreign corporation owns directly or indirectly at least a 25 percent interest in a subsidiary, measured by value. In this case, the foreign corporation is treated as holding its proportionate share of the assets of the subsidiary and receiving directly its proportionate share of the income of the subsidiary when determining whether it is a PFIC. Thus, Coastal Caribbean would be deemed to receive its pro rata share of the income and to hold its pro rata share of the assets, of Coastal Petroleum.

Based on certain estimates of its gross income and gross assets and the nature of its business, Coastal Caribbean would be classified as a PFIC for the years 1987 through 2006. Once an entity is considered a PFIC for a taxable year, it will be treated as such for all subsequent years with respect to owners holding the stock in a year that it was classified as a PFIC under the income or asset test described above. Whether the Company will be a PFIC under either of these tests in future years will be difficult to determine because the tests are applied annually. Based upon the estimated gross income of the Company during 2007, the major source of the income being from the farm-out agreements through which the Company sold an interest in parts of its leases to other companies, and the relatively small amount of interest the Company received, the Company believes that Coastal Caribbean would not be classified as a PFIC for the year 2007.

If Coastal Caribbean is classified as a PFIC with respect to a U.S. holder any gain from the sale of, and certain distributions with respect to, shares of our common stock, would cause a U.S. holder to become liable for U.S. federal income tax under Code section 1291 (the interest charge regime). The Company recommends that any such U.S. holder should consult his or her own tax advisor on this issue. The tax is computed by allocating the amount of the gain on the sale or the amount of the distribution, as the case may be, to each day in the U.S. shareholder’s holding period. To the extent that the amount is allocated to a year, other than the year of the disposition or distribution, in which the corporation was treated as a PFIC with respect to the U.S. holder, the income will be taxed as ordinary income at the highest rate in effect for that year, plus an interest charge. The interest charge would generally be calculated as if the distribution or gain had been recognized ratably over the U.S. holder's holding period (for PFIC purposes) for the shares. To the extent an amount is allocated to the year of the disposition or distribution, or to a year before the first year in which the corporation qualified as a PFIC, the amount so allocated is included as additional gross income for the year of the disposition or distribution. A U.S. holder also would be required to make an annual return on IRS Form 8621 that describes any distributions received with respect to our shares and any gain realized on the sale or other disposition of our shares.

As an alternative to taxation under the interest charge regime, a U.S. holder generally can elect, subject to certain limitations, to annually take into gross income the appreciation or depreciation in our common shares' value during the tax year (mark-to-market election). If a U.S. holder makes the mark-to-market election, the U.S. holder will not be subject to the above-described rule. Instead, if a U.S. holder makes the mark-to-market election, the U.S. holder recognizes each year an amount equal to the difference as of the close of the taxable year between the U.S. holder's fair market value of the common shares and the adjusted basis in the common shares. Losses would be allowed only to the extent of net gain previously included by the U.S. holder under the mark-to-market election for prior taxable years. Amounts included in or deducted from income under the mark-to-market election and actual gains and losses realized upon the sale or disposition of the common shares, subject to certain limitations, will be treated as ordinary gains or losses. If the mark-to-market election is made for a year other than the first year in the U.S. holder’s holding period in which the corporation was a PFIC, the first year’s mark-to-market inclusion, if any, is taxed as if it were a distribution subject to the interest charge regime discussed above.

Another alternative election which would allow a U.S. holder to elect to take its pro rata share of Coastal Caribbean's undistributed income into gross income as it is earned by Coastal Caribbean (QEF election) would only be available to a U.S. holder if Coastal Caribbean provided certain information to the shareholders of Coastal Caribbean. Coastal Caribbean has had no undistributed income for the years 1987 through 2007. If the QEF election is made in a year other than the first year of the U.S. holder’s holding period in which the foreign corporation is a PFIC, both the QEF regime and interest charge regime can apply, unless a special election is made. Under this special election, the taxpayer is treated as if it disposed of its PFIC stock in a transaction subject to the interest charge rules to the extent gain is deemed to be recognized. Once this election is made, the holder will be subject only to the QEF regime.

**Recent Sales of Unregistered Securities**

None

**Purchases of Equity Securities by the Issuer and Affiliated Purchasers**

None

**Item 6. Selected Consolidated Financial Information**

The following selected consolidated financial information (in thousands except for per share amounts) for the Company insofar as it relates to each of the three years in the period ended December 31, 2007 has been extracted from the Company's consolidated financial statements.

| | Years ended December 31, | | |
|---|---|---|---|
| | 2007 | 2006 | 2005 |
| Net income (loss) | $ (690) | $ (1,621) | $ 6,766 |
| Net income (loss) per share (basic and diluted) | (.02) | (.04) | .15 |
| Cash and cash equivalents and marketable securities | 30 | 343 | 2,250 |
| Unproved oil, gas and, mineral properties (full cost method) | 2,168 | 2,200 | 1,861 |
| Total assets | 2,373 | 2,709 | 4,387 |
| Shareholders' (deficit) equity: | | | |
| Common stock | 5,545 | 5,545 | 5,545 |
| Capital in excess of par value | 32,138 | 32,138 | 32,138 |
| Deficit accumulated during the development stage | (35,670) | (34,979) | (33,358) |
| Total shareholders’ (deficit) equity | $ 2,013 | $ 2,704 | $ 4,325 |
| Common stock shares outstanding (weighted average) | 44,212 | 44,212 | 44,212 |

**Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations**

Statements included in Management's Discussion and Analysis of Financial Condition and Results of Operations which are not historical in nature are intended to be forward looking statements. The Company cautions readers that forward looking statements are subject to certain risks and uncertainties that could cause actual results to differ materially from those indicated in the forward looking statements. For a discussion of certain risk factors affecting the Company, please see “Risk Factors” above.

**General**

We are an active independent oil and gas exploration company and through our subsidiary, Coastal Petroleum, we hold mineral rights in Montana and North Dakota in the oil producing region known as the Williston Basin. Our objective formations on those leases include the Lodgepole and the Eagle among others. The Company's future growth will be driven primarily by exploration and development activities. Our business strategy is to increase shareholder value by acquiring and drilling reasonably priced prospects that have good potential, whether in the Williston Basin or in other parts of the United States, with the goal of shaping the Company into a producing independent oil and gas firm. We will continue to seek high quality exploration projects with potential for providing long-term drilling inventories that generate high returns.

In Montana, we have obtained the rights to explore for oil and gas in one area which will be our primary area of focus. This primary area is a large assembly of leases covering approximately 124,882 net acres in Valley County, located in northeastern Montana close to known production from a Lodgepole reef. This area of Montana has a number of other producing formations in addition to the Lodgepole, including the Eagle sands. Currently we have two agreements with two different entities covering separate areas of the leases and exploration has begun under those agreements. During 2006, we drilled two wells on lands outside these leases and they did not find economic quantities of oil or gas and were abandoned. We also hold leases in southwestern North Dakota and have an agreement covering four Lodgepole prospects on those leases.

The first of the two agreements we entered into was a farm-out agreement with Western Standard Energy Corp. (f/k/a Lusora Healthcare Systems Inc.) (“Western Standard”) in August 2007. Under the agreement, Western Standard paid us $40,000 at execution and then paid an additional $384,000. From the $384,000, $255,000 was paid to cover the costs of drilling the first well to test a shallow natural gas prospect in Valley County, Montana and $129,000 was paid to cover associated lease rentals. Western Standard will have a 100% working interest in the well until payout when it will be reduced to 80% and we will receive the other 20% working interest. Upon receiving the funds to cover lease rentals, we repaid in full our loan of $126,000. Under the loan agreement, the individual that loaned us the money continues to hold a 5% overriding royalty on the same approximately 42,000 acres that are covered in the Western Standard farm-out agreement.

The first well under this agreement was drilled during October 2007, to test a shallow natural gas prospect near the middle of our Valley County Leases. The well reached a total depth of 1,126 feet, and confirmed the structural high that we believed to be there. The well also had gas shows in two zones. Casing was run into the hole and operations to complete and test the well were scheduled to begin at the end of November, but were delayed by equipment repairs. The well is located on Federal land and the Bureau of Land Management would not allow the completion and testing operations or any further drilling to begin between December 1st and July 1st, so operations have been suspended until July. In December, we entered a Memorandum of Understanding with Western Standard which led to a farm-out agreement on our North Dakota Leases discussed below, but also allowed us to use $29,000 of the funds from Western Standard originally sent to cover completion to now cover lease rental and other costs associated with the delay in well completion. Western Standard has committed to send additional funds to pay the estimated well completion costs of $65,000 no later than April 30, 2008.

Once operations resume, and within 30 days after the test well is completed, Western Standard has the option to purchase a 50% interest in approximately 42,000 acres near the well location (referred to as “Valley County Shallow Gas Assembly”). The cost to exercise the option would be $1,000,000, payable in $200,000 installments based on certain milestones related to drilling step-out wells. We have received one permit to drill a step-out well and are currently in the permitting process for two more.

Under the second agreement, which we entered in September 2007, we received $50,000 from F-Cross Resources, LLC (“F-Cross”) when the two parties executed a farm-out agreement covering approximately 64,000 acres on the northwest part of our Valley County Leases. Under the agreement, F-Cross has the option to drill a Lodgepole test well within six months and after drilling that well has the further option to acquire an interest in surrounding acreage. F-Cross is to pay for the cost of drilling the initial well and will receive a 100% working interest in the well until payout and an 80% working interest subsequent to payout. F-Cross exercised its option and the first Lodgepole test well was spudded on November 3, 2007. Drilling has finished, but the well is awaiting completion and testing of several zones which have potential for both oil and gas. Unlike the shallow gas well on Federal land, this well is located on State land and provided that there is no State objection, we expect that F-Cross will resume operations to complete and test the well once the weather and state regulators permit it. Upon completion of the well, F-Cross has the option to acquire a 50% working interest in the approximately 64,000 acres covered by the agreement for $25 per acre. F-Cross also may extend its option to acquire the 50% working interest by drilling a second Lodgepole test well.

We still hold approximately 22,000 acres under our Valley County Leases that are not under agreement with any third party and we are not currently looking for other entities to team with to explore that acreage.

The two wells we were involved with drilling during 2006 and that were abandoned during 2007 were drilled in areas outside of our Valley County Leases. The first of those wells we drilled ourselves on a small tract in Blaine County in north central Montana, more than 130 miles west of our Valley County acreage. We drilled to a depth of 4,600 feet and reached the targeted Lodgepole reef, but the reef had been flushed with water and there was no oil present. The well passed through multiple other zones that potentially contained oil or gas and each of the other zones was tested, but no gas or oil was present in economic quantities. We will not pursue any further drilling in this area.

The second well drilled under a farm-in agreement on a location in Valley County, south of our primary acreage. We participated in and acted as operator for the drilling of that well which was known as the Evaline twin well. It was drilled to total depth into the Lodgepole reef that was targeted and encountered oil, but not in sufficient quantities for us to earn an interest. We then moved uphole and perforated the Mission Canyon Formation which had a significant show of oil while we were drilling to the Lodgepole. We tested the Mission Canyon and it too contained oil, but again not in sufficient quantities for us to earn an interest in the well. Under the Agreement with farmor Helis, there was a production threshold that had to be met to earn the interest and that threshold could not be met. We have abandoned this well and will now focus on our primary area.

In North Dakota, we control the working interest on approximately 8,510 net acres in Slope, Billings, and Stark Counties, on which a number of drillable prospects have been mapped to date. The depth of wells in North Dakota is greater than in Montana (approximately 9,500 feet versus approximately 5,000 feet), and thus the cost of drilling is higher. A typical North Dakota wildcat well costs about $1.5 million to drill. We intend to bring in others to share the risk and investment in wells it drills in North Dakota until the Company is in a stronger financial position

Through our efforts to bring in others to explore our North Dakota leases, in December of 2007 we entered a new farm-out agreement with Western Standard. Under the agreement, we assigned leases over four of our high-graded Lodgepole Reef prospects to Western Standard in return for $80,000. We received $40,000 in November 2007, $25,000 in February 2008 and expect to receive the other $15,000 in the first quarter of 2008. We will also retain a back-in working interest of 20% in the leases after payout. The leases cover all rights below the Tyler formation, including the Lodgepole formation, with an 80% net revenue interest. We acquired these and other leases in the area in 2005 from Oil For America for $50,000 and we have invested some additional funds to geochemically test and high-grade these and other prospects on the leases. Oil For America has agreed to waive the drilling obligation on these four prospects. We will still retain additional Lodgepole reef prospects on our North Dakota leases that are not covered by this farm-out agreement.

As briefly described above, in the Memorandum of Understanding which gave rise to the new farm-out agreement, Western Standard also agreed that we could use the more than $29,000 originally forwarded to be used for completion of the first shallow gas well to cover the costs associated with the delay in operations, including annual rentals. This amount combined with the $80,000 paid for the four reef prospects will help cover our operations during the first half of 2008.

We expect that the relationships we have begun with Western Standard and F-Cross will allow the Company to explore both the oil and gas potentials of its leases in Montana and North Dakota. The agreement with Western Standard in Montana should not only allow for further exploration on the Valley County Leases through several more wells, but we expect the agreement to be completed and to receive $1,000,000 during the drilling of those wells. Likewise, if F-Cross exercises its option for a 50% interest in the acreage under its agreement the Company would receive more than $1,000,000 under that agreement.

We plan to drill or participate in approximately four exploratory wells in 2008. However, the number of wells that we drill in 2008 and their cost will be subject to various factors, including Western Standard and F-Cross continuing exploration under their agreements, the availability of drilling rigs that we can hire and whether we drill alone or with other participants. In addition, we could reduce the number of wells that we drill if oil and natural gas prices were to decline significantly. We expect the cost of drilling the four wells to depend upon many factors, including those above, which may affect the cost of operations and whether and to what extent others participate with the Company.

**Liquidity and Capital Resources**

As more fully described in Note 1 to the consolidated financial statements, we have no recurring revenues, have experienced recurring losses and have a deficit accumulated during the development stage. We, along with various other related parties, settled several lawsuits in 2005, which were filed by the Company, our subsidiary Coastal Petroleum Company and other related parties against the State of Florida. All of these lawsuits were related to the State's actions limiting our ability to commence development activities through our subsidiary. The cost of that litigation was substantial. Management believes its current cash position and the agreements with Western Standard and F-Cross will allow the Company to move forward to explore and develop profitable oil and gas operations, although there is no assurance these efforts will be successful. These situations raise substantial doubt about our ability to continue as a going concern. Our consolidated financial statements do not include any adjustments to reflect the possible future effects on the recoverability and classification of assets or amounts and classification of liabilities, which may result from the outcome of these uncertainties.

At December 31, 2007, we have $30,000 in cash compared to $343,000 at December 31, 2006. Our current liabilities exceed our current assets by $300,000 at December 31, 2007. We have suspended payments to our directors, general legal counsel, and employee since the second quarter of 2007 and have accrued $311,000 in expenses as of December 31, 2007. We expect to continue to suspend payments to these parties for at least the first three quarters of 2008 or until the success of our two wells drilled in 2007 can be determined.

During 2007, we received approximately $309,000 under farm-out agreements for lease and drilling rights on our leases and options to acquire additional rights. We also received $255,000 that was used to drill one of the wells on our leases. In the first quarter of 2008, we received $25,000 and expect to receive an additional $15,000 under these agreements. We have paid lease rentals of $53,020 for payments due in the first quarter of 2008 and $100,214 in lease payments are due in the second quarter of 2008. We may need to sell additional lease rights to obtain the cash to make these payments, although there is no guarantee we will be able to sell additional lease rights. Western has committed to pay the estimated gas well completion costs of $65,000 no later than April 30, 2008.

During 2007, we abandoned the two wells we drilled and participated in 2006 and we spent $263,000 for well drilling costs and maintenance of our oil and gas lease rights including the payment of rentals on the approximately 124,882 net acres of leases we have in Valley County, Montana, totaling $244,000, of which $126,000 was received from Western Standard. These leases are subject to various overriding royalty interests held by others of up to 19.5%. The leases expire in years from 2007 to 2014.

We expect to continue to participate with others to drill additional wells both in Montana and North Dakota.

**Results of Operations and Critical Accounting Policies and Estimates**

**Development Stage Enterprise Presentation**

The Company is a development stage enterprise. It has never had substantial revenues and has operated at a loss each year (except 2005) since its inception in 1953.

**Oil and Gas Accounting**

The Company follows the full cost method of accounting for its oil and gas properties. All costs associated with property acquisition, exploration and development activities whether successful or unsuccessful are capitalized.

The capitalized costs are subject to a ceiling test which basically limits such costs to the aggregate of the estimated present value discounted at a 10% rate of future net revenues from proved reserves, based on current economic and operating conditions, plus the lower of cost or fair market value of unproved properties. The Company assesses whether its unproved properties are impaired on a periodic basis. This assessment is based upon work completed on the properties to date, the expiration date of its leases and technical data from the properties and adjacent areas.

During 2005, we acquired new oil and gas leases in North Dakota and Montana. We have capitalized these and other related costs and have begun a site selection and well drilling program.

During 2006, the Company drilled one well and participated in the drilling of a second well that did not prove to contain economic quantities of oil or gas, and expensed the $1,018,000 of drilling costs.

During 2007, we drilled two wells on Company leases under two farm-out agreements. We expect to determine the success of these wells in July 2008. We expensed an additional $53,000 related to abandoning the 2006 wells.

**2007 vs. 2006**

During 2007, two wells were drilled on our leases under two farm-out agreements. We also continued to seek additional leases and prospects as well as capital partners with whom to drill. However, we did not recognize any revenue in 2007, and have not determined the success of the two wells. Our net loss for 2007 was $(690,000). During 2006, we drilled two wells. However, we did not recognize any revenue in 2006 and wrote off the costs of our two wells, realizing a net loss of $(1,621,000) for the year.

For 2007 and 2006, we focused on seeking other entities to drill wells on our leases and in drilling wells. Our expenses did not change significantly in 2007 from 2006, except we wrote off our well drilling costs of $53,000 and $1,018,000 in 2007 and 2006, respectively. Our expenses consist of administrative corporate and regulatory costs, and the administrative, travel, and lodging costs to conduct drilling operations in Montana.

**Item 7A. Quantitative and Qualitative Disclosure About Market Risk**

Not applicable.

**Item 8. Financial Statements and Supplementary Data**

**Report of Independent Registered Public Accounting Firm**

To the Board of Directors
Coastal Caribbean Oils & Minerals, Ltd.
Apalachicola, Florida

We have audited the consolidated balance sheet of Coastal Caribbean Oils & Minerals, Ltd. and subsidiary as of December 31, 2007 and 2006, and the related consolidated statements of operations, common stock and capital in excess of par value and cash flows, for the years then ended, and for the period from January 31, 1953 (inception) to December 31, 2007. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provided a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Coastal Caribbean Oils & Minerals, Ltd. and subsidiary as of December 31, 2007 and 2006, and the results of their operations and cash flows for the years then ended, and for the period from January 31, 1953 (inception) to December 31, 2007, in conformity with accounting principles generally accepted in the United States of America.

The accompanying consolidated financial statements have been prepared assuming the Company will continue as a going concern. As discussed in Note 1 to the consolidated financial statements, the Company suffered recurring losses from operations and has not yet realized any revenues from development activities. This raises substantial doubt about the Company’s ability to continue as a going concern. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

We were not engaged to examine management’s assertion about the effectiveness of Coastal Caribbean Oils & Minerals, Ltd’s internal control over financial reporting as of December 31, 2007 included in the accompanying *Management’s annual report on internal control over financial reporting* and, accordingly, we do not express an opinion thereon.

/s/ Baumann, Raymondo & Company PA
Tampa, Florida
March 21, 2008

**COASTAL CARIBBEAN OILS & MINERALS, LTD.**
(A Bermuda Corporation)
A Development Stage Company

**CONSOLIDATED BALANCE SHEETS**
(Expressed in U.S. dollars)

| | December 31, 2007 | 2006 |
|---|---|---|
| **Assets** | | |
| Current assets: | | |
| Cash and cash equivalents | $ 30,264 | $ 342,541 |
| Prepaid expenses and other | 30,040 | 29,255 |
| Total current assets | 60,304 | 371,796 |
| | | |
| Certificates of deposit | 135,364 | 126,313 |
| Petroleum leases | 2,168,293 | 2,199,809 |
| Equipment, net | 8,935 | 11,455 |
| Total assets | $ 2,372,896 | $ 2,709,373 |
| | | |
| **Liabilities and Shareholders' Equity** | | |
| Current liabilities: | | |
| Accounts payable and accrued liabilities | $ 11,125 | $ 5,322 |
| Amounts due to related parties | 348,208 | 0 |
| Total current liabilities | 359,333 | 5,322 |
| | | |
| Shareholders' equity: | | |
| Common stock, par value $.12 per share: | | |
| Authorized - 250,000,000 shares | | |
| Outstanding - 46,211,604 shares, respectively | 5,545,392 | 5,545,392 |
| Capital in excess of par value | 32,137,811 | 32,137,811 |
| | 37,683,203 | 37,683,203 |
| Deficit accumulated during the development stage | (35,669,640) | (34,979,152) |
| Total shareholders' equity | 2,013,563 | 2,704,051 |
| Total liabilities and shareholders' equity | $ 2,372,896 | $ 2,709,373 |

See accompanying notes.

**COASTAL CARIBBEAN OILS & MINERALS, LTD.**
(A Bermuda Corporation)
A Development Stage Company

**CONSOLIDATED STATEMENTS OF OPERATIONS**
(Expressed in U.S. Dollars)

| | Years Ended December 31, 2007 | 2006 | For the period from Jan. 31, 1953 (inception) to Dec. 31, 2007 |
|---|---|---|---|
| **Gain on settlement** | $ - | $ - | $ 8,124,016 |
| **Interest and other income** | 10,270 | 41,350 | 3,979,914 |
| | 10,270 | 41,350 | 12,103,930 |
| | | | |
| **Expenses:** | | | |
| Legal fees and costs | 159,659 | 204,169 | 17,418,895 |
| Administrative expenses | 330,938 | 313,743 | 10,582,221 |
| Salaries | 135,400 | 143,200 | 4,146,431 |
| Shareholder communications | 22,185 | 17,601 | 4,115,695 |
| Goodwill impairment | - | - | 801,823 |
| Write off of unproved properties | 52,576 | 1,018,435 | 6,631,505 |
| Exploration costs | - | - | 247,465 |
| Lawsuit judgments | - | - | 1,941,916 |
| Minority interests | - | - | (632,974) |
| Other | - | - | 364,865 |
| Contractual services | - | - | 2,155,728 |
| | 700,758 | 1,697,148 | 47,773,570 |
| **Net loss before income** | (690,488) | (1,655,798) | (35,669,640) |
| **Taxes** | | | |
| | | | |
| **Income tax benefit** | - | 35,000 | - |
| | | | |
| **Net loss** | $ (690,488) | $ (1,620,798) | |
| | | | |
| Deficit accumulated during the development om"> | | | |

The table above shows Stock Award and Option Award values based on Statement of Financial Accounting Standard 123(R). SFAS 123(R) expense includes portions of the 2004, 2005, 2006 and 2007 grants that are amortized over the period that they are earned. Prior to the 2008 grant, the compensation related to restricted stock units and stock option units granted to retirement eligible individuals is amortized from the date the grants are approved until the date the grants are awarded since no future substantive service is required. Therefore, the 2006 amounts for Messrs. Larsen, Grisik and Linnert, for stock option awards and restricted stock unit awards shows the full SFAS 123(R) compensation expense of the 2006 and 2007 awards because the 2007 grants were approved at the end of 2006. Beginning with the 2008 grant, a one year required service period was added, whereby individuals who are retirement eligible and retire during the grant year will have their awards prorated

based on their length of service during the year. Therefore, compensation expense is recorded ratably over the grant year, except for Mr. Grisik who has announced his retirement and received a partial 2008 grant for which no future substantive service is required. Given the special conditions of Mr. Grisik s 2008 grant awards, the full compensation expense of his 2008 grant awards was recognized in 2007, the year that the Compensation Committee approved the grants.

(1) This number consists of (i) the grant date fair value under SFAS 123(R) of the restricted stock units earned during the covered year and (ii) compensation expense comprised of three performance unit award cycles being earned by the executive during the covered year. Fifty percent of the fair value under SFAS 123(R) is determined by stock price and performance during the cycle, and the remaining fifty percent is determined by a Monte Carlo simulation.

(2) The estimated value of the stock options has been developed solely for purposes of comparative disclosure in accordance with the rules and regulations of the SEC and is consistent with the assumptions we used for SFAS 123(R) reporting during 2006 and 2007. The estimated value has been determined by application of the Black-Scholes option-pricing model, based upon the terms of the option grants and our stock price performance history as of the date of the grant. The key assumptions are as follows:

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| | 2005 Awards | 2006 Awards | 2007 Awards | 2008 Awards |
|---|---|---|---|---|
| Risk Free Interest Rate | 4.0% | 4.3% | 4.5% | 3.5% |
| Dividend Yield | 2.6% | 2.0% | 1.7% | 1.3% |
| Volatility Factor | 40.6% | 36.1% | 34.6% | 30.5% |
| Wt. Avg. Expected Life | 7 Years | 5.5 Years | 5.5 Years | 5.6 Years |

We used a Monte Carlo simulation to value the 2007 special equity grant with a derived life of 1.5 years. The 2007 special equity grant vested in 2007 and, therefore, all associated expense was recognized in 2007 under column (f). The above estimates do not reflect any adjustments for risk of forfeiture or restrictions on transferability. The assumptions used in the valuation are based upon experience, and are not a forecast of future stock price or volatility, or of future dividend policy. The values for the 2007 Awards column were updated as of the grant date.

(3) The amount shown in Change in Pension Value and Non-qualified Deferred Compensation Earnings consists of the increase in the present value of accrued pension benefits under the plans shown in the Pension Table. None of the named executive officers earned above-market earnings in deferred compensation plans.

The pension value is determined using the same actuarial assumptions as used for the Company s SFAS 158 disclosure; namely a discount rate of 6.3% and the RP-2000 mortality table, reflecting mortality improvements for 15 years. The change in pension value is calculated as the difference between the December 31, 2006 value and the December 31, 2007 value (as shown in the Pension Table). These values are calculated based on benefits commencing at the earliest age at which benefits are not reduced for early retirement, age 62.

| Name | Increase Due to Additional Service ($) | Increase Due to Change in Final Average Earnings ($) | Increase Due to Decrease in Discount Period ($) | Increase Due to Change in Assumptions ($) | Total Change in Value ($) |
|---|---|---|---|---|---|
| M. Larsen | 13,554 | 2,020,995 | 698,055 | (639,348) | 2,093,256 |
| S. Kuechle | 50,841 | 267,359 | 68,833 | (154,775) | 232,258 |
| J. Grisik | 281,436 | 249,072 | 206,976 | (100,294) | 637,190 |
| T. Linnert | 278,288 | 327,592 | 179,551 | (56,910) | 728,521 |
| J. Carmola | 149,673 | 223,819 | 95,031 | (132,172) | 336,351 |

(4) This number is the sum of one or more of the following items (i) auto allowance (grossed-up), (ii) use of the Company s aircraft for personal use, (iii) umbrella liability insurance (grossed-up), (iv) financial counseling and tax preparation (grossed-up), (v) club membership dues, (vi) long distance telephone service for executives and family, (vii) home security, (viii) auto maintenance and insurance (grossed-up), (ix) matching contribution by the Company to its defined contribution plan, (x) dividends on restricted stock units and awards and (xi) life insurance (grossed-up). Amounts reimbursed for payment of taxes represents an amount paid by us to the named executive officer equal to 100% of the amounts paid by us on behalf of the executive with respect to the automobile allowance, umbrella liability insurance, life insurance, financial counseling and tax preparation and

auto maintenance and insurance.

For 2007, the amounts for the named executive officers included:

| | Larsen | Kuechle | Grisik | Linnert | Carmola |
|---|---|---|---|---|---|
| Auto Allowance | $ 15,000 | $ 21,800 | $ 15,000 | $ 15,000 | $ 15,000 |
| Auto Maintenance | 3,077 | 5,140 | 6,119 | 5,729 | 7,456 |
| Club Membership | 13,083 | 0 | 7,351 | 7,810 | 6,592 |
| Life Insurance | 1,523 | 1,523 | 214,724 | 356,896 | 297,159 |
| Financial Services | 12,000 | 11,290 | 16,825 | 7,175 | 10,510 |
| Tax-Gross Up | 31,600 | 39,753 | 181,601 | 266,342 | 241,197 |
| Annual Physicals | 647 | 0 | 1,100 | 695 | 0 |
| Airplane Use | 52,835 | 6,503 | 0 | 0 | 12,680 |
| 800# | 97 | 97 | 97 | 97 | 97 |
| 401(k) Match | 6,750 | 6,750 | 6,750 | 6,750 | 6,750 |
| SBRP Match | 62,731 | 15,161 | 21,597 | 21,306 | 20,544 |
| Home Security | 336 | 0 | 0 | 312 | 0 |
| ESPP | 0 | 3,702 | 3,702 | 0 | 0 |
| | $ 199,678 | $ 111,718 | $ 474,865 | $ 688,111 | $ 617,984 |

The incremental cost to the Company of personal use of the Company aircraft is calculated based on the actual average variable operating costs to the Company. Variable operating costs include fuel, maintenance, weather-monitoring, on-board catering, landing/ramp fees, and other miscellaneous variable costs. The total annual variable costs are divided by the annual number of hours the Company aircraft flew to derive an average variable cost per hour. This average variable cost per hour is then multiplied by the length of each trip for each non-business traveler. The amount is then divided by an average load factor.

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## Grants of Plan-Based Awards

**Grants of Plan-Based Awards Table**

| Grant Date (b) | Date Approved | Estimated Future Payouts Under Non-Equity Incentive Plan Awards Threshold ($)(c) | Target ($)(d) | Maximum ($)(e) | Estimated Future Payouts Under Equity Incentive Plan Awards Threshold (#)(f) | Target (#)(g) | Maximum (#)(h) | All other Stock Awards; # of Shares of Stock or Units (#)(i) | All Other Options Awards: # of Securities Under-lying Options (#)(j) | Exercise or Base Price of option Awards ($/Sh)(k) | Gr V St A |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 1/3/07 | 12/12/06 | 0 | 1,030,000 | 2,060,000 | 0 | 18,800 | 37,600 | | | | |
| 1/3/07 | 12/12/06 | | | | | | | | 150,000 | 45.87 | |
| 1/3/07 | 12/12/06 | | | | | | | 24,000 | | | |
| 1/3/07 | 12/12/06 | | | | | | | | 55,500 | 45.87 | |
| 1/3/07 | 12/11/06 | 0 | 252,000 | 504,000 | 0 | 4,100 | 8,200 | | | | |
| 1/3/07 | 12/11/06 | | | | | | | | 50,000 | 45.87 | |
| 1/3/07 | 12/11/06 | | | | | | | 5,600 | | | |
| 1/3/07 | 12/11/06 | | | | | | | | 12,400 | 45.87 | |
| 1/3/07 | 12/11/06 | 0 | 319,800 | 639,600 | 0 | 6,000 | 12,000 | | | | |
| 1/3/07 | 12/11/06 | | | | | | | | 50,000 | 45.87 | |
| 1/3/07 | 12/11/06 | | | | | | | 7,100 | | | |
| 1/3/07 | 12/11/06 | | | | | | | | 16,500 | 45.87 | |
| 1/3/07 | 12/11/06 | 0 | 316,550 | 633,100 | 0 | 6,000 | 12,000 | | | | |
| 1/3/07 | 12/11/06 | | | | | | | | 50,000 | 45.87 | |
| 1/3/07 | 12/11/06 | | | | | | | 7,100 | | | |
| 1/3/07 | 12/11/06 | | | | | | | | 16,500 | 45.87 | |
| 1/3/07 | 12/11/06 | 0 | 315,250 | 630,500 | 0 | 6,000 | 12,000 | | | | |
| 1/3/07 | 12/11/06 | | | | | | | | 50,000 | 45.87 | |
| 1/3/07 | 12/11/06 | | | | | | | 7,100 | | | |
| 1/3/07 | 12/11/06 | | | | | | | | 16,500 | 45.87 | |

***Exercise Price***

As required by the 2001 Equity Compensation Plan, under which all of our options were awarded, we used the average of the high and low sales price on the grant date to determine the exercise price for the option awards. The closing price of our common stock on the New York Stock Exchange on the grant date was $45.72.

***Estimated Future Payouts Non-equity Plans***

For estimated future payments under non-equity incentive plan awards, each participant is assigned threshold and maximum award levels. Threshold award level is the level above which an incentive award will be paid. No incentive

award is paid for performance at or below threshold level. Maximum award level is the maximum amount of incentive award that may be paid. A participant s maximum award level is 200% of such participant s target incentive amount.

The Committee may use one or more of the following performance measures: operating income; net income; earnings (including earnings before interest, taxes, depreciation and/or amortization); earnings per share; sales; costs; profitability of an identifiable business unit or product; maintenance or improvement of profit margins; cost reduction goals; operating cash flow; free cash flow (operating cash flow less capital expenditures); working capital; improvements in capital structure; debt reduction; credit ratings; return on assets; return on equity; return on invested capital; stock price; total shareholder return; completion of joint ventures, divestitures, acquisitions or other corporate transactions; new business or expansion of customers or clients; strategic plan development and implementation; succession plan development and implementation; customer satisfaction indicators; employee metrics; or other objective individual or team goals.

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The performance measures may relate to the Company, on an absolute basis and/or relative to one or more peer group companies or indices, or to a particular participant, subsidiary, division or operating unit, or any combination of the foregoing, determined by the Committee. In addition, the Committee may adjust, modify or amend the above criteria, either in establishing any performance measure or in determining the extent to which any performance measure has been achieved. The Committee has the authority, at the time it establishes the performance measures for the applicable program year, to make equitable adjustments in the criteria in recognition of unusual or non-recurring events, in response to changes in applicable laws or regulations, or to account for items of gain, loss or expense determined to be extraordinary or unusual in nature or infrequent in occurrence or related to the disposal of a business or related to a change in accounting principles, or as the Committee determines to be appropriate to reflect a true measurement of the performance of the Company or any subsidiary, division or operating unit, as applicable, and to otherwise satisfy the objectives of the program. As noted above, the Committee selected earnings before interest and taxes and conversion of earnings into free cash flow for 2007.

***Estimated Future Payouts Equity Plans Performance Unit Awards***

The estimated future payouts under equity incentive plan awards relates to the 2007-2009 performance unit awards made in 2007 pursuant to the 2001 Equity Compensation Plan. Payouts on these awards are to be based on the Company s relative total shareholder return and return on invested capital over the 2007-2009 performance period. At the end of the performance period, each participant will earn a cash payout only if the threshold performance standard is exceeded. The cash payout will range from 0% to 200% of the value of the total performance unit account (including performance units credited through dividends equivalents), based on the level of performance against the financial metrics. For information on the actual 2007 financial metrics, see page 38 of the Compensation Discussion and Analysis.

***Estimated Future Payouts Equity Plans Restricted Stock Unit Awards***

The shares of stock for the named executive officers represents the value as of the date of the grant of restricted stock unit awards granted on January 3, 2007. Restricted stock units, once granted, vest at the rate of 50% on the third anniversary, 25% on the fourth anniversary and the balance on the fifth anniversary of the date of grant. Dividends or dividend equivalents are paid on all restricted stock units awards.

***Estimated Future Payouts Equity Plans Stock Option Grants***

All options were granted pursuant to our 2001 Equity Compensation Plan with an exercise price equal to 100% of the fair market value (as defined in the plan) on January 3, 2007, the date of the grant, have a 10-year term and vest in equal installments over a three-year period.

**Outstanding Equity Awards at Fiscal Year-End**

| | Options Awards | | | | Stock Awards | | | |
|---|---|---|---|---|---|---|---|---|
| | | | | | | | Equity Incentive Plan Awards: | |
| | | | Equity Incentive Plan Awards: | | | Equity Incentive Plan Awards: | Market or Payout | |
| | | | | | Market | # of | | |

| Name(a) | # of Securities Underlying Unexercised options (#) Exercisable (b) | # of Securities Underlying Unexercised Options (#) Unexercisable (c) | # of Securities Underlying Unexercised Unearned Options (#)(d) | Options Exercise Price ($)(e) | Option Expirations Date (f) | # of Shares or units of Stock That Have Not Vested (#)(g) | Value of Shares or Units of Stock That Have Not Vested ($)(h) | Unearned Shares, Units or Other Rights That Have Not Vested (#)(i) | value or Unearned Shares, units or Other Rights That Have Not Vested ($)(j) |
|---|---|---|---|---|---|---|---|---|---|
| Larsen, M. | 10,640(3) | | | 34.2036 | 1/1/2011 | | | | |
| Larsen, M. | 54,256(4) | | | 37.0142 | 4/16/2011 | | | | |
| Larsen, M. | 63,836(5) | | | 25.1010 | 1/1/2012 | | | | |

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| | Options Awards | | | | | Stock Awards | | | |
|---|---|---|---|---|---|---|---|---|---|
| me(a) | # of Securities Underlying Unexercised options (#) Exercisable (b) | # of Securities Underlying Unexercised Options (#) Unexercisable (c) | Equity Incentive Plan Awards: # of Securities underlying Unearned Options (#)(d) | Options Exercise Price ($)(e) | Option Expirations Date (f) | # of Shares or units of Stock That Have Not Vested (#)(g) | Market Value of Shares or Units of Stock That Have Not Vested ($)(h) | Equity Incentive Plan Awards: # of Unearned Shares, Units or Other Rights That Have Not Vested (#)(i) | Equity Incentive Plan Awards Market or Payou value or Unearne Shares, units or Other Rights That Have No Vested ($)(j) |
| sen, M. | 94,670(6) | | | 18.7600 | 1/2/2013 | | | | |
| sen, M. | 82,950(7) | | | 30.5300 | 2/16/2014 | | | | |
| sen, M. | 53,332(8) | | | 32.4300 | 1/2/2015 | | | | |
| sen, M. | 25,400(9) | | | 40.4050 | 1/3/2016 | | | | |
| sen, M. | 150,000(10) | | | 45.8700 | 1/3/2014 | | | | |
| sen, M. | | 26,668(8) | | 32.4300 | 1/2/2015 | | | | |
| sen, M. | | 50,800(9) | | 40.4050 | 1/3/2016 | | | | |
| sen, M. | | 55,500(11) | | 45.8700 | 1/3/2017 | | | | |
| sen, M. | | | | | | 18,425(12) | 1,305,964 | | |
| sen, M. | | | | | | 35,500(13) | 2,516,240 | | |
| sen, M. | | | | | | 33,800(14) | 2,395,744 | | |
| sen, M. | | | | | | 24,000(15) | 1,701,120 | | |
| sen, M. | | | | | | | | 25,400(16) | 3,600,7 |
| sen, M. | | | | | | | | 18,800(17) | 2,665,0 |
| echle, S. | 7,800(7) | | | 30.5300 | 2/16/2014 | | | | |
| echle, S. | 6,666(8) | | | 32.4300 | 1/2/2015 | | | | |
| echle, S. | 5,833(9) | | | 40.4050 | 1/3/2016 | | | | |
| echle, S. | 50,000(10) | | | 45.8700 | 1/3/2014 | | | | |
| echle, S. | | 3,334(8) | | 32.4300 | 1/2/2015 | | | | |
| echle, S. | | 11,667(9) | | 40.4050 | 1/3/2016 | | | | |
| echle, S. | | 12,400(11) | | 45.8700 | 1/3/2017 | | | | |
| echle, S. | | | | | | 1,750(12) | 248,080 | | |
| echle, S. | | | | | | 5,000(13) | 354,400 | | |
| echle, S. | | | | | | 7,800(14) | 552,864 | | |
| echle, S. | | | | | | 5,600(15) | 396,928 | | |
| echle, S. | | | | | | | | 5,900(16) | 836,3 |
| echle, S. | | | | | | | | 4,100(17) | 581,2 |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| sik, J. | 13,287(1) | | 34.6530 | 1/3/2009 | | | | |
| sik, J. | 4,032(3) | | 34.2036 | 1/2/2011 | | | | |
| sik, J. | 21,932(4) | | 37.0142 | 4/16/2011 | | | | |
| sik, J. | 30,657(5) | | 25.1010 | 1/1/2012 | | | | |
| sik, J. | 27,750(7) | | 30.5300 | 2/16/2014 | | | | |
| sik, J. | 17,400(8) | | 32.4300 | 1/2/2015 | | | | |
| sik, J. | 7,833(9) | | 40.4050 | 1/3/2016 | | | | |
| sik, J. | 50,000(10) | | 45.8700 | 1/3/2014 | | | | |
| sik, J. | | 8,700(8) | 32.4300 | 1/2/2015 | | | | |
| sik, J. | | 15,667(9) | 40.4050 | 1/3/2016 | | | | |
| sik, J. | | 16,500(11) | 45.8700 | 1/3/2017 | | | | |
| sik, J. | | | | | 6,175(12) | 437,684 | | |
| sik, J. | | | | | 11,600(13) | 822,208 | | |
| sik, J. | | | | | 10,500(14) | 744,240 | | |
| sik, J. | | | | | 7,100(15) | 503,248 | | |
| sik, J. | | | | | | | 8,000(16) | 1,134,08 |
| sik, J. | | | | | | | 6,000(17) | 850,56 |
| nert, T. | 2,885(1) | | 34.6530 | 1/3/2009 | | | | |
| nert, T. | 3,923(2) | | 25.4881 | 1/2/2010 | | | | |
| nert, T. | 36,664(2) | | 25.4881 | 1/2/2010 | | | | |
| nert, T. | 2,924(3) | | 34.2036 | 1/1/2011 | | | | |

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| | Options Awards | | | | | Stock Awards | | | |
|---|---|---|---|---|---|---|---|---|---|
| Name(a) | # of Securities Underlying Unexercised options (#) Exercisable (b) | # of Securities Underlying Unexercised Options (#) Unexercisable (c) | Equity Incentive Plan Awards: # of Securities underlying Unexercised Unearned Options (#)(d) | Options Exercise Price ($)(e) | Option Expirations Date (f) | # of Shares or units of Stock That Have Not Vested (#)(g) | Market Value of Shares or Units of Stock That Have Not Vested ($)(h) | Equity Incentive Plan Awards: # of Unearned Shares, Units or Other Rights That Have Not Vested (#)(i) | Equity Incentive Plan Awards: Market or Payout value or Unearned Shares, units or Other Rights That Have Not Vested ($)(j) |
| innert, T. | 4,380(3) | | | 34.2036 | 1/1/2011 | | | | |
| innert, T. | 3,984(5) | | | 25.1010 | 1/1/2012 | | | | |
| innert, T. | 32,535(5) | | | 25.1010 | 1/1/2012 | | | | |
| innert, T. | 5,330(6) | | | 18.7600 | 1/2/2013 | | | | |
| innert, T. | 20,000(6) | | | 18.7600 | 1/2/2013 | | | | |
| innert, T. | 27,750(7) | | | 30.5300 | 2/16/2014 | | | | |
| innert, T. | 16,666(8) | | | 32.4300 | 1/2/2015 | | | | |
| innert, T. | 7,666(9) | | | 40.4050 | 1/3/2016 | | | | |
| innert, T. | 50,000(10) | | | 45.8700 | 1/3/2014 | | | | |
| innert, T. | | 8,334(8) | | 32.4300 | 1/2/2015 | | | | |
| innert, T. | | 15,334(9) | | 40.4050 | 1/3/2016 | | | | |
| innert, T. | | 16,500(11) | | 45.8700 | 1/3/2017 | | | | |
| innert, T. | | | | | | 6,175(12) | 875,368 | | |
| innert, T. | | | | | | 11,000(13) | 779,680 | | |
| innert, T. | | | | | | 10,000(14) | 708,800 | | |
| innert, T. | | | | | | 7,100(15) | 503,248 | | |
| innert, T. | | | | | | | | 7,500(16) | 1,063,200 |
| innert, T. | | | | | | | | 6,000(17) | 850,560 |
| armola, J. | 1,621(3) | | | 34.2036 | 1/1/2011 | | | | |
| armola, J. | 1,203(4) | | | 37.0142 | 4/16/2011 | | | | |
| armola, J. | 14,800(8) | | | 32.4300 | 1/2/2015 | | | | |
| armola, J. | 7,833(9) | | | 40.4050 | 1/3/2016 | | | | |
| armola, J. | 50,000(10) | | | 45.8700 | 1/3/2014 | | | | |
| armola, J. | | 7,400(8) | | 32.4300 | 1/2/2015 | | | | |
| armola, J. | | 15,667(9) | | 40.4050 | 1/3/2016 | | | | |
| armola, J. | | 16,500(11) | | 45.8700 | 1/3/2017 | | | | |

| | | | | |
|---|---|---|---|---|
| armola, J. | 4,438(12) | 314,565 | | |
| armola, J. | 9,850(13) | 698,168 | | |
| armola, J. | 10,500(14) | 744,240 | | |
| armola, J. | 7,100(15) | 503,248 | | |
| armola, J. | | | 8,000(16) | 1,134,080 |
| armola, J. | | | 6,000(17) | 850,560 |

(1) The vesting date for the 1/4/99 grant is 1/4/99.
(2) The vesting date for the 1/3/00 grant is 1/3/00.
(3) The vesting date for the 1/2/01 grant is 1/2/01.
(4) The vesting date for the 4/17/01 is 4/17/01.
(5) The vesting date for the 1/2/02 grant is 1/2/02.
(6) The vesting date for the 1/2/03 grant is 1/2/03.
(7) The vesting dates for the 2/17/04 grant are 2/17/05, 2/17/06, and 2/17/07.
(8) The vesting dates for the 1/3/05 grant are 1/3/06, 1/3/07, and 1/3/08.
(9) The vesting dates for the 1/3/06 grant are 1/3/07, 1/3/08, and 1/3/09.
(10) The vesting date for the special grant on 1/3/07 was 9/18/07.
(11) The vesting dates for the 1/3/07 grant are 1/3/08, 1/3/09, and 1/3/10.
(12) The vesting dates for the 2/17/04 grant are 2/17/07, 2/17/08, and 2/17/09.
(13) The vesting dates for the 1/3/05 grant are 1/3/08, 1/3/09, and 1/3/10.
(14) The vesting dates for the 1/3/06 grant are 1/3/09, 1/3/10, and 1/3/11.
(15) The vesting dates for the 1/3/07 grant are 1/3/10, 1/3/11, and 1/3/12.
(16) The vesting date for the 1/3/06 grant is 12/31/08.
(17) The vesting date for the 1/3/07 grant is 12/31/09.

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The fair market value for the amounts listed under column (h) is based on $70.88, as of December 31, 2007.

The 2007-2009 and 2008-2010 grants under column (j) are valued based on the next higher performance measure that exceeded the previous fiscal year s performance multiplied by the fair market value as of December 31, 2007.

**Option Exercises and Stock Vested**

| | Option Awards | | Stock Awards | |
|---|---|---|---|---|
| **Name(a)** | **Number of Shares Acquired on Exercise (#)(b)** | **Value Realized on Exercise ($)(c)** | **Number of Shares Acquired on Vesting (#)(d)(1)** | **Value Realized on Vesting ($)(e)** |
| M. Larsen | 179,492 | 5,374,125 | | |
| S. Kuechle | 43,060 | 1,484,084 | 3,500 | 237,195 |
| J. Grisik | 74,653 | 2,709,550 | | |
| T. Linnert | 69,735 | 1,742,404 | | |
| J. Carmola | 67,277 | 1,867,993 | | |

(1) Mr. Kuechle received a restricted stock award that vested and was paid out in 2007.

**Pension Benefits**

Each of the named executive officers participates in three traditional final average pay defined benefit pension plans that are intended to provide competitive retirement benefits: the Goodrich Corporation Employees Pension Plan ( pension plan ), the Goodrich Corporation Pension Benefit Restoration Plan ( restoration plan ), and the Goodrich Corporation Supplemental Executive Retirement Plan ( supplemental plan ). The pension plan is a tax-qualified plan that covers primarily all US employees other than most bargaining unit employees; however, the pension plan was closed to new participants effective January 1, 2006. The restoration plan is a non-qualified plan, the purpose of which is to restore benefits that otherwise would be payable under the pension plan if not for Internal Revenue Service limits on compensation and benefits applicable to tax-qualified plans. The combination of the pension and the restoration plans is intended to provide identical benefits as the pension plan, without regard to the limits imposed by the Internal Revenue Service. The supplemental plan is a non-qualified plan that serves to provide additional pension benefits, over and above the pension and restoration plans, to senior management executives, up to certain service limits as described in more detail below.

***Present Value of Benefits***

The present value of accumulated benefits, as shown in column (d) of the Pension Benefits table below, is calculated using the same assumptions used in determining SFAS 158 pension disclosure, as of December 31, 2007, described in the pension footnote disclosure of our Form 10-K for 2007; namely, a discount rate of 6.3%, and the RP-2000 mortality table, reflecting mortality improvements for 15 years. For the restoration and supplemental plans, the table is adjusted to reflect white collar mortality rates. We have valued each of the benefits based upon the participant s earliest unreduced retirement age (62), using a current final average earnings and current years of service, even though earlier retirement is available, as described below.

***Benefit Formula***

All of these plans use a benefit formula, which takes into account years of service and final average earnings, to calculate the amount of benefit payable at normal retirement age (age 65). Final average earnings under each plan is defined as the average annual pay during the highest

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consecutive 48 months of eligible earnings out of the last 120 months of employment with the Company. Eligible earnings consists of annual salary and annual incentive compensation. For purposes of the pension plan, earnings in excess of the Code Section 401(a)(17) limit and salary reduction agreements made to the Goodrich Corporation Savings Benefit Restoration Plan (the savings restoration plan ) are excluded from eligible earnings.

Each plan s benefit formula determines the amount of benefit payable at age 65 under the plan s normal form of payment, which is a five year certain and life annuity. Participants may retire and commence payments as early as age 55. Payments are reduced 4% per year the commencement age precedes 62 (e.g., if payments commence at 55, 72% of the accrued benefit is paid; at 60, 92% is paid; at 62 or later, the full, unreduced accrued benefit is paid).

A number of forms of payment, including single life annuity, joint and survivor annuity, and certain and life annuity, are available under the pension plan. Payment amounts are adjusted for form of payment so that each is actuarially equivalent to the plan s normal form. Both non-qualified plans allow single lump sum payments, in addition to the same annuity forms of payment available under the pension plan. To value benefits in the restoration plan, it is assumed that there is a 50% likelihood that the lump sum, rather than the annuity, will be paid.

Benefits under the pension plan and the restoration plan are determined using the following formula:

1.15% x final average earnings x service + 0.45% x (final average earnings in excess of Covered Compensation) x (the lesser of service or 35), where the Covered Compensation table is published by the Social Security Administration.

For the pension plan, final average earnings is limited to amounts allowed under Section 401(a)(17) of the Code. To calculate the restoration plan benefit, unlimited final average earnings, including employee contributions to the savings restoration plan are used, and the resulting benefit is offset by the benefit payable from the pension plan.

The supplemental plan benefit is determined using the following formula:

1.60% x final average earnings x supplemental plan service, where final average earnings is not limited by Section 401(a)(17) of the Code, and includes employee contributions to the savings restoration plan and supplemental plan service is as shown in the table. Supplemental plan service generally counts all service from the time the named executive officer became part of the senior management team. Supplemental service cannot exceed 15. Additionally, supplemental plan service is further limited to 35 minus pension plan service.

The supplemental plan essentially serves to double pension benefits earned by the executive during the period of supplemental plan participation, allowing an executive working less than a full career with the Company to earn benefits similar to a full career employee. The supplemental plan is intended to enhance our ability to attract and retain the leadership that we need to execute our strategic plans. The caps on supplemental plan service will limit the benefit that long service executives can receive.

Because Messrs. Larsen, Grisik and Linnert are over age 55 with more than five years of service, each is currently eligible for early retirement. If any of them elected early retirement, benefits would be reduced as described above.

***Impact of Internal Revenue Code***

Section 409A, added to the Code in October 2004, has significantly complicated the manner and timing of distributions from the non-qualified plans.

For the portion of the benefit accrued and vested prior to January 1, 2005, which has been grandfathered and thus not subject to Section 409A, the executive may elect to

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receive the benefit either (a) as an annuity in the same form and at the same time as the pension plan annuity or (b) as a single lump sum payment paid approximately 90 days following commencement of the pension plan annuity.

For benefits accrued after December 31, 2004, and, thus, subject to Section 409A, the executive will not receive an election; rather, this portion of the benefit will be paid as a single lump sum at least six months following separation from service. Lump sum amounts are calculated using the interest rate and mortality table that would be required at the time of distribution under Section 417(e) of the Code for lump sum distributions from qualified pension plans. The interest rate is reset annually, and the mortality table may be changed from time to time, as required by the Secretary of Treasury. For 2007 lump sums, for example, this interest rate and mortality table are 4.85% and the GAR 94 table, respectively.

**PENSION BENEFITS**

| Name(a) | Plan Name (b) | Number of Years of Benefit Service (c) | Present Value of Accumulated Benefits (d) | Payments During 2007 (e) |
|---|---|---|---|---|
| M. Larsen | Employees Pension Plan | 30.46 | $ 920,583 | |
| | Pension Benefit Restoration Plan | 30.46 | $ 10,181,145 | |
| | Supplemental Executive Retirement Plan | 4.54 | $ 1,676,990 | |
| S. Kuechle | Employees Pension Plan | 24.42 | $ 358,834 | |
| | Pension Benefit Restoration Plan | 24.42 | $ 679,088 | |
| | Supplemental Executive Retirement Plan | 2.39 | $ 108,949 | |
| J. Grisik | Employees Pension Plan | 16.04 | $ 531,999 | |
| | Pension Benefit Restoration Plan | 16.04 | $ 1,937,270 | |
| | Supplemental Executive Retirement Plan | 8.25 | $ 1,314,622 | |
| T. Linnert | Employees Pension Plan | 10.16 | $ 340,400 | |
| | Pension Benefit Restoration Plan | 10.16 | $ 1,270,898 | |
| | Supplemental Executive Retirement Plan | 10.16 | $ 1,666,649 | |
| J. Carmola | Employees Pension Plan | 11.65 | $ 221,564 | |
| | Pension Benefit Restoration Plan | 11.65 | $ 748,706 | |
| | Supplemental Executive Retirement Plan | 7.75 | $ 674,181 | |

***Non-qualified Deferred Compensation***

All of the named executive officers participate in the savings restoration plan, a non-qualified defined contribution plan designed to let highly compensated and management employees defer compensation in excess of limits that apply to tax-qualified savings plans. The savings restoration plan is designed to restore the benefits, including matching contributions, not permitted due to the limits on 401(k) plans. The amount in column (b), the executive s contribution, is included in the Summary Compensation Table within the amounts shown in the salary and Non-Equity Incentive Plan Compensation columns. The amount shown in column (c), Company contributions, is included in the Summary Compensation Table within the amount shown in the All Other Compensation column. The amount shown in column (f), Aggregate Balance, consists entirely of amounts that would have been reported in a previous year s Summary Compensation Table, had the named executive been a named executive officer in the year the contributions were

made, and investment earnings thereon.

Participants may elect to defer 25% of their base salary and up to 25% of their annual incentive plan payment (Management Incentive Plan) to the savings restoration plan. Elections

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to defer are made before the pay is earned, with the exception that deferral elections with respect to bonus payments may be made as late as six months prior to the close of the performance period on which the bonus payment is based. Participants direct contributions among approximately 15 investment options (comparable asset classes to the 401(k) plan) and are credited with investment gains or losses based on the performance of these investment options. Each investment option is a mutual fund available to individual investors. The options cover a broad spectrum of asset classes and investment objectives, from money market through equity, and include several lifecycle funds as well. Participants are permitted to reallocate their balances among the investment options on a daily basis. The savings restoration plan is designed to look and function very similarly to the Company s tax-qualified savings plan.

As described earlier, Section 409A has changed the timing of distribution elections and distributions. Those same rules apply to distributions made to the named executive officers from the savings restoration plan. Distributions are made based upon separation from service with the Company. At the participant s election, distributions are made either in a single lump sum payment of the entire account balance, or in monthly installments spread over five, 10, or 15 years.

**Non-qualified Deferred Compensation**

| Name(a) | Executive Contributions in 2007 ($)(b) | Company Contributions in 2007 ($)(c) | Aggregate Earnings in 2007 ($)(d) | Aggregate Withdrawals/ Distributions in 2007 ($)(e) | Aggregate Balance as of 12/31/07 ($)(f) |
|---|---|---|---|---|---|
| M. Larsen | 123,462 | 62,731 | 148,585 | | 2,305,649 |
| S. Kuechle | 41,904 | 15,161 | 27,452 | | 424,049 |
| J. Grisik | 56,694 | 21,597 | 79,420 | | 1,169,390 |
| T. Linnert | 115,939 | 21,306 | 47,185 | | 1,479,890 |
| J. Carmola | 69,124 | 20,544 | 68,867 | | 1,012,056 |

**Potential Payments upon Termination or Change-in-Control**

**Management Continuity Agreements**

In 2007, the Committee, in conjunction with its independent compensation consultant Pearl Meyer & Partners, conducted an analysis of the proxy statements of twenty-two companies in our peer group to evaluate payments to be made to named executive officers upon a change-in-control. Based on this analysis, the Committee recommended to the Board of Directors that it approve changes to the form of the Company s management continuity agreements. At its December 11, 2007 meeting, the Board approved of the form of management continuity agreement which replaced the then current management continuity agreement. Effective December 21, 2007, the Company entered into new management continuity agreements with certain members of senior management, including each of the named executive officers, thereby substituting the new agreements for the existing agreements.

The purpose of these agreements is to encourage the individuals to carry out their duties in the event of the possibility of a change- in-control. The agreements are not ordinary employment agreements (there are no such employment agreements) and do not provide any assurance of continued employment unless there is a change-in-control. They generally provide for a two-year period of employment commencing upon a change-in-control.

A change-in-control under these agreements generally is deemed to have occurred if (i) any person or entity becomes the beneficial owner of 20% or more of our common stock or combined voting power of our outstanding securities (subject to certain exceptions), (ii) during any two-year period there generally has been a change in the majority of our Directors, or

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(iii) certain corporate reorganizations occur where the existing shareholders do not retain at least 70% of the voting securities of the surviving entity.

These agreements generally provide for the continuation of employment of the individuals in the same positions and with the same responsibilities and authorities that they possessed immediately prior to the change-in-control and generally with the same benefits and level of compensation, including average annual increases. These triggers are designed to protect these employees from diminished responsibilities and compensation in the event of a change-in-control.

If we or a successor terminate the individual s employment during the two-year employment period for reasons other than cause or the individual voluntarily terminates employment for a good reason (as defined in the agreements), each named executive officer would be entitled to:

A lump sum cash payment within five business days equal to three times the individual s base salary in effect immediately prior to termination;

A lump sum cash payment within five business days equal to three times the greater of (i) the individual s most recent annual bonus or (ii) the individual s target incentive amount under our management incentive program;

If the individual is under age 55 or over age 55 but not eligible to retire or not eligible for Company subsidized health and welfare benefits, then continuation of all health and welfare benefit plans and programs for three years;

If the individual is over age 55 and eligible to retire and eligible for Company subsidized retiree health and welfare benefits, then provided with the health and welfare benefits to which the individual would be entitled to under the Company s general retirement policies, with the Company paying the same percentage of the capped premium cost of the plans as it would pay for retiree health subsidy-eligible employees, who retire at age 65, regardless of the individual s actual age at his or her date of termination of employment, provided such benefits are at least equal to those benefits which would have been payable if the individual had been eligible to retire and had retired prior to the change-in-control. Such benefit will be paid for the individual s lifetime;

Annual executive physical and tax and financial services for three years;

In addition to the benefits to which the individual is entitled under the defined benefit retirement plans or programs in which he or she participates, a lump sum cash payment at retirement in an amount equal to the actuarial equivalent of the retirement pension to which the individual would have been entitled under the terms of such retirement plans or programs had the individual accumulated three additional years of age, continuous service for determining benefit accruals (except for those individuals who elected to no longer earn service toward benefit accrual) and earnings (base salary in effect immediately prior to termination plus the greater of (i) the individual s most recent annual bonus or (ii) the individual s target incentive amount under our management incentive program) under such plans;

In addition to the benefits to which the individual is entitled under the defined contribution retirement plans or programs in which he or she participates, a lump sum cash payment within five business days in an amount equal to three times the greater of (i) the value of the Company matching contributions, if any, and discretionary contributions, if any, which were credited to the individual s accounts under such plans during the most recently completed plan year ending on or before the date of the change-in-control or (ii) the value of the Company matching contributions, if any, and discretionary contributions, if any, which were credited to the individual s accounts under such plans during the

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most recently completed plan year ending on or before the date of the individual s date of termination of employment; and

A tax gross-up for any excise tax due under the Code for these types of arrangements.

Under the management continuity agreements, each named executive officer would be entitled to receive the following estimated benefits if terminated during the two year employment period following a change-in-control for reasons other than cause or if the individual voluntarily terminates employment for a good reason. These are estimated amounts only and may not reflect the actual amounts that would be paid to the named executive officers. The table reflects the amount that could be payable under the management continuity agreements assuming that the triggering event occurred on December 31, 2007 and that the value of our stock is $70.61 (the closing price on December 31, 2007).

***Performance Unit Award Agreements***

In December 2007, the Committee approved of the amendment of the current Performance Unit Award Agreements for the 2006-2008 and 2007-2009 terms to provide for vesting in a two-step process upon a change-in-control. Prior to these amendments, the agreements did not address the vesting of an award in the event of a change-in-control of the Company.

In the event a change-in-control occurs, the individual would receive a pro-rata portion of his or her award, based on the higher of target value of the award or the unit value of the most recent payout of performance units. In the event that the individual s employment is terminated for other than cause after a change-in-control, the individual would receive the full value of his or her award calculated as the higher of target value of the award or the unit value of the most recent payout of performance units, offset by the earlier payout upon change-in-control. This double trigger approach requires both a change-in-control and termination of employment for the individual to receive the full value of the award.

**Estimated Current Value of Change-in-Control Benefits under Management Continuity Agreements and Equity Award Agreements**

| Name | Severance Amount (1) | Performance Units (2) | Benefits Perquisites (3) | Savings Plan Enhancement (4) | Equity Acceleration (5) | Pension Enhancement (6) | Excise Tax and Gross-Up (7) | Total |
|---|---|---|---|---|---|---|---|---|
| M. Larsen | $ 7,264,035 | $ 4,350,621 | $ 72,558 | $ 208,442 | $ 11,814,573 | $ 1,816,009 | $ 4,530,178 | $ 30,056,416 |
| S. Kuechle | $ 2,193,969 | $ 984,303 | $ 78,090 | $ 65,733 | $ 2,332,833 | $ 1,278,364 | $ 2,400,995 | $ 9,334,287 |
| . Grisik | $ 2,835,405 | $ 1,378,025 | $ 64,259 | $ 85,041 | $ 3,711,427 | $ 1,270,460 | $ 2,050,947 | $ 11,395,564 |
| T. Linnert | $ 2,806,245 | $ 1,328,810 | $ 64,259 | $ 84,167 | $ 4,045,743 | $ 1,091,793 | $ 1,979,526 | $ 11,400,543 |
| . Carmola | $ 2,731,452 | $ 1,378,025 | $ 78,450 | $ 81,883 | $ 3,415,577 | $ 1,383,561 | $ 2,670,407 | $ 11,739,355 |

(1) This amount represents three times the executive officers (i) 2007 annual base pay and (ii) payments made under the Senior Executive Management Incentive Plan for 2006.

(2)

This amount represents payouts for Performance Units for the 2006-2008 and 2007-2009 cycles. The amount includes $2,283,584, $721,823 and $689,013 for Messrs. Larsen, Grisik and Linnert, respectively, even though each is retirement eligible and would be entitled to such amount without a change-in-control event.

(3) This amount represents the value of the following items for a three-year period after a change-in-control: (i) health and welfare benefits (ii) costs for annual physicals and (iii) financial planning. This amount includes $22,000, $18,000 and $18,000 for Messrs. Larsen, Grisik and Linnert, respectively, even though each is retirement eligible and would be entitled to such amount without a change-in-control event.

(4) This amount represents a cash payment in an amount equal to the value of the Company matching contributions and discretionary contributions to which the individual would have been entitled had the individual continued to work for the Company for three additional years.

(5) This amount includes the vesting of unvested stock options and restricted stock units. This amount includes $7,888,905, $2,497,829 and $2,856,177 for restricted stock units for Messrs. Larsen, Grisik and Linnert, respectively, even though each is retirement eligible and would be entitled to such amount without a change-in-control event.

(6) This amount represents the present value of an additional three years of service and age under the pension plans.

(7) The estimated tax gross up is based on the 20% excise tax, grossed up for taxes, on the amount of severance and other benefits in excess of three times each individual s average five-year W-2 earnings.

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**Potential Payments Upon Termination or Retirement (Not a Change-in-Control)**

As summarized below, under most circumstances upon which a named executive officer leaves employment with the Company, he or she does not receive additional benefits beyond what other employees leaving under the same circumstances would receive. Change-in-control is a circumstance that would trigger additional benefits and payments not generally available to other employees. These additional benefits and payments are described above in a separate change-in-control section. There are certain benefits and payments that may be triggered upon termination or retirement, as described below.

***Severance Program***

The Goodrich Corporation Severance Program offers severance to eligible employees who terminate employment with the Company for reasons other than resignation, termination for cause, temporary layoff, changes in employment due to the sale of a business unit, transfers within the Company, death, disability, or retirement. For eligible employees, the Goodrich Corporation Severance Program provides for a cash payment not greater than fifty-two weeks of base pay. Severance is paid as a lump sum, usually within fifteen days following the first payroll date after termination of employment. The payment of severance is conditioned upon the employee signing an agreement, which could include a non-compete provision, and a release of claims against the Company. If a triggering event occurred on December 31, 2007, each named executive officer would have received severance equal to the maximum of fifty-two weeks of salary as listed for 2007 of column (c) of the Summary Compensation Table.

***Long-term Incentive Compensation***

The Goodrich Corporation 2001 Equity Compensation Plan treats all participants as follows in determining benefits payable upon retirement, death or disability.

***Stock Options***

If the participant is eligible for retirement at the normal retirement age (age 65) or later under the Company s pension plan (or would be eligible for normal retirement if a participant in such plan), then all unvested options will vest immediately upon such termination. If the participant is eligible for early retirement (age 55 with five years of service) under the Company s pension plan (or would be eligible for early retirement if a participant in such plan) but has not reached age 65, then all unvested options shall continue to vest in accordance with the vesting schedule as provided in the award agreement. If the participant terminates employment by reason of permanent and total disability or death, then all unvested options will vest immediately upon such termination. The exercise period for post 2003 awards is based on the earlier of the date which is five years after the date of termination or the expiration date as provided in the award agreement.

***Restricted Stock Units***

If the participant terminates employment by reason of permanent and total disability or death, then all unvested units will vest immediately upon such termination. If the participant is eligible for early or normal retirement under the Company s pension plan (or would be eligible for normal retirement if a participant in such plan), then all unvested units will vest immediately upon such termination.

***Performance Units***

If the participant terminates employment by reason of early or normal retirement under the Company s pension plan (or would be eligible for early retirement if a participant in such plan),

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permanent and total disability, or death, then the amount of the benefit payable will be prorated based on the actual employment period versus the three-year performance period.

***Perquisites***

Upon termination of employment of a named executive officer who is eligible for early or normal retirement, the executive may receive the following perquisites. Messrs. Larsen, Linnert, and Grisik are currently eligible for early retirement. Since Messrs. Kuechle and Carmola are not currently eligible for early retirement, perquisites would not have continued had either had a termination of employment, other than due to a change-in-control, on December 31, 2007.

***Annual Physical***

The Chief Executive Officer and his spouse are entitled to receive an annual physical each year during the five-year period following such termination. Each of the other named executive officers, and their spouses, are entitled to receive an annual physical during the 12-month period following such termination. For 2007, the actual benefit for Messrs. Larsen, Linnert and Grisik is $647, $695 and $1,100 respectively.

***Umbrella Liability Coverage***

The Chief Executive Officer will receive $10 million of umbrella liability coverage for five years following such termination. Each of the other named executive officers will receive $10 million of umbrella liability coverage until the end of the year following the year in which the named executive officer terminates employment. The benefit for Messrs. Larsen, Linnert and Grisik is valued at approximately $2,000 each per year.

***Telecommunication Service***

The Chief Executive Officer will have the use of an 800 long distance telephone service for five years following such termination. Each of the other named executive officers will have the use of an 800 long distance telephone service for 12 months following such termination. The benefit for Messrs. Larsen, Linnert and Grisik is valued at approximately $100 each per year.

***Financial Counseling/Income Tax Preparation***

Each named executive officer will be reimbursed for payments related to financial counseling and income tax preparation for 12 months following such termination. The benefit for Messrs. Larsen, Linnert, and Grisik is up to $16,000 each.

**Pension Benefits**

The following table sets forth amounts that the named executive officers would receive under non-qualified pension plans upon retirement had the executive officer retired on December 31, 2007.

| Name | Annual Non-qualified Pension Benefits Payable Upon Termination ($)(1) | Lump Sum Value of Non-qualified Pension benefits ($)(2) |
|---|---|---|

| | | |
|---|---|---|
| M. Larsen | 1,042,173 | 14,207,464 |
| S. Kuechle | 153,231 | 1,984,369 |
| J. Grisik | 278,555 | 3,686,773 |
| T. Linnert | 250,815 | 3,307,816 |
| J. Carmola | 215,589 | 2,791,913 |

(1) Amounts shown for Messrs. Larsen, Grisik, and Linnert are payable immediately. Amounts for Messrs. Kuechle and Carmola are payable at age 62, the earliest age for unreduced early retirement. One-twelfth of the amount shown is

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payable monthly for the longer of life or five years. Other actuarially equivalent forms of payment are available. Qualified pension plan benefits are not shown, but would also be payable, under the same terms that apply to generally all salaried employees.

(2) In lieu of the annuity amounts shown in the previous column, all or a portion of the non-qualified pension benefit may be paid as a single lump sum. Amounts shown for Messrs. Larsen, Grisik, and Linnert are payable as of retirement, with delays as applicable under Code Section 409A and plan provisions. Amounts for Messrs. Kuechle and Carmola are payable at age 62, the earliest age for unreduced early retirement.

The following table summarizes information about our equity compensation plans as of December 31, 2007. All outstanding awards relate to our common stock. The table does not include shares subject to outstanding options granted under equity compensation plans we assumed in acquisitions.

**Equity Compensation Plan Information**

| | **Number of Securities to be Issued upon Exercise of Outstanding Options, Warrants and Rights (a)** | **Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights (b)** | **Number of Securities Remaining Available for Future Issuance under Equity Compensation Plans (Excluding Securities Reflected in Column (a) (c)** |
|---|---|---|---|
| Plan category(1) | | | |
| Equity compensation plans approved by security holders(2) | 4,312,282 | $ 35.24 | 3,129,888 |
| Equity compensation plans not approved by security holders | 89,581 | | (3) |
| Total | 4,401,863 | | |

(1) The table does not include information for the following equity compensation plans that we assumed in acquisitions: Rohr, Inc. 1995 Stock Incentive Plan; and Coltec Industries Inc 1992 Stock Option and Incentive Plan. There were no options outstanding under these assumed plans at December 31, 2007. No further awards may be made under these assumed plans.

(2) The number of securities to be issued upon exercise of outstanding options, warrants and rights includes (a) 4,211,585 shares of common stock issuable upon exercise of outstanding options issued pursuant to the 1991 Plan, the 1996 Plan, the 1999 Plan and the 2001 Plan, and (b) 100,697 shares of common stock, representing the maximum number of shares of common stock that may be issued pursuant to outstanding long-term incentive plan awards under the 2001 Plan. The number does not include 1,751,176 number of shares of common stock issuable upon vesting of outstanding restricted stock unit awards issued pursuant to the 2001 Plan.

The weighted-average exercise price of outstanding options, warrants and rights reflects only the weighted average exercise price of outstanding stock options under the 1991 Plan, the 1996 Plan, the 1998 Plan and the 2001 Plan. The number of securities available for future issuance includes (a) 2,639,033 shares of common stock that may be issued pursuant to the 2001 Plan (which includes amounts carried over from the 1999 Plan) and (b) 490,855 shares of common stock that may be issued pursuant to the ESPP. No further awards may be made under the 1991 Plan, the 1996 Plan or the 1999 Plan.

(3) There is no limit on the number of shares of common stock that may be issued under the Outside Directors Deferral Plan and the Directors Deferred Compensation Plan.

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## HOLDINGS OF COMPANY EQUITY SECURITIES BY DIRECTORS AND EXECUTIVE OFFICERS

The following table contains information with respect to the number of shares of Common Stock beneficially owned by our Directors and executive officers as of January 31, 2008.

| Name of Beneficial Owner | Amount and Nature of Beneficial Ownership(1)(2)(3) | Percent of Class(4) |
|---|---|---|
| John J. Carmola | 122,894 | * |
| Diane C. Creel | 7,999 | * |
| George A. Davidson, Jr. | 11,786 | * |
| Harris E. DeLoach, Jr. | 21,248 | * |
| James W. Griffith | 2,779 | * |
| John J. Grisik | 232,840 | * |
| William R. Holland | 15,256 | * |
| John P. Jumper | 0 | * |
| Scott E. Kuechle | 112,753 | * |
| Marshall O. Larsen | 683,280 | * |
| Terrence G. Linnert | 266,511 | * |
| Lloyd W. Newton | 0 | * |
| Douglas E. Olesen | 15,315 | * |
| Alfred M. Rankin, Jr. | 10,076 | * |
| A. Thomas Young | 25,477 | * |
| Directors and executive officers as a Group(20) | 2,045,302 | 1.6% |

* Less than 1%.

(1) Includes the approximate number of shares of Common Stock credited to the individuals accounts in the Company s Employees Savings Plan or similar plans of the Company s subsidiaries. Includes shares not presently owned by the executive officers but which are subject to stock options exercisable within 60 days as follows: Mr. Carmola, 96,190 shares; Mr. Grisik, 194,924 shares; Mr. Kuechle, 83,599 shares; Mr. Larsen, 605,652 shares; Mr. Linnert, 236,208 shares; and all executive officers as a group, 1,643,672 shares.

Includes phantom shares awarded to our Directors under the Outside Director Deferral Plan and the Directors Deferred Compensation Plan that are paid out in Common Stock following termination of service as a Director, as follows: Ms. Creel, 7,793 shares; Mr. Davidson, 6,786 shares; Mr. DeLoach, 20,248 shares; Mr. Griffith, 2,079 shares; Mr. Holland, 4,902 shares; Mr. Olesen, 14,221 shares; Mr. Rankin, 9,076 shares; Mr. Young, 24,477 shares; and all Directors as a group 89,582 shares.

(2) Excludes restricted stock units as to which the executive officers have no voting or investment power as follows: Mr. Carmola, 35,963 units; Mr. Grisik, 29,575 units; Mr. Kuechle, 17,650 units; Mr. Larsen, 125,975 units; Mr. Linnert, 37,275 units; and all executive officers as a group, 360,526 units.

Excludes phantom shares awarded to our Directors under the Outside Director Phantom Share Plan and the Directors Phantom Share Plan that are paid out in cash following termination of service as a Director, as follows: Ms. Creel, 17,622 shares; Mr. Davidson, 20,636 shares; Mr. DeLoach, 11,868 shares; Mr. Griffith, 10,067 shares; Mr. Holland, 15,198 shares; Gen. Jumper, 2,726 shares; Gen. Newton, 1,385 shares; Mr. Olesen, 18,591 shares; Mr. Rankin, 11,066 shares; Mr. Young, 19,520 shares; and all Directors as a group, 128,679 shares.

(3) Each person has sole voting and investment power with respect to Common Stock beneficially owned by such person, except as described in note (1) above, except that Mr. Griffith has shared voting and investment power with respect to 700 shares, Mr. Kuechle has shared voting and investment power with respect to 956 shares and Mr. Larsen has shared voting and investment power with respect to 13,900 shares and all Directors and executive officers as a group have shared voting and investment power with respect to 15,834 shares.

(4) Applicable percentage ownership is based on 125,075,415 shares of Common Stock outstanding at January 31, 2008 (excluding 14,000,000 shares held by a wholly owned subsidiary).

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## BENEFICIAL OWNERSHIP OF SECURITIES

The Company is not aware of any person or entity beneficially owning more than 5% of our Common Stock as of January 31, 2008.

## SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16 of the Securities Exchange Act of 1934 requires our Directors and executive officers and persons who own more than ten percent of our Common Stock to file reports of ownership and changes in ownership with the Securities and Exchange Commission. As a matter of practice, our administrative staff assists our Directors and executive officers in preparing and filing such reports. Based solely upon a review of such reports and representations from our Directors and executive officers, we believe that during 2007 all such reports were filed on a timely basis, except that a Form 4 reporting one transaction was filed one day late on behalf of Mr. Kuechle.

## SHAREHOLDER PROPOSALS FOR 2009 ANNUAL MEETING

Under Securities and Exchange Commission rules, if a shareholder wants us to include a proposal in our proxy statement for presentation at the 2009 Annual Meeting, the proposal must be received by us, attention: Office of the Secretary, at our principal executive offices by November 12, 2008. We suggest that such proposals be sent by certified mail, return receipt requested.

Under our By-Laws, the proposal of business that is appropriate to be considered by the shareholders may be made at an annual meeting of shareholders by any shareholder who was a shareholder of record at the time of giving the notice described below, who is entitled to vote at such meeting and who complies with the notice procedures set forth in the By-Laws.

For business to be properly brought before an annual meeting of shareholders, the shareholder must have given timely notice thereof in writing to our Secretary. To be timely, the shareholder s notice must have been sent to, and received by, our Secretary at our principal executive offices generally not less than 90 nor more than 120 days prior to the first anniversary of the preceding year s annual meeting. For the 2009 Annual Meeting such notice must be received between December 23, 2008 and January 22, 2009. Each such notice must include:

- for each matter, a brief description thereof and the reasons for conducting such business at the annual meeting;
- the name and address of the shareholder proposing such business as well as any other shareholders believed to be supporting such proposal;
- the number of shares of each class of Goodrich stock owned by such shareholders; and
- any material interest of such shareholders in such proposal.

See Appendix A for the full text of the relevant section of the By-Laws.

This notice requirement applies to matters being brought before the meeting for a vote. Shareholders, of course, may and are encouraged to ask appropriate questions at the meeting without having to comply with the notice provisions.

By Order of the Board of Directors

Sally L. Geib
Secretary

Dated March 12, 2008

**PLEASE DATE, SIGN AND MAIL YOUR PROXY**

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**APPENDIX A**

**BY-LAWS**

**ARTICLE I, SECTION 10**

Section 10.(A) *Annual Meetings of Shareholders.* (1) Nominations of persons for election to the Board of Directors of the Company and the proposal of business to be considered by the shareholders may be made at an annual meeting of shareholders (a) pursuant to the Company s notice of meeting, (b) by or at the direction of the Board of Directors or (c) by any shareholder of the Company who was a shareholder of record at the time of giving of notice provided for in this By-Law, who is entitled to vote at the meeting and who complied with the notice procedures set forth in this By-Law.

(2) For nominations or other business to be properly brought before an annual meeting by a shareholder pursuant to clause (c) of paragraph (A)(1) of this By-Law, the shareholder must have given timely notice thereof in writing to the Secretary of the Company. To be timely, a shareholder s notice shall be delivered to the Secretary at the principal executive offices of the Company not less than 90 days nor more than 120 days prior to the first anniversary of the preceding year s annual meeting; provided, however, that in the event that the date of the annual meeting is advanced by more than 30 days or delayed by more than 60 days from such anniversary date, notice by the shareholder to be timely must be so delivered not earlier than the 120th day prior to such annual meeting and not later than the close of business on the later of the 90th day prior to such annual meeting or the 10th day following the day on which public announcement of the date of such meeting is first made. Such shareholder s notice shall set forth (a) as to each person whom the shareholder proposes to nominate for election or reelection as a director, the name, age, principal occupations and employment during the past five years, name and principal business of any corporation or other organization in which such occupations and employment were carried on, a brief description of any arrangement or understanding between such person and any other person(s) (naming such person(s)) pursuant to which he was or is to be selected as a nominee, and the written consent of such person(s) to serve as a director if elected; (b) as to any other business that the shareholder proposes to bring before the meeting, a brief description of the business desired to be brought before the meeting, the reasons for conducting such business at the meeting and any material interest in such business of such shareholder and the beneficial owner, if any, on whose behalf the proposal is made; (c) as to the shareholder giving the notice and the beneficial owner, if any, on whose behalf the nomination or proposal is made (i) the name and address of such shareholder, as they appear on the Company s books, of such beneficial owner and any other shareholders believed by such shareholder to be supporting such nominee(s) or other business and (ii) the class and number of shares of the Company which are owned beneficially and of record by such shareholder, such beneficial owner and any other shareholders believed by such shareholder to be supporting such nominee(s) or other business.

(3) Notwithstanding anything in the second sentence of paragraph (A)(2) of this By-Law to the contrary, in the event that the number of directors to be elected to the Board of Directors of the Company is increased and there is no public announcement naming all of the nominees for Director or specifying the size of the increased Board of Directors made by the Company at least 70 days prior to the first anniversary of the preceding year s annual meeting, a shareholder s notice required by this By-Law shall also be considered timely, but only with respect to nominees for any new positions created by such increase, if it shall be delivered to the Secretary at the principal executive offices of the Company not later than the close of business on the 10th day following the day on which such public announcement is first made by the Company.

(B) *Special Meetings of Shareholders.* Only such business shall be conducted at a special meeting of shareholders as shall have been brought before the meeting pursuant to the

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Company s notice of meeting. Nominations of persons for election to the Board of Directors may be made at a special meeting of shareholders at which directors are to be elected pursuant to the Company s notice of meeting (a) by or at the direction of the Board of Directors or (b) provided that the Board of Directors has determined that directors shall be elected at such special meeting, by any shareholder of the Company who is a shareholder of record at the time of giving of notice provided for in this By-Law, who shall be entitled to vote at the meeting and who complies with the notice procedures set forth in this By-Law. In the event the Company calls a special meeting of shareholders for the purpose of electing one or more directors, any such shareholder may nominate a person or persons (as the case may be), for election to such position(s) as specified in the Company s notice of meeting, if the shareholder s notice required by paragraph (A)(2) of this By-Law shall be delivered to the Secretary at the principal executive offices of the Company not earlier than the 120th day prior to such special meeting and not later than the close of business on the later of the 90th day prior to such special meeting or the 10th day following the day on which public announcement is first made of the date of the special meeting and of the nominees proposed by the Board of Directors to be elected at such meeting.

(C) *General.* (1) Only such persons who are nominated in accordance with the procedures set forth in this By-Law shall be eligible to serve as directors and only such business shall be conducted at a meeting of shareholders as shall have been brought before the meeting in accordance with the procedures set forth in this By-Law. The Chairman of the meeting shall have the power and duty to determine whether a nomination or any business proposed to be brought before the meeting was made in accordance with the procedures set forth in this By-Law and, if any proposed nomination or business is not in compliance with this By-Law, to declare that such defective proposal shall be disregarded.

(2) For purposes of this By-Law, public announcement shall mean disclosure in a press release reported by the Dow Jones News Service, Associated Press or comparable national news service or in a document publicly filed by the Company with the Securities and Exchange Commission pursuant to Sections 13, 14 or 15(d) of the Securities Exchange Act of 1934, as amended (the Exchange Act ).

(3) Notwithstanding the foregoing provisions of this By-Law, a shareholder shall also comply with all applicable requirements of the Exchange Act and the rules and regulations thereunder with respect to the matters set forth in this By-Law. Nothing in this By-Law shall be deemed to affect any rights of shareholders to request inclusion of proposals in the Company s proxy statement pursuant to Rule 14a-8 under the Exchange Act.

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**Appendix B**

**GOODRICH CORPORATION**

**AMENDED AND RESTATED**

**2001 EQUITY COMPENSATION PLAN**

**(Effective April 17, 2001)**
**(Amended and Restated Effective as of April 22, 2008)**

**1. Purpose; Effective Date.** The purpose of this Plan is to promote the interests of the shareholders by providing stock-based incentives to selected employees to align their interests with shareholders and to motivate them to put forth maximum efforts toward the continued growth, profitability and success of Goodrich Corporation (the Company ). In furtherance of this objective, stock options, stock appreciation rights, performance shares, restricted shares, phantom shares, common stock of the Company ( Common Stock ), and/or other incentive awards may be granted in accordance with the provisions of this Plan.

This Plan became effective as of April 17, 2001 (the Effective Date ), following shareholder approval at the Company s 2001 annual meeting of its shareholders. Any awards that were granted under this Plan prior to its approval by shareholders were specifically contingent on approval of this Plan by the shareholders of the Company at such annual meeting.

**2. Administration.** This Plan is to be administered by the Compensation Committee or any successor committee (the Committee ) of the Board of Directors of the Company (the Board ). The Committee shall consist of at least three members who shall not be eligible to participate in this Plan. The Committee shall have full power and authority to construe, interpret and administer this Plan. All decisions, actions or interpretations of the Committee shall be final, conclusive and binding on all parties.

The Committee may delegate to the Chief Executive Officer and to other senior officers of the Company the authority to make awards under this Plan with respect to not more than ten percent of the shares authorized under this Plan, pursuant to such conditions and limitations as the Committee may establish, except that only the Committee may make awards to participants who are subject to Section 16 of the Securities Exchange Act of 1934, as amended (the Exchange Act ).

**3. Shares Available For This Plan.** Subject to Section 18 hereof, the maximum number of shares of Common Stock that shall be available for delivery pursuant to the provisions of this Plan shall be equal to the sum of:
(i) 14,500,000 shares of Common Stock (which number represents the sum of 11,000,000 shares previously made available under the Plan plus an additional 3,500,000 shares made available under the Plan as a result of its amendment and restatement, effective April 22, 2008); (ii) any shares of Common Stock available as of the Effective Date for future awards under the Company s Stock Option Plan that became effective on April 19, 1999 (the Prior Plan ); and (iii) any shares of Common Stock represented by any outstanding Prior Plan awards as of the Effective Date that are not issued or that are subject to a Prior Plan award that has lapsed or is forfeited, terminated, settled in cash or canceled without having been exercised, on or after the Effective Date. Such shares may be either authorized but unissued shares or treasury shares.

For purposes of calculating the number of shares of Common Stock available for delivery under this Plan:

there shall be counted against the limitations the number of shares subject to issuance upon exercise or settlement of awards as of the dates on which such awards are granted;

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(i) the grant of a Performance Share Award (as defined in Section 9) or other unit or phantom share award shall be deemed to be equal to the maximum number of shares of Common Stock that may be issued under the award and (ii) where the value of an award is variable on the date it is granted, the value shall be deemed to be the maximum limitation of the award;

if the exercise price of any stock option granted under this Plan or any Prior Plan, or the tax withholding obligation associated with the exercise of such stock option, is satisfied by tendering shares of Common Stock to the Company (by either actual delivery or by attestation), any tendered or withheld shares shall not be available for awards granted under this Plan;

the gross number of shares of Common Stock with respect to which a stock-settled stock appreciation right is exercised will be counted against such limit, rather than the net number of shares delivered upon the exercise of a stock-settled stock appreciation right;

awards payable solely in cash will not reduce the number of shares of Common Stock available for awards granted under this Plan; and

any shares awarded under this Plan or any Prior Plan that are not issued or that are subject to an award under this Plan or any Prior Plan that has lapsed or is forfeited, terminated, settled in cash or canceled without having been exercised shall again be available for other awards under this Plan.

**4. Limitation On Awards.** Subject to Section 18 hereof, (a) no individual employee may receive awards under this Plan with respect to more than 500,000 shares in any calendar year, (b) the maximum number of shares of Common Stock that may be issued pursuant to options designated as Incentive Stock Options (as defined in Section 7) shall be 5,000,000 shares and (c) the maximum number of shares of Common Stock that may be issued pursuant to Performance Share Awards (as defined in Section 9), Performance Unit Awards (as defined in Section 9), Restricted Stock Awards (as defined in Section 12), Restricted Stock Unit Awards (as defined in Section 12) and Other Awards (as defined in Section 13) for awards made on or after the effectiveness of the amendment and restatement of the Plan on April 22, 2008 shall be 1,500,000 shares.

**5. Term.** No awards may be granted under this Plan after April 16, 2011.

**6. Eligibility.** Awards under this Plan may be made to any salaried, full-time employee of the Company or any subsidiary corporation of which more than 50% of the voting stock is owned by the Company. Directors who are not full-time employees are not eligible to participate.

**7. Stock Options.** The Committee may, in its discretion, from time to time grant to eligible employees options to purchase Common Stock, at a price not less than 100% of the fair market value of the Common Stock on the date of grant (the option price ), subject to the conditions set forth in this Plan. The Committee may not reduce the option price of any stock option grant after it is made, except in connection with a Corporate Reorganization (as defined in Section 18), nor may the Committee agree to exchange a new lower priced option for an outstanding higher priced option.

The Committee, at the time of granting to any employee an option to purchase shares or any related stock appreciation right or limited stock appreciation right under this Plan, shall fix the terms and conditions upon which such option or appreciation right may be exercised, and may designate options as incentive stock options ( Incentive Stock Options ) pursuant to Section 422 of the Internal Revenue Code of 1986, as amended (the Internal Revenue Code ) or any other statutory stock option that may be permitted under the Internal Revenue Code from time to time, provided, however

that (i) the date on which such options and related

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appreciation rights shall expire, if not exercised, may not be later than ten years after the date of grant of the option, (ii) the terms and conditions of Incentive Stock Options must be in accordance with the qualification requirements of the Internal Revenue Code and (iii) the provisions of any other statutory stock option permitted under the Internal Revenue Code must be consistent with applicable Internal Revenue Code requirements.

Within the foregoing limitations, the Committee shall have the authority in its discretion to specify all other terms and conditions relating to stock options, including but not limited to provisions for the exercise of options in installments, the time limits during which options may be exercised, and in lieu of payment in cash, the exercise in whole or in part of options by tendering Common Stock owned by the employee, valued at the fair market value on the date of exercise or other acceptable forms of consideration equal in value to the option price. The Committee may, in its discretion, issue rules or conditions with respect to utilization of Common Stock for all or part of the option price, including limitations on the pyramiding of shares.

**8. Stock Appreciation Rights.** The Committee may, in its discretion, grant stock appreciation rights and limited stock appreciation rights (as hereinafter described) in connection with any stock option, either at the time of grant of such stock option or any time thereafter during the term of such stock option. Except for the terms of this Plan with respect to limited stock appreciation rights, each stock appreciation right shall be subject to the same terms and conditions as the related stock option and shall be exercisable at such times and to such extent as the Committee shall determine, but only so long as the related option is exercisable. The number of stock appreciation rights or limited stock appreciation rights shall be reduced not only by the number of appreciation rights exercised but also by the number of shares purchased upon the exercise of a related option. A related stock option shall cease to be exercisable to the extent the stock appreciation rights or limited stock appreciation rights are exercised.

Upon surrender to the Company of the unexercised related stock option, or any portion thereof, a stock appreciation right shall entitle the optionee to receive from the Company in exchange therefor a payment in stock determined by dividing (1) the product of (A) the total number of stock appreciation rights being exercised times (B) the amount by which the fair market value of a share of Common Stock on the exercise date exceeds the option price of the related option, by (2) the fair market value of a share of Common Stock on the exercise date. No fractional shares shall be issued.

The grant of limited stock appreciation rights will permit a grantee to exercise such limited stock appreciation rights for cash during a sixty-day period commencing on the date on which any of the events described in the definition of Change in Control (as defined in Section 26) occurs. Upon surrender to the Company of the unexercised related stock option, a limited stock appreciation right shall entitle the optionee to receive cash with a fair market value equal to the excess, if any, of the fair market value of a share of Common Stock on the date of exercise of the limited stock appreciation right, over the option price of the stock option to which the limited stock appreciation right relates.

**9. The Goodrich Corporation Long-Term Incentive Plan ( LTIP ).** The Committee may make awards ( Performance Share Awards ) in Common Stock or phantom shares or awards of performance units ( Performance Unit Awards ) which are paid out in cash under this LTIP.

At the time Performance Share Awards and Performance Unit Awards are made, the Committee shall determine, in its sole discretion, one or more performance periods and specific Performance Objectives (as defined below) to be achieved during the applicable performance periods, as well as such other restrictions and conditions as the Committee deems appropriate. In the case of Performance Unit Awards, the Committee shall also determine a target unit value or a range of unit values for each award.

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At the end of the performance period, the Committee shall determine the extent to which Performance Objectives have been attained or a degree of achievement between minimum and maximum levels in order to establish the level of payment to be made, if any, and shall determine if payment is to be made in the form of cash or shares of Common Stock (valued at their fair market value at the time of payment) or a combination of cash and shares of Common Stock. Payments of Performance Share Awards and Performance Unit Awards shall generally be made as soon as practicable following the end of the performance period, but in any event such payments will be made no later than the end of the calendar year following the calendar year in which the performance period ends.

**10. The Goodrich Corporation Performance Share Deferred Compensation Plan ( PSDCP ).** For calendar years prior to 2006, the Committee may provide certain employees with the opportunity to defer the receipt of Performance Share Awards granted pursuant to Section 9. Performance Share Awards that are deferred under the PSDCP shall be designated as phantom share accounts. Such accounts will be unfunded assets and each PSDCP participant shall be an unsecured general creditor of the Company. The Company shall establish an Irrevocable Grantor Rabbi Trust to provide protection against the risk of the Company refusing to pay benefits.

(a) Eligibility and Participation. An individual will be eligible to participate in the PSDCP, provided such individual is selected for participation by the Committee and completes such election forms as are required by the Committee, in its discretion.

(b) Deferrals. A PSDCP participant may elect to defer 0%, 25%, 50%, 75% or 100% of a Performance Share Award. Such election must be made prior to the commencement of the performance period during which the applicable Performance Share Awards are to be earned. A deferral election, once made, is irrevocable.

(c) Investment of Account/Vesting. Each individual Performance Share deferred by a participant under the PSDCP will be credited to the participant s PSDCP account as one phantom share, which phantom share shall at all times be equal to one share of Common Stock. Dividend equivalents will accrue on all phantom shares in a participant s account in the form of additional phantom shares, at the same time and in the same amount as actual dividend payments on Common Stock. Dividend equivalents shall continue to be credited during the period of time during which a participant s account is being distributed in the form of annual installments and shall continue to be so credited until such time that the last installment payment is made. A participant shall at all times be vested fully in the participant s PSDCP account.

(d) Distribution Election and Timing of Distribution. Immediately prior to an individual s initial participation in the PSDCP, the participant shall be required to elect a form of distribution for the current Performance Share Awards that are to be earned and deferred and that will also apply to all future Performance Share Awards that may be earned and deferred. Such distribution election, once made, is irrevocable.

A PSDCP participant may elect one of the following forms of distribution:

(i) single lump sum in Common Stock; or

(ii) quarterly or annual installments over 5, 10 or 15 years in Common Stock.

If a participant fails to timely elect a form of distribution, the participant s PSDCP account shall be paid in a single lump sum in Common Stock within 60 days following termination of employment with the Company.

If a PSDCP participant terminates employment with the Company on or after attaining age 55, distribution of the participant s PSDCP account will commence in January of the year following the year in which the participant terminated employment with the Company. However, at the time of the participant s initial deferral election, the

participant may elect a

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January commencement date for a later year, provided such later year is no later than the year in which the participant attains age 70. Notwithstanding a participant s election to the contrary, in the event a participant terminates employment with the Company prior to attaining age 55, the participant s PSDCP account shall be paid in a single lump sum within 60 days following such termination of employment.

(e) Small Accounts. Notwithstanding anything contained in this Section 10 to the contrary, in the event a participant s PSDCP account is less than $10,000 at the time the participant terminates employment with the Company, such account shall be paid in the form of a single lump sum in Common Stock within 60 days following such termination of employment. In addition, with respect to amounts credited to a participant s PSDCP account and vested in such account prior to January 1, 2005, if, at the time benefits are to commence, the participant s annual installment payment is less than 400 shares per year, the Company may shorten the payout period until the payments equal or exceed 400 shares per year.

(f) Disability. If a PSDCP participant becomes disabled (as defined under Section 409A of the Code), the distribution of the participant s PSDCP account shall commence within 60 days following the date the Committee determines that such participant is disabled. Notwithstanding the preceding to the contrary, with respect to amounts credited to a participant s PSDCP account and vested in such account prior to January 1, 2005, a participant will be deemed disabled if the participant is totally disabled under the Company s Long-Term Disability Plan. The participant s benefit payments will be paid and calculated in the same manner as if the participant had terminated employment with the Company on or after attaining age 55.

(g) Death. In the event a PSDCP participant dies prior to the commencement of distribution of the participant s PSDCP account, such account shall be paid to the participant s designated beneficiary in a single lump sum in Common Stock within 60 days after receipt by the Company of the participant s death certificate. In the event a PSDCP participant dies after installment payments have commenced, but prior to the completion of such installment payments, the remainder of the participant s account shall be paid to the participant s designated beneficiary in a single lump sum in Common Stock within 60 days after receipt by the Company of the participant s death certificate.

(h) Change in Control. Upon a change in control of the Company (as defined in Section 409A of the Code), and notwithstanding any provision contained in this Section 10 to the contrary, a participant s PSDCP account (or, in the event a participant s account is currently being distributed in installments, the remainder of the participant s PSDCP account) shall be paid in a single lump sum in Common Stock within 60 days following the change in control. Notwithstanding the preceding to the contrary, with respect to amounts credited to a participant s PSDCP account and vested in such account prior to January 1, 2005, a change in control will be determined based on the definition set forth in Section 26.

(i) Account Valuation. For purposes of a participant s PSDCP account, the value of an individual Performance Share/phantom share for tax purposes will be calculated using the fair market value of Common Stock as reported on the New York Stock Exchange (NYSE) Composite Transactions (or similar) listing as follows:

1. For lump sum payments at termination of employment on or after age 55, the value of a participant s account will be calculated as of the January 2 in the year immediately following the year of termination (or, if the NYSE is closed on January 2, the first business day following January 2 on which the NYSE is open).

2. For installment payments, the value of each installment payment will be calculated as of the first business day of each year on which the NYSE is open.

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3. For lump sum payments in the event of death, change in control of the Company (as defined in Section 10(h)), or termination of employment prior to age 55, the value of the participant s account will be calculated as of the first business day of the month immediately following the date of the event requiring the calculation.

**11. Performance Objectives.** Performance objectives that may be used under the Plan ( Performance Objectives ) shall be based upon one or more or the following criteria: operating income; net income; earnings (including earnings before interest, taxes, depreciation and/or amortization); earnings per share; sales; costs; profitability of an identifiable business unit or product; maintenance or improvement of profit margins; cost reduction goals; operating cash flow; free cash flow (operating cash flow less capital expenditures); working capital; improvements in capital structure; debt reduction; credit ratings; return on assets; return on equity; return on invested capital; stock price; total shareholder return; completion of joint ventures, divestitures, acquisitions or other corporate transactions; new business or expansion of customers or clients; strategic plan development and implementation; succession plan development and implementation; customer satisfaction indicators; employee metrics; or other objective individual or team goals.

The Performance Objectives may relate to the Company, on an absolute basis and/or relative to one or more peer group companies or indices, or to a particular Participant, subsidiary, division or operating unit, or any combination of the foregoing, all as the Committee shall determine. In addition, to the degree consistent with Section 162(m) of the Code (or any successor section thereto), the Committee may adjust, modify or amend the above criteria, either in establishing any Performance Objective or in determining the extent to which any Performance Objective has been achieved. Without limiting the generality of the foregoing, the Committee shall have the authority, at the time it establishes the Performance Objectives, to make equitable adjustments in the criteria in recognition of unusual or non-recurring events, in response to changes in applicable laws or regulations, or to account for items of gain, loss or expense determined to be extraordinary or unusual in nature or infrequent in occurrence or related to the disposal of a business or related to a change in accounting principles, or as the Committee determines to be appropriate to reflect a true measurement of the performance of the Company or any subsidiary, division or operating unit, as applicable, and to otherwise satisfy the objectives of the Plan.

**12. Restricted Stock and Restricted Stock Units.** The Committee may make awards in Common Stock ( Restricted Stock ) and awards of restricted stock units ( Restricted Stock Units ) subject to conditions, if any, established by the Committee which may include continued service with the Company or its subsidiaries. Any Restricted Stock Award and Restricted Stock Unit Award which is conditioned upon continued employment shall be conditioned upon continued employment for a minimum period of three years following the award, except in the case of death, disability or retirement and except as otherwise provided pursuant to Section 27.

**13. Other Awards.** The Committee may make awards authorized under this Plan in units or phantom shares, the value of which is based, in whole or in part, on the value of Common Stock, in lieu of making such awards in Common Stock ( Other Awards ). The Committee may provide for Other Awards to be paid in cash, in Common Stock, or in a combination of both cash and Common Stock, under such terms and conditions as in its discretion it deems appropriate.

**14. Deferred Awards.** The Committee may permit recipients of awards to elect to defer receipt of such awards, either in cash or in Common Stock, under such terms and conditions that the Committee may prescribe, provided that any such deferral shall be made in compliance with a plan designed to comply with the requirements of Section 409A of the Code. The Committee

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may authorize the Company to establish various trusts or make other arrangements with respect to any deferred awards.

**15. Fair Market Value.** For all purposes of this Plan the fair market value of a share of Common Stock shall be the mean of the high and low prices of Common Stock on the relevant date (as of 4:00 P.M. Eastern Standard Time) as reported on the New York Stock Exchange Composite Transactions listing (or similar report), or, if no sale was made on such date, then on the next preceding day on which such a sale was made.

**16. Termination Of Employment.** The Committee may make such provisions as it, in its sole discretion, may deem appropriate with respect to the effect, if any, the termination of employment will have on any grants or awards under this Plan.

**17. Assignability.** Options and any related appreciation rights and other awards granted under this Plan shall not be transferable by the grantee other than by will or the laws of descent and distribution or by such other means as the Committee may approve from time to time; provided, however, that under no circumstances shall a transfer for value of options and any related appreciation rights or of any other award hereunder be permitted.

**18. Corporate Reorganization.** In the event of any change in corporate capitalization (including, but not limited to, a change in the number of shares of Common Stock outstanding), such as a stock split or a corporate transaction, any merger, consolidation, separation, including a spin-off, or other distribution of stock or property of the Company, any reorganization (whether or not such reorganization comes within the definition of such term in Section 368 of the Internal Revenue Code) or any partial or complete liquidation of the Company, (a Corporate Reorganization), the Committee or the Board shall be required to make such substitution or adjustments in the aggregate number and kind of shares reserved for issuance under this Plan and the maximum limitation on the number of awards that may be granted to any participant, in the number, kind and option price of shares subject to outstanding stock options and stock appreciation rights, in the number and kind of shares subject to other outstanding awards granted under this Plan and/or such other equitable substitution or adjustments to equalize the value and prevent dilution or enlargement of the rights of participants in any form or manner of substitution or adjustment as it, in good faith, may determine, in its sole discretion, to be equitable under the circumstances; *provided, however,* that the number of shares subject to any award shall always be a whole number.

**19. Committee s Determination.** The Committee s determinations under this Plan including without limitation, determinations of the employees to receive awards or grants, the form, amount and timing of such awards or grants, the terms and provisions of such awards or grants and the agreements evidencing same, and the establishment of Performance Objectives need not be uniform and may be made by the Committee selectively among employees who receive, or are eligible to receive awards or grants under this Plan whether or not such employees are similarly situated. The Committee may, with the consent of the participant, modify any determination it previously made.

**20. Leave Of Absence Or Other Change In Employment Status.** The Committee shall be entitled to make such rules, regulations and determinations as it deems appropriate under this Plan in respect of any leave of absence taken by an employee or any other change in employment status, such as a change from full time employment to a consulting relationship, of an employee relative to any grant or award. Without limiting the generality of the foregoing, the Committee shall be entitled to determine (i) whether or not any such leave of absence or other change in employment status shall constitute a termination of employment within the meaning of this Plan and (ii) the impact, if any, of any such leave of absence or other change in employment status on awards under this Plan theretofore made to any employee who takes such leave of absence or otherwise changes his or her employment status.

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**21. Withholding Taxes.** The Committee or its designee shall have the right to determine the amount of any Federal, state or local required withholding tax, and may require that any such required withholding tax be satisfied by withholding shares of Common Stock or other amounts which would otherwise be payable under this Plan.

**22. Retention Of Shares.** If shares of Common Stock are awarded subject to attainment of Performance Objectives, continued service with the Company or other conditions, the shares may be registered in the employees names when initially awarded, but possession of certificates for the shares shall be retained by the Secretary of the Company for the benefit of the employees, or shares may be registered in book entry form only, in both cases subject to the terms of this Plan and the conditions of the particular awards.

**23. Dividends And Voting.** The Committee may permit each participant to receive or accrue dividends and other distributions made with respect to such awards under such terms and conditions as in its discretion it deems appropriate. With respect to shares actually issued, the Committee under such terms and conditions as in its discretion it deems appropriate, may permit the participant to vote or execute proxies with respect to such registered shares. Notwithstanding the preceding to the contrary, all dividends and other distributions shall be made in a manner so as to comply with the provisions of Section 409A of the Internal Revenue Code and Treasury regulations and any other related Internal Revenue Service guidance promulgated thereunder and, as applicable, so as to preserve the applicable award s status as being exempt from Section 409A of the Internal Revenue Code.

**24. Forfeiture Of Awards.** Any awards or parts thereof made under this Plan which are subject to Performance Objectives or other conditions which are not satisfied, shall be forfeited, and any shares of Common Stock issued shall revert to the Treasury of the Company.

**25. Continued Employment.** Nothing in this Plan or in any agreement entered into pursuant to this Plan shall confer upon any employee the right to continue in the employment of the Company or affect any right which the Company may have to terminate the employment of such employee.

**26. Change In Control.** For purposes of this Plan, a Change in Control shall mean:

(a) The acquisition by any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Exchange Act), of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of 20% or more of either (A) the then outstanding shares of Common Stock (the Outstanding Company Common Stock ) or (B) the combined voting power of the then outstanding voting securities of the Company entitled to vote generally in the election of directors (the Outstanding Company Voting Securities ); provided, however, that the following acquisitions shall not constitute a Change in Control: (A) any acquisition directly from the Company (other than by exercise of a conversion privilege), (B) any acquisition by the Company or any of its subsidiaries, (C) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company or any of its subsidiaries or (D) any acquisition by any company with respect to which, following such acquisition, more than 70% of, respectively, the then outstanding shares of common stock of such company and the combined voting power of the then outstanding voting securities of such company entitled to vote generally in the election of directors is then beneficially owned, directly or indirectly, by all or substantially all of the individuals and entities who were the beneficial owners, respectively, of the Outstanding Company Common Stock and Outstanding Company Voting Securities immediately prior to such acquisition in substantially the same proportions as their ownership, solely in their capacity as shareholders of the Company, immediately prior to such acquisition, of the Outstanding Company Common Stock and Outstanding Company Voting Securities, as the case may be; or

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(b) individuals who, as of the Effective Date, constitute the Board (the Incumbent Board ), cease for any reason to constitute at least a majority of the Board; provided, however, that any individual becoming a director subsequent to the Effective Date whose election, or nomination for election by the Company s shareholders, was approved by a vote of at least a majority of the directors then comprising the Incumbent Board shall be considered as though such individual were a member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of either an actual or threatened election contest (as such terms are used in Rule 14a-11 of Regulation 14A promulgated under the Exchange Act); or

(c) consummation of a reorganization, merger or consolidation, in each case, with respect to which all or substantially all of the individuals and entities who were the beneficial owners, respectively, of the Outstanding Company Common Stock and Outstanding Company Voting Securities immediately prior to such reorganization, merger or consolidation, do not, following such reorganization, merger or consolidation, beneficially own, directly or indirectly, solely in their capacity as shareholders of the Company, more than 70% of, respectively, the then outstanding shares of common stock and the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors, as the case may be, of the company resulting from such reorganization, merger or consolidation in substantially the same proportions as their ownership, immediately prior to such reorganization, merger or consolidation of the Outstanding Company Common Stock and Outstanding Company Voting Securities, as the case may be; or

(d) consummation of (A) a complete liquidation or dissolution of the Company or (B) a sale or other disposition of all or substantially all of the assets of the Company, other than to a company, with respect to which following such sale or other disposition, more than 70% of, respectively, the then outstanding shares of common stock of such company and the combined voting power of the then outstanding voting securities of such company to vote generally in the election of directors is then beneficially owned, directly or indirectly, by all or substantially all of the individuals and entities, solely in their capacity as shareholders of the Company, who were the beneficial owners, respectively, of the Outstanding Company Common Stock and Outstanding Company Voting Securities immediately prior to such sale or other disposition in substantially the same proportion as their ownership, immediately prior to such sale or other disposition, of the Outstanding Company Common Stock and Outstanding Company Voting Securities, as the case may be.

**27. Effect Of Change In Control**.

(a) In the event of a Change in Control, options and any related appreciation rights that are not then exercisable shall become immediately exercisable upon the earlier to occur of (i) the Change in Control, and (ii) the time notice is provided by the Board in accordance with Section 27(b) of the Plan, and, notwithstanding any other provisions of this Plan or any award agreement (except as provided in Section 27(b) of the Plan), shall remain exercisable for no less than the shorter of (i) two years or (ii) the remainder of the full term of the option or appreciation right, unless such award terminates as provided in Section 27(b). The Committee may make such provision with respect to other awards under this Plan as it deems appropriate in its discretion.

(b) In the event of a proposed Change in Control constituting a dissolution or liquidation of the Company, the Board, in its sole discretion, shall notify each person who holds a stock option or stock appreciation right under the Plan, in writing, at least ten (10) business days prior to the date of such proposed dissolution or liquidation, that such stock option or stock appreciation right will terminate effective as of the date of such dissolution or liquidation. To the extent such stock option or stock appreciation right is not exercised by

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the holder of the award on or prior to the date of such dissolution or liquidation, it shall expire effective as of such dissolution or liquidation. In the event of a proposed Change in Control that does not constitute a dissolution or liquidation of the Company, each outstanding stock option or stock appreciation right shall be assumed by, or an equivalent stock option or stock appreciation right shall be substituted by, the successor corporation (or a parent or subsidiary of the successor corporation). In the event such successor corporation fails to assume, or substitute for, the stock option or stock appreciation right, the stock option or stock appreciation right shall, if not exercised by the holder of the award on or prior to the date of the Change in Control, terminate as of the close of business of the effective date of the Change in Control. The Board shall notify each person who holds a stock option or stock appreciation right under the Plan, in writing, at least ten (10) business days prior to the date of such proposed Change in Control.

**28. Compliance With Laws And Regulations.** Notwithstanding any other provisions of this Plan, the issuance or delivery of any shares may be postponed for such period as may be required to comply with any applicable requirements of any national securities exchange or any requirements under any other law or regulation applicable to the issuance or delivery of such shares, and the Company shall not be obligated to issue or deliver any such shares if the issuance or delivery thereof shall constitute a violation of any provision of any law or any regulation of any governmental authority, whether foreign or domestic, or any national securities exchange.

**29. Amendment.** The Board of Directors of the Company may alter or amend this Plan, in whole or in part, from time to time, or terminate this Plan at any time; provided, however, that no such action shall adversely affect any rights or obligations with respect to awards previously made under this Plan unless the action is taken in order to comply with applicable law, stock exchange rules or accounting rules; and, provided, further, that no amendment which has the effect of increasing the number of shares subject to this Plan (other than in connection with a Corporate Reorganization), materially increasing the benefits accruing to participants under the Plan or materially modifying the requirements for participation in the Plan shall be made without the approval of the Company s shareholders.

**30. 409A Compliance.** Notwithstanding any Plan provisions herein to the contrary and, to the extent applicable, the Plan shall be interpreted, construed and administered (including with respect to any amendment, modification or termination of the Plan) in such manner so as to comply with the provisions of Section 409A of the Internal Revenue Code and Treasury regulations and any other related Internal Revenue Service guidance promulgated thereunder and, as applicable, so as to preserve an award s status as being exempt from Section 409A of the Internal Revenue Code.

IN WITNESS WHEREOF, the company, by its duly authorized officer, has caused this Plan, as amended and restated effective as of April , 2008, to be executed as of this day of , 2008.

**GOODRICH CORPORATION**

By:

Title:

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**Appendix C**

**GOODRICH CORPORATION**
**2008 GLOBAL EMPLOYEE STOCK PURCHASE PLAN**

**Section 1. Purpose of the Plan**

The purpose of the Goodrich Corporation 2008 Global Employee Stock Purchase Plan (the Plan ) is to provide certain corporate procedures and uniform rules for broad-based equity incentive plans and arrangements under which employees of Goodrich Corporation (the Company ) and its Affiliates may be provided the opportunity to purchase shares of common stock of the Company and thus to develop an incentive to remain with the Company, to share in the future success of the Company and to link and align their personal interests with the interests of the Company s shareholders.

**Section 2. Definitions**

(a) Administrator means the Compensation Committee of the Board or such other committee as may be appointed from time to time by the Board to serve at the pleasure of the Board as the Administrator of the Plan; provided, however, that in any event the Administrator shall be comprised of two or more directors each of whom shall be an independent director as defined in applicable rules or listing standards of the New York Stock Exchange and a non-employee director as defined in Rule 16b-3 under the Securities Exchange Act of 1934, as amended, and, unless otherwise determined by the Board, an outside director under Section 162(m) of the Code.

(b) Affiliate means any corporation, partnership, limited liability company, joint venture, or other similar business entity at least 20% of the voting securities or voting power of which is owned by the Company directly or indirectly.

(c) Board means the Board of Directors of the Company.

(d) Change in Control has the meaning set forth in Section 18.

(e) Code means the Internal Revenue Code of 1986, as amended, and the regulations and rulings thereunder.

(f) Company means Goodrich Corporation.

(g) Effective Date means the earliest date at which the approval of the Plan by both the Board and the Company s shareholders shall have been received.

(h) Eligible Employees means those full-time or part-time employees or statutory directors employed by an Employer on or after the Effective Date who satisfy the eligibility requirements of an applicable Sub-plan; provided, however, that no employee who beneficially owns 5% or more of the Company s outstanding Shares shall be an Eligible Employee.

(i) Employer means the Company and any Affiliate that is authorized to, and that elects to, participate in a Sub-plan.

(j) Fair Market Value means, as of any date, the average of the closing prices per Share as reflected by composite transactions on the New York Stock Exchange throughout a period of the ten (10) trading days ending on such date.

(k) Offering means the opportunity provided to an Eligible Employee under a Sub-plan to purchase Shares.

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(l) Offering or Contribution Period means, with respect to each Eligible Employee under a Sub-plan, the period during which contributions to purchase Shares in connection with an Offering shall be made by the Eligible Employee under such Sub-plan.

(m) Participant means an Eligible Employee who participates in a Sub-plan.

(n) Shares means shares of the Company s common stock, par value $5.00 per share.

(o) Sub-plan means a plan, program, scheme or arrangement maintained or adopted by an Employer to provide equity incentives for Eligible Employees under this Plan.

**Section 3. Share Limitation**

Subject to adjustment as described in Section 13, the maximum number of Shares that are available in the aggregate pursuant to Sub-plans adopted hereunder is 3,000,000 Shares. Such Shares may be either authorized but unissued Shares, Shares purchased on the market, treasury Shares or any combination of the foregoing. Shares offered but not in fact delivered pursuant to a Sub-plan, Shares delivered to, but subsequently forfeited by, a Participant, and Shares subject to grants, awards or incentives that are settled in cash rather than the delivery of Shares, shall not count against such limit.

If the Board determines that the number of Shares with respect to which rights to purchase Shares are to be exercised may exceed the number of Shares available for sale under the Plan as of the date the rights to purchase Shares are to be exercised, the Board may in its sole discretion provide that the Administrator (or the administrator(s) of the relevant Sub-plan(s), as appropriate) shall make a pro rata allocation of the Shares available for purchase on such exercise date in as uniform a manner as shall be practicable and as it shall determine in its sole discretion to be equitable among all Participants exercising rights to purchase Shares on such exercise date. The Administrator (or the administrator(s) of the relevant Sub-plan(s), as applicable) may make pro rata allocation of the Shares available on the exercise date pursuant to the preceding sentence, notwithstanding any authorization of additional Shares for issuance under the Plan by the Company s shareholders subsequent to the Board s provision for such allocation. Where applicable and unless otherwise provided in an applicable Sub-plan, any balance remaining in the Participant s payroll deduction account after the maximum number of whole Shares has been purchased in accordance with this paragraph shall be refunded to the Participant in cash without interest.

**Section 4. Offerings under the Plan; Terms and Conditions to be Set Forth in Sub-plans**

After the Effective Date, one or more Offerings may be made to Eligible Employees to purchase Shares subject to the Plan. The Offerings may be consecutive or concurrent as determined by the administrator of the applicable Sub-plan. Offerings shall be made pursuant to, and all Shares delivered pursuant to the Plan shall be delivered in accordance with, the terms and conditions of a Sub-plan. Each Sub-plan shall be set forth in writing and shall be listed on Schedule A. Each Sub-plan shall permit participation by a specified group of Eligible Employees, a substantial majority of whom shall not be executive employees, on terms and conditions that do not materially favor executive employees. Each Sub-plan shall include such additional terms and conditions as the Employer, the Administrator and the Chief Executive Officer of the Company (or his delegate) shall determine to be necessary or appropriate to accomplish the purposes thereof consistent with the terms hereof and to be necessary or appropriate in accordance with the law applicable to such Sub-plan. In the event of any inconsistency between the terms of any Sub-plan and the terms hereof, the terms hereof shall govern except as provided herein or as required for such Sub-plan to comply with local or other law applicable to such Sub-plan.

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**Section 5. Payment for Shares**

Each Sub-plan shall require that payment for Shares to be delivered pursuant to a Sub-plan shall be made in such form and in such amounts as are required by applicable law and the rules and regulations of any exchange or regulatory agency having authority in the manner of payment for and delivery of Shares.

**Section 6. Determination of and Limit on Discount**

The purchase price for Shares under each Offering shall be determined as set forth in the applicable Sub-plan. In no event shall the right of an Eligible Employee to purchase Shares under any Sub-plan be at a discount to the purchase price of the Shares that exceeds 20% of the Fair Market Value of the Shares. The discount applicable to rights to purchase Shares under any Sub-plan shall be determined by the Administrator and shall be compliant with laws applicable to such Sub-plan, including applicable local tax laws and related regulations. The Sub-plan for U.S. employees shall provide for a purchase price discount that complies with the requirements of Section 423 of the Code, and such discount shall be 15% of the Fair Market Value of the Shares on the applicable date as set forth in such Sub-plan, or such other percentage as may be permitted from time to time under the Code.

**Section 7. Maximum Offering or Contribution Period**

No Sub-plan shall provide for an Offering or Contribution Period of greater than 60 months; provided, however, that the Offering or Contribution Period under the Sub-plan for U.S. employees shall not exceed 27 months, or such other maximum time period as may be permitted from time to time under the Code; and provided, further, that a Sub-plan for non-U.S. employees may provide for an Offering or Contribution Period greater than 27 months, but less than or equal to 60 months, if permitted by laws applicable to such Sub-plan, including applicable local tax laws and related regulations, and deemed appropriate by the Administrator. A Sub-plan may permit Participants to exercise rights to purchase Shares pursuant to an Offering subsequent to the expiration of the Offering or Contribution Period; provided, however, that the time periods within which rights to purchase Shares may be exercised following the expiration of the Offering or Contribution Period under a Sub-plan shall not exceed those permitted or required by applicable law, including local tax laws and regulations, and the circumstances under which rights to purchase Shares may be exercised following the expiration of the Offering or Contribution Period under a Sub-plan shall be consistent with local practices and applicable law, including local tax laws and regulations.

**Section 8. Limitation on Participant Contributions**

The limitation on contributions by a Participant in connection with an Offering or Offerings under any Sub-plan shall be as set forth in the applicable Sub-plan or, if no limitation is set forth in such Sub-plan, as determined in accordance with this Section. Any limitation on Participant contributions set forth in a Sub-plan shall be determined by the Administrator and shall be appropriate in accordance with local practices relating to such Sub-plan and compliant with laws applicable to such Sub-plan, including applicable local tax laws and related regulations. Notwithstanding the foregoing: (i) no Offering shall be made to a Participant in any Sub-plan for U.S. employees which permits the Participant during any one calendar year to purchase Shares under such Sub-plan and any other stock purchase plan of the Company and its Affiliates, including any other Sub-plan, the Fair Market Value of which exceeds $25,000 as of the time such Offering is made (or such other limit, if any, as may be designated by the Administrator or imposed by the Code); and (ii) if a Sub-plan does not set forth a different limitation, the limitation set forth in clause (i) of this sentence shall apply with respect to Offerings under such Sub-plan (unless applicable law requires a different limitation on Participant contributions in connection with Offerings under the Sub-plan, in which case such other limitation shall apply;

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provided, however, that the limitation specified in clause (i) shall apply to Participants who are U.S. employees).

**Section 9. Rights as a Shareholder**

No Participant shall have any rights or privileges as a shareholder with respect to any Shares to be delivered pursuant to any Sub-plan unless and until such Shares are deemed to be issued, outstanding and owned by such Participant for purposes of such Sub-plan, as determined by the Administrator in its absolute discretion.

**Section 10. Administration**

The Plan and each Sub-plan shall be administered by the Administrator and/or by such person or persons (including any employee or director of the Company or an Affiliate) duly appointed by the Administrator and having such powers as shall be specified by the Administrator, or in the case of a Sub-plan, as provided in such Sub-plan. The Administrator or its delegates shall have the authority, consistent with the Plan and each Sub-plan, to interpret the Plan and each Sub-plan (including, without limitation, any schedules or appendices attached hereto or thereto), to adopt, amend, and rescind rules and regulations for the administration of the Plan and such Sub-plan, to correct any defect or supply any omission or reconcile any inconsistency in the Plan and Sub-plan to the extent necessary for the effective operation of the Plan and such Sub-plan and to make all determinations in connection therewith which may be necessary or advisable, and all such actions shall be binding and conclusive for all purposes under the Plan and such Sub-plan. No employee of the Company or an Affiliate to whom any duty or power relating to the administration or interpretation of the Plan or any Sub-plan has been delegated shall be liable for any action, omission or determination relating to the Plan or any Sub-plan and the Company shall indemnify and hold harmless each such employee against any cost, expense (including reasonable attorneys fees) or liability arising out of any action, omission or determination relating to the Plan or any Sub-plan, unless, in either case, such action, omission or determination was taken or made by such employee in bad faith and without reasonable belief that it was in the best interests of the Company.

**Section 11. Amendment or Termination**

(a) Amendment. The Plan (including, without limitation, Schedule A attached hereto) may be amended at any time and from time to time by the Board without the approval of the shareholders of the Company; provided that no revision to the Plan will be effective until the amendment is approved by the shareholders of the Company if such approval is required under any applicable law or by the rules of the New York Stock Exchange. No amendment of the Plan made without the Participant s written consent may adversely affect any right of a Participant with respect to contributions paid or Shares purchased or held under the Plan unless such amendment is necessary to comply with applicable law.

(b) Termination. The Plan and all Sub-plans hereunder will terminate upon the earlier of the following dates or events to occur (i) the termination by the Administrator of all Sub-plans in effect with respect to all of the Employers participating in any Sub-plan at the time of termination and (ii) the 10th anniversary of the Effective Date, in each case without affecting Participants rights with respect to any Offering that commenced prior to such termination.

**Section 12. Governing Law**

The Plan and its provisions shall be construed in accordance with the laws of the State of New York, United States of America, except to the extent otherwise required by the laws of the applicable local jurisdiction.

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**Section 13. Anti-Dilution**

The maximum aggregate number of Shares available under the Plan and under each Sub-plan and each award or other right made pursuant to a Sub-plan shall be subject to adjustment as provided in this paragraph, except to the extent inconsistent with the requirements of applicable law. Unless otherwise provided in a Sub-plan, subject to any required action by the shareholders of the Company, in the event of any change in the number of Shares outstanding by reason of a stock split or a corporate transaction, any merger, consolidation, separation, including a spin-off, or other distribution of stock or property of the Company, any reorganization (whether or not such reorganization comes within the definition of such term in Section 368 of the Internal Revenue Code) or any partial or complete liquidation of the Company, the Board or the Administrator shall be required to make such substitution or adjustment to the maximum aggregate number of Shares available under the Plan and each Sub-plan and, with respect to outstanding awards or rights, in the number of Shares, the purchase price for such Shares, and/or such other equitable substitution or adjustments to equalize the value and prevent dilution or enlargement of the rights of Participants in any form or manner of substitution or adjustment as it, in good faith, may determine, in its sole discretion, to be equitable under the circumstances.

Except as expressly provided in the Plan or in any Sub-plan, no Participant shall have any rights by reason of any event described in this Section.

**Section 14. Effective Date**

Notwithstanding anything in the Plan to the contrary, the Plan is effective as of the Effective Date, as defined in Section 2(g). The approval of the Plan by the Company s shareholders shall be in a manner that satisfies the requirements of the law of the State of New York, the rules of the New York Stock Exchange and any applicable law, including any tax law, that may require shareholder approval of the Plan.

**Section 15. Use of Plan Funds**

Subject to the terms of an applicable Sub-plan, to the extent the Company issues Shares to Participants upon exercise of rights to purchase Shares granted under a Sub-plan, the amounts received by the Company may be used for any corporate purpose or purposes of the Company. Subject to the terms of an applicable Sub-plan, all amounts credited to a Participant s payroll deduction account, if any, under a Sub-plan shall be available for use by the Company or the Employer for any corporate purpose prior to their application to a purchase of Shares, and a Participant shall not have any claim, right to or interest in such an account other than as a general unsecured creditor of the Company or the Employer, as applicable.

**Section 16. Termination of Employment**

Unless otherwise provided in an applicable Sub-plan, if the employment of a Participant terminates for any reason, including resignation, death, disability, retirement or other cause, his participation in the Plan automatically and without any act on his part shall terminate as of the date of termination of his employment. Unless otherwise provided in an applicable Sub-plan, as soon as practicable following the Participant s termination of employment, the Company shall refund to such Participant (or his beneficiary, in the case of the Participant s death) any payroll deductions held by the Company and a Share certificate shall be issued in the name of such Participant (or his beneficiary) for the number of whole Shares to which he is entitled pursuant to prior Offerings. Each Sub-plan hereunder may specify additional or different terms and conditions applicable in the event of a termination of employment of a Participant in such Sub-plan, including permitting a Participant (or his beneficiary, in the case of the Participant s death) to exercise rights with respect to an Offering following a termination of employment; provided,

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however, that the time periods within which rights to purchase Shares may be exercised following a termination of employment under a Sub-plan shall not exceed those permitted or required by applicable law, including local tax laws and regulations, and the circumstances under which rights to purchase Shares may be exercised in the event of a termination of employment under a Sub-plan shall be consistent with local practices and applicable law, including local tax laws and regulations.

**Section 17. Restriction upon Assignment**

Rights to purchase Shares granted to a Participant under the Plan shall not be transferable (including by assignment, sale, pledge or hypothecation), except by will or by the laws of descent and distribution; provided that, if permitted by an applicable Sub-plan, a Participant may, in the manner established by the Sub-plan, designate a beneficiary to exercise the rights of the Participant with respect to any Offering upon the death of the Participant subject to Section 16 of the Plan. A right to purchase Shares shall be exercisable during the Participant s lifetime only by the Participant or, if permissible under applicable law, by the Participant s guardian or legal representative. The Company shall not recognize and shall be under no duty to recognize assignment or purported assignment by a Participant of his rights to purchase Shares or of any rights under his rights to purchase Shares.

**Section 18. Change in Control**

For purposes of this Plan, unless otherwise provided in an applicable Sub-plan or otherwise required by law applicable to the relevant Sub-plan (including local tax laws and regulations), a Change in Control shall mean:

(a) The acquisition by any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Exchange Act), of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of 20% or more of either (A) the then outstanding Shares (the Outstanding Company Common Stock ) or (B) the combined voting power of the then outstanding voting securities of the Company entitled to vote generally in the election of directors (the Outstanding Company Voting Securities ); provided, however, that the following acquisitions shall not constitute a Change in Control: (A) any acquisition directly from the Company (other than by exercise of a conversion privilege), (B) any acquisition by the Company or any of its subsidiaries, (C) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company or any of its subsidiaries or (D) any acquisition by any company with respect to which, following such acquisition, more than 70% of, respectively, the then outstanding shares of common stock of such company and the combined voting power of the then outstanding voting securities of such company entitled to vote generally in the election of directors is then beneficially owned, directly or indirectly, by all or substantially all of the individuals and entities who were the beneficial owners, respectively, of the Outstanding Company Common Stock and Outstanding Company Voting Securities immediately prior to such acquisition in substantially the same proportions as their ownership, solely in their capacity as shareholders of the Company, immediately prior to such acquisition, of the Outstanding Company Common Stock and Outstanding Company Voting Securities, as the case may be; or

(b) individuals who, as of the Effective Date, constitute the Board (the Incumbent Board ), cease for any reason to constitute at least a majority of the Board; provided, however, that any individual becoming a director subsequent to the Effective Date whose election, or nomination for election by the Company s shareholders, was approved by a vote of at least a majority of the directors then comprising the Incumbent Board shall be considered as though such individual were a member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a

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result of either an actual or threatened election contest (as such terms are used in Rule 14a-11 of Regulation 14A promulgated under the Exchange Act); or

(c) consummation of a reorganization, merger or consolidation, in each case, with respect to which all or substantially all of the individuals and entities who were the beneficial owners, respectively, of the Outstanding Company Common Stock and Outstanding Company Voting Securities immediately prior to such reorganization, merger or consolidation, do not, following such reorganization, merger or consolidation, beneficially own, directly or indirectly, solely in their capacity as shareholders of the Company, more than 70% of, respectively, the then outstanding shares of common stock and the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors, as the case may be, of the company resulting from such reorganization, merger or consolidation in substantially the same proportions as their ownership, immediately prior to such reorganization, merger or consolidation of the Outstanding Company Common Stock and Outstanding Company Voting Securities, as the case may be; or

(d) consummation of (A) a complete liquidation or dissolution of the Company or (B) a sale or other disposition of all or substantially all of the assets of the Company, other than to a company, with respect to which following such sale or other disposition, more than 70% of, respectively, the then outstanding shares of common stock of such company and the combined voting power of the then outstanding voting securities of such company to vote generally in the election of directors is then beneficially owned, directly or indirectly, by all or substantially all of the individuals and entities, solely in their capacity as shareholders of the Company, who were the beneficial owners, respectively, of the Outstanding Company Common Stock and Outstanding Company Voting Securities immediately prior to such sale or other disposition in substantially the same proportion as their ownership, immediately prior to such sale or other disposition, of the Outstanding Company Common Stock and Outstanding Company Voting Securities, as the case may be.

**Section 19. Effect of Change in Control**

The following provisions shall apply with respect to the effect of a Change in Control on awards under the Plan, unless otherwise provided in an applicable Sub-plan or otherwise required by law applicable to the relevant Sub-plan (including local tax laws and regulations):

(a) Dissolution or Liquidation. In the event of a proposed Change in Control constituting a dissolution or liquidation of the Company, the Board, in its sole discretion, shall shorten the Offering or Contribution Period then in progress and/or the time period within which a Participant may exercise a right to purchase Shares under the Plan by setting a new exercise date with respect to the right to purchase Shares (the New Exercise Date ) and shall terminate the Offering or Contribution Period and/or the time period within which the Participant may exercise a right to purchase Shares under the Plan immediately prior to the consummation of such proposed dissolution or liquidation, unless provided otherwise by the Board. The New Exercise Date shall be before the date of the Company s proposed dissolution or liquidation. The Board shall notify each Participant in writing, at least ten (10) business days prior to the New Exercise Date, that the exercise date for the Participant s right to purchase Shares under the Plan has been changed to the New Exercise Date and that the Participant s right to purchase Shares under the Plan shall be exercised automatically on the New Exercise Date, unless prior to such date the Participant has withdrawn from the Offering or Contribution Period or period for exercise of such right as provided in the applicable Sub-plan or as permitted by law applicable to such Sub-plan.

(b) Other Changes in Control. In the event of a proposed Change in Control that does not constitute a dissolution or liquidation of the Company, each outstanding right to

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purchase Shares under the Plan shall be assumed or an equivalent right to purchase Shares substituted by the successor corporation or a parent or subsidiary of the successor corporation. In the event that the successor corporation refuses to assume or substitute for the right to purchase Shares under the Plan, the Offering or Contribution Period then in progress and/or the time period within which a Participant may exercise a right to purchase Shares under the Plan shall be shortened by setting a new exercise date with respect to the right to purchase Shares (the Revised Exercise Date ) and the Offering or Contribution Period and/or the time period within which a Participant may exercise a right to purchase Shares under the Plan shall end on the Revised Exercise Date. The Revised Exercise Date shall be before the date of the Company s proposed Change in Control. The Board shall notify each Participant in writing, at least ten (10) business days prior to the Revised Exercise Date, that the exercise date for the Participant s right to purchase Shares under the Plan has been changed to the Revised Exercise Date and that the Participant s right to purchase Shares under the Plan shall be exercised automatically on the Revised Exercise Date, unless prior to such date the Participant has withdrawn from the Offering or Contribution Period or period for exercise of such right as provided in the applicable Sub-plan or as permitted by law applicable to such Sub-plan.

**Section 20. Government Regulations**

The Company s obligation to issue, sell or deliver any Shares under this Plan or any Sub-plan is subject to all applicable laws and regulations and to the approval of any governmental or regulatory authority required in connection with the issuance, sale or delivery of such Shares. The Company shall not be required to issue, sell or deliver any Shares under this Plan or any Sub-plan prior to:

(a) the approval of such Shares for listing on the New York Stock Exchange (if such approval must be obtained); and

(b) the completion of any registration or other qualification of such Shares under any state or federal law or any ruling or regulation of any governmental or regulatory authority that the Company in its sole discretion shall determine to be necessary or advisable.

**Section 21. Severability**

The provisions of the Plan shall be deemed severable. If any provision is determined to be unlawful or unenforceable by a court of competent jurisdiction or by reason of a change in applicable law, including an applicable statute, the Plan shall continue to exist as though such provision had never been included therein (or, in case of a change in applicable law or statute, has been deleted as of the date of such change).

IN WITNESS WHEREOF, the Company, by its duly authorized officer, has caused this 2008 Global Employee Stock Purchase Plan to be executed as of the _ day of _____, 2008.

GOODRICH CORPORATION

By:
Its:

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**SCHEDULE A**

**List of Sub-plans as of _____**

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*GOODRICH CORPORATION*
*FOUR COLISEUM CENTRE*
*2730 WEST TYVOLA ROAD*
*CHARLOTTE, NC 28217-4578*

**VOTE BY INTERNET _ www.proxyvote.com**

Use the Internet to transmit your voting instructions and for electronic delivery of information up until 11:59 p.m. Eastern Time the day before the cut-off date or meeting date. Have your proxy card in hand when you access the web site and follow the instructions to obtain your records and to create an electronic voting instruction form.

**ELECTRONIC DELIVERY OF FUTURE SHAREHOLDER COMMUNICATIONS**

If you would like to reduce the costs incurred by Goodrich Corporation in mailing proxy materials, you can consent to receiving all future proxy statements, proxy cards and annual reports electronically via e-mail or the Internet. To sign up for electronic delivery, please follow the instructions above to vote using the Internet and, when prompted, indicate that you agree to receive or access shareholder communications electronically in future years.

**VOTE BY PHONE 1-800-690-6903**

Use any touch-tone telephone to transmit your voting instructions up until 11:59 p.m. Eastern Time the day before the cut-off date or meeting date. Have your proxy card in hand when you call and then follow the instructions.

**VOTE BY MAIL**

Mark, sign and date your proxy card and return it in the postage-paid envelope we have provided or return it to Goodrich Corporation, c/o Broadridge, 51 Mercedes Way, Edgewood, NY 11717.

TO VOTE, MARK BLOCKS BELOW IN BLUE OR BLACK INK AS FOLLOWS: GODRC1 KEEP THIS PORTION FOR YOUR RECORDS

DETACH AND RETURN THIS PORTION ONLY

**THIS PROXY CARD IS VALID ONLY WHEN SIGNED AND DATED.**

**GOODRICH CORPORATION**

**THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR PROPOSALS 1, 2, 3 AND 4.**

**Vote On Directors**

1. ELECTION OF DIRECTORS

01 Diane C. Creel, 02 George A. Davidson, Jr., 03 Harris E. DeLoach, Jr., 04 James W. Griffith, 05 William R. Holland, 06 John P. Jumper, 07 Marshall O. Larsen, 08 Lloyd W. Newton, 09 Douglas E. Olesen, 10 Alfred M. Rankin, Jr. and 11 A. Thomas Young

| For All | Withhold All | For All Except |
|---|---|---|
| o | o | o |

**To withhold authority to vote for any individual nominee(s), mark For All Except and write the number(s) of the nominee(s) on the line below.**

| **Vote On Proposals** | **For** | **Against** | **Abstain** |
|---|---|---|---|
| 2. Ratify the appointment of Ernst & Young LLP as our independent registered public accounting firm for the year 2008. | o | o | o |
| 3. Approve an amendment and restatement of the Goodrich Corporation 2001 Equity Compensation Plan. | o | o | o |
| 4. Approve the Goodrich Corporation 2008 Global Employee Stock Purchase Plan. | o | o | o |

**THIS PROXY, WHEN PROPERLY EXECUTED, WILL BE VOTED IN THE MANNER DIRECTED HEREIN. IF NO DIRECTION IS MADE, THIS PROXY WILL BE VOTED FOR THE ELECTION OF DIRECTORS AND FOR PROPOSALS 2, 3 AND 4.**

For comments, please check this box and write them on the back where indicated. o

Please sign exactly as name appears hereon. Joint owners should each sign. When signing as an attorney, executor, administrator, trustee or guardian, please give full title as such.

Signature [PLEASE SIGN WITHIN BOX] Date Signature (Joint Owners) Date

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March 12, 2008
To Our Shareholders:
The Annual Meeting of Shareholders will be held at Goodrich s headquarters, Four Coliseum Centre, 2730 West Tyvola Road, Charlotte, North Carolina on Tuesday, April 22, 2008, at 10:00 a.m.
If you have chosen to view our proxy statements and annual reports over the Internet instead of receiving paper copies in the mail, you can access our proxy statement at http://www.goodrich.com/proxy and 2007 annual report at http://www.goodrich.com/annualreport.
The proxy statement contains information regarding the meeting, the nominees for election to the Board of Directors, the proposal to ratify the appointment of Ernst & Young LLP as our independent registered public accounting firm for the year 2008, the proposal to amend and restate the Goodrich Corporation 2001 Equity Compensation Plan and the proposal to approve the Goodrich Corporation 2008 Global Employee Stock Purchase Plan. The voting results from the Annual Meeting of Shareholders will be posted on our website, www.goodrich.com, on April 23.
It is important that these shares be represented at this meeting. Even if you plan to attend, we encourage you to promptly vote these shares by one of the methods listed on the reverse side of this proxy card.
Sincerely,
Marshall O. Larsen
Chairman, President and
Chief Executive Officer

**GOODRICH CORPORATION**
**PROXY**
**This Proxy is Solicited on Behalf of the Board of Directors**

The undersigned hereby authorizes Marshall O. Larsen and Sally L. Geib, or either of them, with full power of substitution, to represent the undersigned and to vote all Common Stock of GOODRICH CORPORATION which the undersigned would be entitled to vote at the Annual Meeting of Shareholders of the Company to be held on April 22, 2008, and at any adjournment thereof, as indicated and in their discretion upon other matters as may properly come before the meeting.

**You are encouraged to specify your choice by marking the appropriate boxes. SEE REVERSE SIDE, but you need not mark any boxes if you wish to vote in accordance with the Board of Directors recommendations. The Proxies cannot vote these shares unless you sign and return this card. The Board of Directors recommends a vote FOR Proposals 1, 2, 3 and 4.**

This card also constitutes your voting instructions for any and all shares held of record by The Bank of New York for this account in the Company s Dividend Reinvestment Plan, and will be considered to be voting instructions to the plan trustees with respect to shares held in accounts under the Goodrich Corporation Employees Savings Plan and the Goodrich Corporation Savings Plan for Rohr Employees.

**Comments:**

(If you noted any Comments above, please mark corresponding box on the reverse side.)
(Continued, and to be signed and dated, on reverse side.)