AMERICAN STANDARD COMPANIES INC
Form DEF 14A
March 22, 2005

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934 (Amendment No.)

Filed by the Registrant ý

Filed by a Party other than the Registrant o

Check the appropriate box:

o Preliminary Proxy Statement

o **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**

ý Definitive Proxy Statement

o Definitive Additional Materials

o Soliciting Material Pursuant to §240.14a-12

American Standard Companies Inc.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

ý No fee required.

o Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

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(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

American Standard Companies Inc.

Notice of Annual Meeting
of Shareholders and
Proxy Statement

May 3, 2005
American Standard College
One Centennial Avenue
Piscataway, New Jersey

Corporate Headquarters

One Centennial Avenue
P.O. Box 6820
Piscataway, NJ 08855-6820
Phone 732.980.6000

Frederic M. Poses
Chairman and
Chief Executive Officer

March 22, 2005

Dear Shareholder:

I invite you to the Annual Meeting of Shareholders of American Standard Companies Inc. This year's meeting will be held on Tuesday, May 3, 2005, at 11:30 a.m. at the American Standard College, One Centennial Avenue, Piscataway, New Jersey.

Our directors and senior management will attend the meeting. We will consider the items of business listed in the attached formal notice of meeting and proxy statement. Our 2004 Annual Report accompanies this proxy statement.

If you are unable to attend in person, we urge you to participate in the meeting by voting your shares of common stock. You have a choice of voting over the Internet, by telephone or by sending the company a completed proxy by mail. Please refer to the instructions on the enclosed proxy card.

Sincerely,

FREDERIC M. POSES
Chairman and
Chief Executive Officer

American Standard Companies Inc.

Air Conditioning Systems and Services: Trane®, American Standard®; ***Bath & Kitchen:*** American Standard®, Ideal Standard®; ***Vehicle Controls Systems***: WABCO®

American Standard Companies Inc.

Notice of 2005 Annual Meeting of Shareholders
and Proxy Statement

To the Shareholders of
American Standard Companies Inc.:

The Annual Meeting of Shareholders of American Standard Companies Inc. will be held at the American Standard College, One Centennial Avenue, Piscataway, New Jersey, on Tuesday, May 3, 2005, at 11:30 a.m. to consider and vote upon the following proposals:

1. Election of three directors to Class I with terms expiring at the 2008 Annual Meeting of Shareholders.

2. Ratification of the appointment of Ernst & Young LLP as independent certified public accountants for the year 2005.

We may also transact any other business as may properly come before the meeting.

Shareholders of record of the company's common stock as of the close of business on March 10, 2005 are entitled to receive notice of the annual meeting and to vote. Shareholders who hold shares in street name may vote through their brokers, banks or other nominees.

Your vote is important. In order to assure that we have a quorum for the meeting and that your vote is counted, please promptly return your properly completed proxy to the company. You may submit your proxy by mail or telephone or over the Internet. Instructions for each type of submission are provided on the enclosed proxy voting instruction card. If you prefer to send your proxy by mail, an envelope is enclosed. No postage is required if mailed in the United States.

By order of the Board of Directors,

MARY ELIZABETH GUSTAFSSON
Senior Vice President, General Counsel
and Secretary

Piscataway, New Jersey
March 22, 2005

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About the Annual Meeting

Why have I received these materials? The Board of Directors is soliciting proxies for use at the Annual Meeting of Shareholders of the company to be held on May 3, 2005. This proxy statement, together with the proxy card and our 2004 Annual Report, is being mailed to shareholders on or about March 22, 2005.

Who may vote? You are entitled to vote if our records show you held one or more shares of the company's common stock at the close of business on March 10, 2005, which we refer to as the record date. At that time 213,787,797 shares of common stock were outstanding and entitled to vote. All stockholdings and option amounts in this proxy statement reflect a three-for-one stock split effective May 27, 2004. Each share will entitle you to one vote at the annual meeting. For ten days prior to the annual meeting, during normal business hours, a complete list of all shareholders on the record date will be available for examination by any shareholder at the company's offices at One Centennial Avenue, Piscataway, New Jersey 08855. The list of shareholders will also be available at the annual meeting.

About the proxy statement. The words "company," "American Standard," "we," "us" and "our" refer to American Standard Companies Inc., a Delaware corporation. We refer to the New York Stock Exchange as the "NYSE." Finally, the words "common stock," "stock" and "shares" refer to the company's common stock, par value $.01 per share, which trades on the NYSE under the symbol ASD.

How do I vote shares registered in my name? If you owned shares of common stock in your own name on the record date, then you are a holder of record. This means that you may use the enclosed proxy card to tell the company representatives how to vote your shares. Be sure to sign, date and mail the proxy card in the envelope that we have included with the proxy card. You may also send instructions over the Internet or by using a toll-free telephone number by following the instructions on the proxy card. If you use the Internet, you may incur costs such as telephone and Internet access charges for which you will be responsible. If you use the Internet or the telephone, have the proxy card in hand when you call the number or go to the web site listed on the enclosed form, and follow the instructions. The Internet and telephone voting facilities for shareholders of record will close at 11:59 p.m., Eastern Daylight Time, on May 2, 2005.

How do I vote shares held by a broker? If a broker, bank or other nominee holds shares of common stock for your benefit, and the shares are not in your name on the company's stock transfer records, then you are considered a "beneficial owner" of those shares. Shares held this way are sometimes referred to as being held in "street name." In that case, your broker, bank or other nominee will send you instructions on how to vote. If you have not heard from the broker, bank or other nominee who holds your stock, please contact them as soon as possible. If you attend the annual meeting in person and want to vote shares beneficially owned by you, you must bring a written proxy from your broker, bank or other nominee that identifies you as the sole representative entitled to vote the shares indicated.

What if my shares are held through the American Standard Employee Stock Ownership Plan, Savings Plan or 401(k) and Thrift Plan? If you are a participant in the American Standard Employee Stock Ownership Plan (the "ESOP"), the American Standard Savings Plan (the "Savings Plan") or the American Standard 401(k) and Thrift Plan (the "Thrift Plan"), you will receive one proxy card for all shares allocated to your ESOP, Savings Plan and Thrift Plan accounts. The proxy card will serve as a voting instruction card for the trustee of the ESOP, the Savings Plan and the Thrift Plan. If you do not vote your shares, the ESOP trustee will vote your ESOP shares in the same proportion as shares for which instructions were received under the ESOP. Similarly, unvoted shares held through the Savings Plan, will be voted by the Savings Plan trustee in the same proportion as shares for which instructions were received under the Savings Plan and unvoted shares in the Thrift Plan will be voted in the same proportion as shares for which instructions were received under the Thrift Plan. Many of our current employees and any former employees holding shares in employee plans who have chosen to do so will receive their proxy card, proxy statement and annual report materials electronically by e-mail. If you hold shares other than through the ESOP Plan, Savings Plan or Thrift Plan, you will receive a separate set of materials, including a separate proxy card and control number, to vote those shares.

What if my shares are held through the American Standard Employee Stock Purchase Plan? You should vote any shares held in an Employee Stock Purchase Plan account by completing the materials sent to you by your broker for that account. If you do not respond to the materials sent to you by your broker, your broker will, to the extent permitted by the rules of the NYSE and the U.S. Securities and Exchange Commission, vote the shares on your behalf.

How will the company representatives vote for me? The company representatives, Frederic M. Poses, G. Peter D'Aloia, Mary Elizabeth Gustafsson and Mark C. Cresitello have been chosen to vote in your place as your proxies at the annual meeting, or anyone else they choose as their substitutes. Whether you vote by proxy card, Internet or telephone, the company representatives will vote your shares as you instruct them. If you do not indicate how you want your shares voted, the company representatives will vote as the Board recommends. If there is an interruption or adjournment of the annual meeting before the agenda is completed, the company representatives may still vote your shares when the meeting resumes. If a broker, bank or other nominee holds your common stock, they will ask you for instructions and instruct the company representatives to vote the shares held by them in accordance with your instructions.

Can I change my vote after I have returned my proxy card or given instructions over the Internet or telephone? Yes. After you have submitted a proxy, you may change your vote at any time before the proxy is exercised by submitting a notice of revocation or a proxy bearing a later date. Whether or not you vote using a traditional proxy card, through the Internet or by telephone, you may use any of those three methods to change your vote. Accordingly, you may change your vote either by submitting a proxy card prior to or at the annual meeting or by voting again before 11:59 p.m., Eastern Daylight Time, on May 2, 2005, the time at which the Internet and telephone voting facilities close. The later submitted vote will be recorded and the earlier vote revoked.

Votes required for approval. Provided that a quorum is present, the nominees for director receiving a plurality of the votes cast at the meeting in person or by proxy will be elected. Approval of Proposal 2 requires the affirmative vote of a majority of shares present or represented and entitled to vote at the annual meeting.

The effect of abstentions and broker non-votes. Abstentions are not counted as votes "for" or "against" a proposal, but are counted in determining the number of shares present or represented on a proposal. However, since approval of Proposal 2 requires the affirmative vote of a majority of the shares of common stock present or represented at the annual meeting, abstentions have the same effect as a vote "against" that proposal. Since all of the proposals are considered discretionary, a nominee (e.g., broker) holding shares for a beneficial owner may vote on both of the proposals even though it has not received voting instructions from the beneficial owner concerning those proposals. For the election of directors, any votes withheld for the election of a director will not be counted for purposes of their election.

What constitutes a quorum for purposes of the annual meeting? There is a quorum when the holders of a majority of the company's common stock are present in person or by proxy. Withheld votes for the election of directors, proxies marked as abstentions and broker non-votes are treated as present in determining a quorum.

Who pays for this solicitation? The expense of preparing, printing and mailing this proxy statement and the accompanying material will be borne by American Standard. Solicitation of individual shareholders may be made by mail, personal interviews, telephone, facsimile, electronic delivery or other telecommunications by officers and regular employees of the company who will receive no additional compensation for those activities. We will reimburse brokers and other nominees for their expenses in forwarding solicitation material to beneficial owners.

What happens if other business not discussed in this proxy statement comes before the meeting? The company does not know of any business to be presented at the annual meeting other than the two proposals in this proxy statement. If other business comes before the meeting and is proper under Delaware law, the company representatives will use their discretion in casting all of the votes they are entitled to cast.

Board Recommendation on Voting for Proposals

The Board's recommendation for each proposal is set forth in this proxy statement together with the description of each proposal. In summary, the Board recommends a vote:

FOR Proposal 1 to elect three Class I directors.

FOR Proposal 2 to ratify the appointment of Ernst & Young LLP as independent certified public accountants for the year 2005.

PROPOSAL 1 ELECTION OF DIRECTORS

The company has three classes of directors. The number of directors is split among the three classes as equally as possible. The term of each directorship is three years so that one class of directors is elected each year. All directors are elected for their three-year terms and until their successors are duly elected and qualified. The total number of directors established by resolution of the Board of Directors is nine.

At this annual meeting, the shareholders will vote to elect three directors to Class I for a term expiring at the 2008 Annual Meeting of Shareholders. The current Class I directors are Jared L. Cohon and Paul J. Curlander. Mr. Poses, currently a Class II director, will stand for election as a Class I director. Assuming that all nominees for directors are elected at the annual meeting, three directors will be serving in each of Classes I and III, and two directors in Class II.

The Board of Directors has no reason to believe that any of the nominees will not serve if elected. If any nominee should become unavailable to serve as a director, and if the Board designates a substitute nominee, the company representatives named on the proxy card will vote for the substitute nominee designated by the Board unless you submit a proxy instructing them to vote differently. Under the company's amended by-laws, vacancies are filled by the directors.

RECOMMENDATION

The Board of Directors unanimously recommends that shareholders vote FOR Proposal 1, the election of Jared L. Cohon, Paul J. Curlander and Frederic M. Poses as Class I directors.

DIRECTORS

Nominees

Nominees for Election for Class I Directors Terms Expiring at 2008 Annual Meeting

Jared L. Cohon Age 57
Director since October 1999

Dr. Cohon was elected president of Carnegie Mellon University in 1997 and was also appointed Professor of Civil and Environmental Engineering and Professor of Engineering and Public Policy. Prior to joining Carnegie Mellon, Dr. Cohon was Dean and Professor of Environmental Systems Analysis in the School of Forestry and Environmental Studies at Yale University. Previously, he was a professor of Geography and Environmental Engineering at Johns Hopkins University, where he also served as Vice Provost for Research from 1986 to 1992, Associate Dean of Engineering from 1983 to 1986, and Assistant Dean of Engineering from 1981 to 1983. In 2002, President George W. Bush appointed Dr. Cohon to serve on his Homeland Security Advisory Council. From 1997 to 2002, Dr. Cohon was chairman of the Nuclear Waste Technical Review Board. He is a director of Mellon Financial Services Corporation.

Paul J. Curlander Age 52
Director since August 2004

Mr. Curlander has been chairman and chief executive officer of Lexmark International, Inc., a spin-off of IBM, since April 1999, after serving as president and chief executive officer since May 1998. He joined Lexmark when it was formed in 1991 as the director for printers with responsibility for worldwide printer development and manufacturing, and subsequently held increasingly responsible positions within the company. His senior leadership positions included vice president and general manager for Lexmark's printer business, executive vice president with responsibility for overseeing all Lexmark divisions, and president and chief operating officer. Prior to joining Lexmark, he spent 17 years with IBM in various product development and management positions.

Frederic M. Poses Age 62
Director since October 1999

Mr. Poses has been chairman and chief executive officer of the company since January 2000. Prior to assuming that position, Mr. Poses was president and chief operating officer at AlliedSignal Inc. Previously, he was president of AlliedSignal's Engineered Materials from 1988 to 1998 and served as director of that company from 1997 until 1999. Mr. Poses is a director of Raytheon Company and Centex Corporation.

Directors Continuing in Office

Class II Directors Terms Expiring at 2006 Annual Meeting

Steven F. Goldstone Age 59
Director since October 2002

Mr. Goldstone currently manages Silver Spring Group, a private investment firm. From 1995 until his retirement in 2000, Mr. Goldstone was chairman and chief executive officer of RJR Nabisco, Inc. (which was subsequently named Nabisco Group Holdings following the reorganization of RJR

Nabisco, Inc.). Prior to joining RJR Nabisco, Inc., Mr. Goldstone was a partner at the Davis Polk & Wardwell law firm in New York City. He is a director of ConAgra Foods, Inc., Greenhill & Co., Retail DNA, Inc. and New Castle Hotels.

Edward E. Hagenlocker Age 65
Director since March 2001

Mr. Hagenlocker was vice chairman of Ford Motor Company from 1996 until he retired in 1999 and was chairman of Visteon Automotive Systems from 1997 to 1999. He served as president of Ford Automotive Operations from 1994 to 1996 and as chairman of Ford of Europe in 1996. Mr. Hagenlocker was executive vice president of North American Automotive Operations from 1993 to 1994 and vice president general manager of Truck Operations from 1986 to 1992. Mr. Hagenlocker is a director of Air Products and Chemicals, Inc., Office Max Corporation, AmeriSourceBergen Corporation and Lucent Technologies Inc.

Class III Directors Terms Expiring at 2007 Annual Meeting

Steven E. Anderson Age 62
Director since September 1994

Mr. Anderson serves as an international consultant and trainer to global companies in matters of senior leadership development. Mr. Anderson served as National Partner-in-Charge-Industries of KPMG LLP and as a member of that firm's Management Committee from November 1990 until he retired in 1994. He became a partner of the firm in 1977, having joined in 1967. His responsibilities at KPMG LLP included Partner-in-Charge of the Boston Audit Department and Managing Partner of the Seattle office.

James F. Hardymon Age 70
Director since May 1999

Mr. Hardymon was the chairman and chief executive officer of Textron, Inc., a manufacturing and financial services business, from 1993 to 1998 and continued as chairman until his retirement in 1999. Previously, Mr. Hardymon had been chief executive officer since 1992, and president and chief operating officer since 1989. Prior to his affiliation with Textron, he served from 1961 to 1989 in various executive capacities with Emerson Electric Co. Mr. Hardymon is a director of Air Products and Chemicals, Inc., Circuit City Stores, Inc. and Lexmark International, Inc. Mr. Hardymon is also a member of the Advisory Board of Investcorp International, Inc.

Ruth Ann Marshall Age 50
Director since October 2003

Ms. Marshall is president of the Americas, MasterCard International. Before joining MasterCard in October 1999, Ms. Marshall served as group executive president of two Electronic Payment Service (EPS) companies, MAC Regional Network and Buypass Corporation, a leading third party processor. She subsequently became senior executive vice president of Concord EFS, where she oversaw marketing, account management, customer service, and product development for the combined companies. Previously, Ms. Marshall spent 18 years at IBM in various managerial and executive assignments.

PROPOSAL 2 RATIFICATION OF APPOINTMENT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

The Audit Committee of the Board of Directors has appointed Ernst & Young LLP as independent certified public accountants to examine the consolidated financial statements of the company for the year 2005 upon terms set by the Audit Committee. The Board of Directors recommends that this appointment be ratified by the shareholders. If the appointment of Ernst & Young LLP is not ratified by shareholders, the Audit Committee will give consideration to the appointment of other independent certified public accountants.

A representative of Ernst & Young LLP will be present at the annual meeting, will have the opportunity to make a statement and will also be available to respond to questions.

RECOMMENDATION

The Board of Directors unanimously recommends that shareholders vote FOR Proposal 2, ratification of independent certified public accountants.

BOARD OF DIRECTORS' MEETINGS, COMMITTEES OF THE BOARD AND RELATED MATTERS

Board Matters and Committee Membership

Our business, property and affairs are managed under the direction of our Board of Directors. Members of our Board are kept informed of our business through discussions with our Chairman and Chief Executive Officer and other officers and employees, by reviewing materials provided to them during visits to our offices and plants and by participating in meetings of the Board and its committees.

The Board of Directors held six meetings in 2004. The standing committees of the Board of Directors are the Audit Committee, the Management Development and Compensation Committee and the Corporate Governance and Nominating Committee. All directors attended 75 percent or more of the combined total number of meetings of the Board of Directors and its committees held in 2004 during the period in which they served as directors or committee members. Our non-management directors meet without the chief executive officer present at the end of each Board meeting.

The table below provides committee assignments and 2004 meeting information for each of the Board committees:

Name	Audit	Corporate Governance and Nominating	Management Development and Compensation
Steven E. Anderson	X*		
Jared L. Cohon		X	X
Paul J. Curlander	X		
Steven F. Goldstone		X	X*
Edward E. Hagenlocker	X	X	
James F. Hardymon		X*	X
Ruth Ann Marshall			X
2004 Meetings	12	3	6

* Indicates Committee Chairperson

Committees of the Board

Audit Committee

The Audit Committee has been established in accordance with Section 3(a)(58)(A) of the Securities Exchange Act of 1934. Each member of the Audit Committee is independent as defined by the NYSE listing standards. The committee:

- reviews the scope of internal and independent audits; reviews the company's quarterly and annual financial statements and annual report on Form 10-K;
- reviews the adequacy of management's implementation of internal controls;
- reviews the company's accounting policies and procedures and significant changes in accounting policies, and the company's business conduct and ethics policies and practices;
- appoints the independent public accountants and reviews their independence and performance and the reasonableness of their fees; and
- reviews compliance with the company's Code of Conduct and Ethics, major litigation, compliance with environmental standards and the investment performance and funding of the company's retirement plans.

A copy of the Audit Committee charter as adopted by our Board of Directors is attached to this proxy statement as Appendix A.

Management Development and Compensation Committee

Each member of the Management Development and Compensation Committee is independent as defined by the NYSE listing standards. The committee:

- reviews and makes recommendations concerning officers' salaries and employee benefits and administers certain of the company's employee benefit and compensation plans, including the company's incentive compensation and stock incentive plans; and
- evaluates executive succession plans, the quality of management, and leadership and management development.

Corporate Governance and Nominating Committee

Each member of the Corporate Governance and Nominating Committee is independent as defined by the NYSE listing standards. The committee:

- identifies individuals qualified to become members of the Board and recommends to the Board director nominees to be presented at the annual meeting of shareholders as well as nominees to fill vacancies on the Board;
- recommends Board committee memberships, including committee chairpersons;
- considers and makes recommendations concerning director nominees proposed by shareholders;
- develops and recommends to the Board corporate governance principles for the company and processes for Board evaluations; and

reviews and makes recommendations concerning compensation of directors.

2004 Compensation of Non-Management Directors

2004 Cash Retainer and Meeting Fees

Director	Annual Retainer Fee	Board Meeting Fees	Committee Meeting Fees	Total
Steven E. Anderson	$ 30,000	$ 6,000	$ 24,000	$ 60,000
Jared L. Cohon	$ 30,000	$ 6,000	$ 9,000	$ 45,000
Paul J. Curlander	$ 22,500	$ 2,000	$ 3,000	$ 27,500
Steven F. Goldstone	$ 30,000	$ 6,000	$ 16,000	$ 52,000
Edward E. Hagenlocker	$ 30,000	$ 6,000	$ 14,000	$ 50,000
James F. Hardymon	$ 30,000	$ 6,000	$ 14,000	$ 50,000
Ruth Ann Marshall	$ 30,000	$ 6,000	$ 5,000	$ 41,000

As of January 1, 2005, each non-management director is paid a retainer fee of $13,000 per calendar quarter and receives $1,000 for attendance at each meeting and reconvened meeting of the Board of Directors or committee of the Board. Committee chairpersons are paid an additional $1,000 for their attendance at meetings of the committees they chair. Directors are also reimbursed for reasonable expenses incurred to attend meetings. Prior to January 1, 2005, each non-management director was paid a retainer fee of $7,500 per calendar quarter. In addition, directors are entitled to receive free air conditioning and bath and kitchen products in connection with their service on the Board. In 2004, Mr. Hardymon received $644 of company product.

Under the Supplemental Compensation Plan for Outside Directors, a trust account holds shares of common stock for each participating director. The shares are voted by the trustee of the trust on behalf of each participating director in accordance with the director's instructions. Persons becoming Board members are granted restricted shares of common stock equivalent in value to $100,000 based on the closing price of common stock on the last trading day before a Board member's election. In addition, directors have credited to their plan accounts annually, on the day prior to the annual meeting, that number of shares of common stock equal in value to $35,000, based on the closing price of the company's stock that day. The trust shares do not vest to direct ownership while the director is in office. Shares held under this plan are as follows: Mr. Anderson, 32,328; Dr. Cohon, 15,369; Mr. Curlander, 2,591; Mr. Goldstone, 7,566; Mr. Hagenlocker, 11,307; Mr. Hardymon, 14,055; and Ms. Marshall, 5,061.

Under the company's 2002 Omnibus Incentive Plan, non-employee directors are granted, on the same terms as options granted to company employees, options to purchase shares of common stock with an exercise price equal to the average of the high and low sale price of common stock as reported on the NYSE on the date of grant. Options are typically granted in February each year. On February 2, 2005, each director was granted 10,500 options. Options held through February 2005 are as follows: Mr. Anderson, 64,000 options; Dr. Cohon, 79,200 options; Mr. Curlander, 10,500 options; Mr. Goldstone, 34,200 options; Mr. Hagenlocker, 39,201 options; Mr. Hardymon, 79,200 options; and Ms. Marshall, 21,300 options.

The company's Deferred Compensation Plan permits directors to defer a portion of their fees into a cash account with a fixed annual return or a stock account deemed to be invested in notional shares of the company's common stock. In 2004, Dr. Cohon deferred 50 percent of his fees into the stock account and 50 percent of his fees into the cash account, Mr. Curlander, Mr. Goldstone and Ms. Marshall deferred all of their fees into the stock account, and Mr. Hagenlocker directed 50 percent of his retainer fee into the stock account.

Board Attendance at the Annual Meeting of Shareholders

In accordance with our Corporate Governance Principles, all directors are expected to attend the Annual Meeting of Shareholders. While the Board understands that there may be situations that prevent a director from attending, the Board strongly encourages all directors to make attendance at all annual meetings of shareholders a priority. All directors nominated by the Board for election to the Board in 2004, as well as directors who did not stand for re-election, attended the Annual Meeting of Shareholders held on May 4, 2004.

Independence Standards for Board Service

The Board of Directors has adopted independence standards for non-management directors to serve on the Board of Directors. Each non-management director satisfies the standards adopted. A copy of our independence guidelines is available on our web site *www.americanstandard.com*, by following the links "Governance Governance Principles Definition of Director Independence" and is also attached to this proxy statement as Appendix B.

Designation of, and Communication with, the Company's Board of Directors through its Presiding Director

The Board of Directors has designated the chairperson of the Corporate Governance and Nominating Committee, currently Mr. Hardymon, as the "presiding director" for its executive sessions of the non-management directors. Shareholders or other interested parties wishing to communicate with our board of directors can call 1-800-241-5689 in the United States or 1-770-810-1127 outside of the United States and request to leave a message for the presiding director. This reporting service is staffed by a third-party provider who will deliver your message to the presiding director. You may also contact the presiding director by writing to: Presiding Director, c/o American Standard Companies Inc., One Centennial Avenue, Piscataway, New Jersey 08855. Regardless of the method you use, your message will not be screened or edited before it is delivered to the presiding director. The presiding director will determine whether to relay your message to other members of the board.

Corporate Governance and Other Related Matters

The company's Code of Conduct and Ethics and Corporate Governance Principles, including a definition of director independence, as well as the charters for the Audit Committee, Management Development and Compensation Committee and Corporate Governance and Nominating Committee are available on our web site *www.americanstandard.com* under the caption "Governance." The foregoing information is available in print to any shareholder who requests it. Requests should be addressed to Secretary, American Standard Companies Inc., One Centennial Avenue, Piscataway, New Jersey 08855.

Compensation Committee Interlocks and Insider Participation

None.

Certain Relationships and Related Party Transactions

None.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act of 1934, as amended, requires our directors, certain executive officers, and persons who own more than 10 percent of the outstanding common stock to file reports of ownership and changes in ownership with the Securities and Exchange Commission ("SEC") and the NYSE. The SEC regulations require American Standard to identify anyone who failed to file a required report or filed a late report during the most recent fiscal year. The company believes that all Section 16(a) filing requirements were met, with the exception of one report which was filed six days late in 2004 by the company on behalf of G. Peter D'Aloia, Senior Vice President and Chief Financial Officer, with respect to a grant of options he received on July 7, 2004. In addition, one report was filed one day late by the company on behalf of Mary Elizabeth Gustafsson, Senior Vice President, General Counsel and Secretary, with respect to options she received on January 3, 2005.

AUDIT COMMITTEE MATTERS

Audit Committee's Pre-Approval Policies and Procedures

The Audit Committee is directly responsible for the appointment, compensation, retention and oversight of the work of Ernst & Young LLP, our independent auditor. The independent auditor reports directly to the Audit Committee. As part of its responsibility, the Committee established a policy to pre-approve all audit and permissible non-audit services performed by the independent auditor. In pre-approving services, the Audit Committee considers whether such services are consistent with the SEC's rules on auditor independence.

The Audit Committee also considers whether the independent auditor is best positioned to provide the most effective and efficient service, for reasons such as its understanding and knowledge of the company's business, people, culture, accounting systems, risk profile and other factors, and whether the service might enhance the company's ability to manage or control risk or improve audit quality.

The Audit Committee is also mindful of the relationship between fees for audit and permissible non-audit services in deciding whether to pre-approve any such services and may determine, for each fiscal year, the appropriate relationship between the total amount of fees for Audit and Audit-Related services and the total amount of fees for Tax Services and certain permissible non-audit services classified as "All Other Services."

Prior to the engagement of the independent auditor for an upcoming audit/non-audit service period, defined as a twelve-month timeframe, Ernst & Young LLP submits a detailed list of services expected to be rendered during that period as well as an estimate of the associated fees for each of the following four categories of services to the Audit Committee for approval:

> **Audit Services** consist of services rendered by an external auditor for the audit of the company's annual consolidated financial statements (including tax services performed to fulfill the auditor's responsibility under generally accepted auditing standards), the audit of internal control over financial reporting performed in conjunction with the audit of the annual consolidated financial statements and reviews of financial statements included in Form 10-Qs. Audit services includes services that generally only an external auditor can reasonably provide, such as comfort letters, statutory audits, attest services, consents and assistance with and review of documents filed with the SEC.
>
> **Audit-Related Services** consist of assurance and related services (e.g., due diligence) by an external auditor that are reasonably related to audit or review of financial statements, including employee benefit plan audits, due diligence related to mergers and acquisitions, accounting consultations and audits in connection with proposed or consummated acquisitions, internal control reviews, attest services related to financial reporting that are not required by statute or regulation,

and consultation concerning financial accounting and reporting standards, including compliance with Section 404 of the Sarbanes-Oxley Act.

Tax Services consist of services not included in Audit Services above, rendered by an external auditor for tax compliance, tax consulting and tax planning.

Other Non-Audit Services are any other permissible work that is not an Audit, Audit-Related or Tax Service.

For each type of service, details of the service as well as estimated fees are reviewed and pre-approved by the Audit Committee at either an annual amount (in some cases subject to a variance of up to 10 percent) or specified stand-alone activity. Pre-approval of such services is used as the basis for establishing the spend level and, the Audit Committee requires the independent auditor to report detailed actual/projected fees versus the budget periodically throughout the year by category of service and by specific project.

Circumstances may arise during the twelve-month period when it may become necessary to engage the independent auditor for additional services or additional effort not contemplated in the original pre-approval. In those instances, the Audit Committee requires specific pre-approval before engaging the independent auditor.

This review is typically done in formal Audit Committee meetings, however, the Audit Committee may delegate pre-approval to one or more of its members. The member to whom such authority is delegated must report any pre-approval decisions to the Audit Committee at its next scheduled meeting.

Audit and Non-Audit Fees

Fees billed to the company by Ernst & Young for services rendered in 2004 and 2003 were as follows:

Type of Fees	2004 ($ in thousands)	2003 ($ in thousands)
Audit Fees(1)	$ 12,918	$ 6,250
Audit-Related Fees(2)	$ 777	$ 594
Tax Fees(3)	$ 4,723	$ 6,927
All Other Fees(4)	$ 460	$ 265

(1) Audit Fees consisted of audit work performed in the preparation of the financial statements, as well as work that generally the independent auditor can reasonably be expected to provide, including statutory audits. The fees also included consultation regarding financial accounting and/or reporting standards and costs associated with the audit of internal control over financial reporting.

(2) Audit-Related Fees consisted of services that are traditionally performed by the independent auditor, including employee benefit plan audits, due diligence related to mergers, acquisitions and other matters and litigation advisory services. The fees also included consultations in connection with compliance with Section 404 of the Sarbanes-Oxley Act.

(3) Tax Fees consisted of all services performed by the independent auditor's tax personnel except those related to the audit of financial statements, and include tax compliance, tax consulting, expatriate tax services, transfer pricing studies, tax planning, and tax issues related to stock compensation. The amount of tax compliance fees included in the tax fees were approximately $2 million.

(4) Other Fees are associated with non-audit-related litigation advisory services and administrative assistance related to expatriate services.

Audit Committee Membership Standards

The Board of Directors has determined that Steven E. Anderson, chairperson of the Audit Committee, is an audit committee financial expert as defined by the SEC. In addition, the Board has determined that each Audit Committee member is financially literate as defined by the NYSE. Each of the company's non-management directors, including Mr. Anderson, is independent of management of the company as that term is defined in Item 7(d)(3)(iv) of Schedule 14A of the Securities Exchange Act.

REPORT OF THE AUDIT COMMITTEE

The Audit Committee reviews the company's financial reporting process on behalf of the Board of Directors. In fulfilling its responsibilities, the committee has reviewed and discussed the audited financial statements in the Annual Report with the company's management and independent auditors.

Management has the primary responsibility for the financial statements and the reporting process including the internal controls systems, and has represented to the Audit Committee that such financial statements were prepared in accordance with generally accepted accounting principles. The independent auditors are responsible for expressing an opinion on the conformity of those audited financial statements with generally accepted accounting principles.

The Audit Committee has discussed with the independent auditor the matters required to be discussed by Statement on Auditing Standards No. 61, Communication with Audit Committees, as amended. In addition, the committee has discussed with the independent auditor, the auditor's independence, including the matters in the written disclosures and letter which were received by the committee from the independent auditors, as required by Independence Standard Board No. 1, Independence Discussions with Audit Committees. The Audit Committee has also considered whether the independent auditor's provision of non-audit services to the company is compatible with maintaining the auditor's independence.

The committee discussed with the company's internal and independent auditors the overall scope and plans for their respective audits. The committee meets with the internal and independent auditors, with and without management present, to discuss the results of their examinations, their evaluations of the company's internal controls, and the overall quality of the company's financial reporting.

Based on the reviews and discussions referred to above, the committee recommended to the Board of Directors that the audited financial statements be included in the Annual Report on Form 10-K for the year ended December 31, 2004, for filing with the Securities and Exchange Commission.

Members of the Audit Committee:
Steven E. Anderson, Chairman
Paul J. Curlander
Edward E. Hagenlocker

REPORT OF THE MANAGEMENT DEVELOPMENT AND COMPENSATION COMMITTEE ON COMPENSATION OF EXECUTIVE OFFICERS OF THE COMPANY

The Management Development and Compensation Committee of the Board of Directors reviews and administers the company's compensation programs for its executive officers. The committee approves compensation objectives and policy for all executives and sets compensation for the company's executive officers, including the Named Officers. The committee utilizes an independent consultant for advice and counsel, as appropriate.

The committee is made up entirely of independent non-management directors and meets in executive session with no company employees present at the conclusion of each meeting.

Compensation Philosophy

In determining the total compensation for the company's executive officers, the committee seeks to ensure that rewards are:

- Closely linked to overall company, operating unit and individual performance;
- Closely aligned with shareholder interests and rewards;
- Significantly "at risk" and subject to the achievement of financial goals and other strategic initiatives;
- Balanced by short-term and long-term objectives; and
- Supportive of the company's strategy to attract, develop and retain world-class leaders.

For purposes of benchmarking market practices on compensation paid to executive officers, the company compares its practices to the practices of a "compensation survey group." The compensation survey group is a broader, more diverse group of companies than those included in the peer group index in the performance graph on page 17. Companies were selected for this group primarily because they compete with the company for executive talent and have executive positions similar in breadth, complexity and responsibility to positions in the company.

The key elements of total compensation for executive officers are base salary, annual incentive compensation, stock options and long-term incentive awards. The company targets base salary and annual incentive compensation at the median and long-term compensation in the upper quartile of the survey group.

The committee regularly reviews the effectiveness of the company's executive compensation and retirement programs and determines any changes to these programs. In 2004, the Committee also completed a review of all elements of executive remuneration including direct compensation, retirement benefits, deferred compensation and perquisites for each executive officer under different scenarios, including severance and change in control.

Components of Executive Compensation

Base Salary

The committee establishes each executive officer's base salary by comparison to competitive market levels for the executive's position and responsibilities, based on the compensation survey group. Where appropriate, salary adjustments are made to reflect performance and market conditions. All salary adjustments for executive officers are reviewed and approved by the committee.

Annual Incentive Compensation

Executive officer annual incentive targets are set based on the competitive market levels of the compensation survey group.

Annual incentives are based on overall performance against goals established by the committee in advance. Maximum amounts available for incentive awards to the CEO and other executive officers will vary depending on segment income. In determining the actual incentive payments to the CEO and other executive officers, the committee considers various factors, including corporate, operating unit and individual performance during the preceding calendar year. Each year an operating plan is established that sets goals for overall corporate and operating unit performance with specific financial and strategic measures. In 2004, these included sales growth, earnings per share, free cash flow, management net income and gross profit margin, as well as strategic initiatives related to Six Sigma, materials management, safety, and talent development. At year-end, corporate and operating unit performance is compared to these goals in determining the percentage of the established goals attained. The actual bonus amount paid to each participant, including the CEO and executive officers, is based on the committee's qualitative evaluation of corporate or operating unit and individual performance versus target.

For 2004, performance varied across operating units and incentives were awarded accordingly.

Long-Term Incentive Compensation Awards

Executive officer long-term incentive targets are set based on the competitive market levels of the compensation survey group.

Executive officers participate in the company's Long-Term Incentive Program and are eligible for awards under the Omnibus Incentive Plan described below.

Long-term incentives are based on cumulative performance over a three-year period against goals established by the committee in advance of the performance cycle. Maximum amounts available for incentive awards to the CEO and other executive officers will vary depending on segment income. In determining the actual incentive payments to the CEO and other executive officers, the committee considers the company's performance against goals in the areas of sales growth, earnings per share, free cash flow, and key strategic initiatives, as well as a comparison of performance relative to the company's peer group and economic conditions.

Overall performance against the goals for the performance cycle 2002-2004 was slightly above targeted levels, and awards were paid accordingly.

In May 2002, shareholders approved the 2002 Omnibus Incentive Plan. All annual and long-term incentive awards, including stock options and other performance-based awards, are issued under the Omnibus Incentive Plan. During 2004, stock options were granted to each executive officer other than the CEO. The number of options granted was based on market comparisons, the sustained performance of the recipients and their expected impact on future business results.

Mr. D'Aloia received special stock option grants covering 28,000 shares in 2004 and 35,000 shares in 2005 to compensate him for previous grants that were below the amount called for in his employment agreement. Mr. McGrath received a special stock option grant covering 28,000 shares in 2004 to compensate him for previous grants that were below the amount called for in his employment agreement.

Compensation of the Chairman and Chief Executive Officer

Mr. Poses became Chairman and Chief Executive Officer on January 1, 2000 and is paid pursuant to an employment agreement entered into on October 13, 1999, as amended on March 17, 2000 and February 7, 2002. The agreement was further amended on October 6, 2004 to extend his employment through December 31, 2007. Under the amended and restated agreement, Mr. Poses is eligible to receive a discretionary performance bonus of up to $2,500,000, payable on or about April 1, 2008, based on the Board of Directors' assessment of his success in developing both a strategic long term plan for the company and a transition plan for his succession. The elements of the agreement are described in the section entitled "Executive Compensation Executive Agreements."

Mr. Poses receives an annual base salary of $1,000,000 for the term of the agreement. In recognition of Mr. Poses' contribution to the organization, the company makes an annual contribution of $100,000 to charitable organizations designated by Mr. Poses.

Mr. Poses' combined base salary and variable pay components are designed to deliver pay at the upper quartile of the compensation survey group and to vary substantially depending on company performance and shareholder value creation. His variable pay plans and associated performance goals provide highly competitive rewards for strong company performance. The committee based 2004 compensation on its assessment of Mr. Poses' achievements in attaining operating goals, improving shareholder returns, developing executive talent, and positioning the company for continued success.

Mr. Poses' base salary for 2004 ranks near the 50th percentile for Chief Executive Officers in the compensation survey group. The committee awarded Mr. Poses an annual incentive award under the Annual Incentive Plan of $2,025,000 based on 2004 sales growth, earnings per share, free cash flow, and his performance on other strategic goals.

Under the Long-Term Incentive Program, the committee awarded Mr. Poses $2,025,000 based on an assessment of performance attainment for the performance cycle ending December 31, 2004.

Mr. Poses did not receive stock options in 2003 and 2004, as he was awarded a one-time grant in 2002 as part of his amended agreement. A significant portion of the grant does not become exercisable until his retirement.

Compliance with Section 162(m)

Section 162(m) of the Internal Revenue Code of 1986, as amended, prevents a publicly traded company from taking an income tax deduction for compensation in excess of $1 million to executive officers unless the compensation is paid under a shareholder-approved plan and is based on objective performance criteria. The committee believes that tax deductibility of compensation is an important factor, but not the sole factor, in setting executive compensation policy or in rewarding superior executive performance. Accordingly, the committee generally intends to avoid the loss of a tax deduction due to Section 162(m), but reserves the right to pay amounts that are not deductible in appropriate circumstances.

Executive Development and Succession

Each year the committee reviews the company's leadership talent development program to ensure good performance and alignment between business strategies and operating plans. The Board of Directors annually reviews the results of the leadership capability and succession process with a focus on the Chairman and Chief Executive Officer and the top business and functional leaders. The committee also monitors an emergency succession plan in the event that one or more executive officers are unexpectedly unable to fulfill his or her duties.

Members of the Management Development and Compensation Committee:
Steven F. Goldstone, Chairman
Jared L. Cohon
James F. Hardymon
Ruth Ann Marshall

PERFORMANCE GRAPH

The following graph and table compare the cumulative total shareholder return on the company's common stock from December 31, 1999 through December 31, 2004, with the Standard & Poor's 500 Stock Index and the Standard & Poor's Building Products Index, both of which include the company. The table and graph use data supplied by the Compustat Services unit of Standard & Poor's Corporation. The comparisons reflected in the graph and table are not intended to forecast the future performance of the common stock and may not be indicative of such future performance. The graph and table assume an investment of $100 in the common stock and each index on December 31, 1999 and the reinvestment of all dividends. Shareholder return information for the common stock reflects a three-for-one stock split effective May 27, 2004.

Total Shareholder Returns

	Dec 99	Dec 00	Dec 01	Dec 02	Dec 03	Dec 04
American Standard Companies Inc	100.00	107.49	148.73	155.07	219.51	270.21
S&P 500 Index	100.00	90.90	80.09	62.39	80.29	89.03
S&P Building Products	100.00	92.99	90.08	82.81	113.04	148.29

EXECUTIVE COMPENSATION

Set forth below is information concerning the annual and long-term compensation for each of the last three years of the chief executive officer and the other four most highly compensated executive officers of the company (collectively, the "Named Officers") during 2004.

Summary Compensation Table

		Annual Compensation			Long-Term Compensation		
Name and Principal Position	Year	Salary	Bonus (1)	Other Annual Compen-sation (2)	Shares Underlying Options (#) (3)	LTIP Payouts	All Other Compen-sation (4)
Frederic M. Poses	2004	$ 1,000,000	$ 2,025,000	$ 292,378		$ 2,025,000	$ 22,772
Chairman and Chief Executive Officer	2003	1,000,000	1,680,000	247,327		1,475,000	21,920
	2002	1,000,000	1,400,000	215,958	3,750,000	969,000	21,920
G. Peter D'Aloia	2004	$ 525,000	$ 485,000	$	136,000	$ 726,550	$ 19,686
Senior Vice President and Chief Financial Officer	2003	483,333	350,000		129,000	498,792	19,234
	2002	445,833	255,000		150,000	308,000	19,111
J. Paul McGrath	2004	$ 447,917	$ 365,000	$	136,000	$ 647,442	$ 19,961
Senior Vice President, General Counsel and Secretary	2003	425,000	300,000		129,000	468,302	19,049
	2002	422,916	245,000		150,000	302,000	19,049
W. Craig Kissel	2004	$ 500,000	$ 235,000	$	108,000	$ 662,014	$ 133,231
Senior Vice President, President, Trane Commercial Systems	2003	425,000	300,000	83,396	129,000	459,702	83,424
	2002	400,000	150,000	48,476	150,000	284,000	91,092