NEWELL RUBBERMAID INC
Form 10-Q
August 07, 2015
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-Q
Quarterly Report Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934
for the Quarterly Period Ended June 30, 2015
Commission File Number 1-9608
NEWELL RUBBERMAID INC.
(Exact name of registrant as specified in its charter)

DELAWARE	36-3514169
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

Three Glenlake Parkway
Atlanta, Georgia 30328
(Address of principal executive offices)
(Zip Code)
(770) 418-7000
(Registrant's telephone number, including area code)

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. Yes R No o

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes R No o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act:

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

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

Number of shares of common stock outstanding (net of treasury shares) as of June 30, 2015: 267.8 million.

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

NEWELL RUBBERMAID INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (Unaudited)
(Amounts in millions, except per share data)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
Net sales	$1,560.9	$1,502.2	$2,824.9	$2,716.5
Cost of products sold	939.9	906.6	1,716.4	1,663.9
GROSS MARGIN	621.0	595.6	1,108.5	1,052.6
Selling, general and administrative expenses	393.0	370.8	755.0	711.1
Restructuring costs	13.3	11.5	40.6	23.5
OPERATING INCOME	214.7	213.3	312.9	318.0
Nonoperating expenses:				
Interest expense, net	18.1	15.0	37.3	29.4
Other expense (income), net	5.0	(2.6)	5.1	37.4
Net nonoperating expenses	23.1	12.4	42.4	66.8
INCOME BEFORE INCOME TAXES	191.6	200.9	270.5	251.2
Income tax expense	43.5	51.9	65.5	50.4
INCOME FROM CONTINUING OPERATIONS	148.1	149.0	205.0	200.8
Income (loss) from discontinued operations, net of tax	0.4	1.6	(2.4)	2.7
NET INCOME	$148.5	$150.6	$202.6	$203.5
Weighted average shares outstanding:				
Basic	269.7	277.4	270.1	279.1
Diluted	271.7	279.7	272.2	281.7
Earnings per share:				
Basic:				
Income from continuing operations	$0.55	$0.54	$0.76	$0.72
Income (loss) from discontinued operations	$—	$0.01	$(0.01)	$0.01
Net income	$0.55	$0.54	$0.75	$0.73
Diluted:				
Income from continuing operations	$0.55	$0.53	$0.75	$0.71
Income (loss) from discontinued operations	$—	$0.01	$(0.01)	$0.01
Net income	$0.55	$0.54	$0.74	$0.72
Dividends per share	$0.19	$0.17	$0.38	$0.32

See Notes to Condensed Consolidated Financial Statements (Unaudited).

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NEWELL RUBBERMAID INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (Unaudited)
(Amounts in millions)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
NET INCOME	$148.5	$150.6	$202.6	$203.5
Other comprehensive income (loss), net of tax:				
Foreign currency translation adjustments	37.2	18.3	(68.3)	24.2
Change in unrecognized pension and other postretirement costs	(3.4)	0.8	7.8	3.6
Derivative hedging loss	(6.4)	(4.1)	(5.3)	(3.3)
Total other comprehensive income (loss), net of tax	27.4	15.0	(65.8)	24.5
COMPREHENSIVE INCOME [1]	$175.9	$165.6	$136.8	$228.0

(1) Comprehensive income attributable to noncontrolling interests was not material.

See Notes to Condensed Consolidated Financial Statements (Unaudited).

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NEWELL RUBBERMAID INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS (Unaudited)
(Amounts in millions, except par values)

	June 30, 2015	December 31, 2014
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$238.7	$199.4
Accounts receivable, net	1,304.4	1,248.2
Inventories, net	935.6	708.5
Deferred income taxes	129.4	134.4
Prepaid expenses and other	144.9	136.1
TOTAL CURRENT ASSETS	2,753.0	2,426.6
PROPERTY, PLANT AND EQUIPMENT, NET	572.0	559.1
GOODWILL	2,491.9	2,546.0
OTHER INTANGIBLE ASSETS, NET	870.6	887.2
OTHER ASSETS	271.3	262.2
TOTAL ASSETS	$6,958.8	$6,681.1
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable	$756.7	$674.1
Accrued compensation	132.3	159.9
Other accrued liabilities	634.9	659.3
Short-term debt	776.6	390.7
Current portion of long-term debt	6.0	6.7
TOTAL CURRENT LIABILITIES	2,306.5	1,890.7
LONG-TERM DEBT	2,080.9	2,084.5
DEFERRED INCOME TAXES	235.3	220.4
OTHER NONCURRENT LIABILITIES	553.0	630.6
STOCKHOLDERS' EQUITY:		
Preferred stock, authorized shares, 10.0 at $1.00 par value None issued and outstanding	—	—
Common stock, authorized shares, 800.0 at $1.00 par value Outstanding shares, before treasury: 2015 – 288.0 2014 – 288.7	288.0	288.7
Treasury stock, at cost: Shares held: 2015 – 20.2 2014 – 19.5	(520.8)	(493.1)
Additional paid-in capital	774.9	739.0
Retained earnings	2,097.7	2,111.2
Accumulated other comprehensive loss	(860.2)	(794.4)
STOCKHOLDERS' EQUITY ATTRIBUTABLE TO PARENT	1,779.6	1,851.4
STOCKHOLDERS' EQUITY ATTRIBUTABLE TO NONCONTROLLING INTERESTS	3.5	3.5
TOTAL STOCKHOLDERS' EQUITY	1,783.1	1,854.9
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$6,958.8	$6,681.1

See Notes to Condensed Consolidated Financial Statements (Unaudited).

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NEWELL RUBBERMAID INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)
(Amounts in millions)

	Six Months Ended June 30,	
	2015	2014
OPERATING ACTIVITIES:		
Net income	$202.6	$203.5
Adjustments to reconcile net income to net cash (used in) provided by operating activities:		
Depreciation and amortization	85.5	75.7
Net gain from sale of discontinued operations	—	(4.8)
Non-cash restructuring costs	(0.5)	3.7
Deferred income taxes	11.5	6.0
Stock-based compensation expense	14.1	14.5
Other, net	15.4	50.8
Changes in operating assets and liabilities, excluding the effects of acquisitions and divestitures:		
Accounts receivable	(77.4)	(122.4)
Inventories	(245.9)	(123.2)
Accounts payable	91.6	33.2
Accrued liabilities and other	(148.7)	(132.9)
NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES	(51.8)	4.1
INVESTING ACTIVITIES:		
Proceeds from sales of discontinued operations and noncurrent assets	5.1	3.4
Capital expenditures	(85.8)	(67.0)
Acquisitions and acquisition-related activity	(2.0)	—
Other	5.7	(0.3)
NET CASH USED IN INVESTING ACTIVITIES	(77.0)	(63.9)
FINANCING ACTIVITIES:		
Short-term borrowings, net	386.0	215.4
Repurchase and retirement of shares of common stock	(124.0)	(158.7)
Cash dividends	(104.4)	(89.8)
Excess tax benefits related to stock-based compensation	17.5	6.8
Other stock-based compensation activity, net	(12.5)	29.6
NET CASH PROVIDED BY FINANCING ACTIVITIES	162.6	3.3
Currency rate effect on cash and cash equivalents	5.5	(27.1)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	39.3	(83.6)
Cash and cash equivalents at beginning of period	199.4	226.3
CASH AND CASH EQUIVALENTS AT END OF PERIOD	$238.7	$142.7

See Notes to Condensed Consolidated Financial Statements (Unaudited).

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NEWELL RUBBERMAID INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

Footnote 1 — Basis of Presentation and Significant Accounting Policies

The accompanying unaudited condensed consolidated financial statements of Newell Rubbermaid Inc. (collectively with its subsidiaries, the “Company”) have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission (“SEC”) and do not include all of the information and footnotes required by U.S. generally accepted accounting principles (“U.S. GAAP”) for complete financial statements. In the opinion of management, the unaudited condensed consolidated financial statements include all adjustments (including normal recurring accruals) considered necessary for a fair presentation of the financial position and the results of operations of the Company. It is recommended that these unaudited condensed consolidated financial statements be read in conjunction with the financial statements, and the footnotes thereto, included in the Company’s most recent Annual Report on Form 10-K.

Seasonal Variations

Sales of the Company’s products tend to be seasonal, with sales and operating income in the first quarter generally lower than any other quarter during the year, driven principally by reduced volume and the mix of products sold in the first quarter. Historically, the Company has earned approximately 60% of its annual operating income during the second and third quarters of the year. The seasonality of the Company’s sales volume combined with the accounting for fixed costs, such as depreciation, amortization, rent, personnel costs and interest expense, impacts the Company’s results on a quarterly basis. In addition, the Company has historically generated more than 90% of its operating cash flow in the second half of the year due to seasonal variations in operating results, the timing of annual performance-based compensation payments, customer program payments, working capital requirements and credit terms provided to customers. Accordingly, the Company’s results for the six months ended June 30, 2015 may not necessarily be indicative of the results that may be expected for the full year ending December 31, 2015.

Recent Accounting Pronouncements

Changes to U.S. GAAP are established by the Financial Accounting Standards Board (“FASB”) in the form of accounting standards updates (“ASUs”) to the FASB’s Accounting Standards Codification. The Company considers the applicability and impact of all ASUs.

In April 2014, the FASB issued ASU No. 2014-08, “Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity.” Under ASU 2014-08, only disposals representing a strategic shift in operations that have a major effect on the Company’s operations and financial results are presented as discontinued operations. This guidance requires expanded disclosure that provides information about the assets, liabilities, income and expenses of discontinued operations. Additionally, the guidance requires additional disclosure for a disposal of a significant part of an entity that does not qualify for discontinued operations reporting. The Company adopted ASU 2014-08 on January 1, 2015, and the adoption did not impact the Company’s financial statements and disclosures. As required by ASU 2014-08, the businesses classified as discontinued operations as of December 31, 2014 continued to be classified as such after January 1, 2015.

In May 2014, the FASB issued ASU No. 2014-09, “Revenue from Contracts with Customers. Accounting Standard Codification 605 — Revenue Recognition.” ASU 2014-09 supersedes the revenue recognition requirements in “Accounting Standard Codification 605 — Revenue Recognition” and most industry-specific guidance. ASU 2014-09 requires that entities recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which a company expects to be entitled in exchange for those goods or services. ASU 2014-09 is effective for fiscal years beginning after December 15, 2017. ASU 2014-09 permits the use of either the retrospective or cumulative effect transition method. The Company is currently assessing the impact ASU 2014-09 will have on its financial position and results of operations.

In January 2015, the FASB issued ASU No. 2015-01, “Income Statement—Extraordinary and Unusual Items (Subtopic 225-20), Simplifying Income Statement Presentation by Eliminating the Concept of Extraordinary Items,” which simplifies income statement presentation by eliminating the concept of extraordinary items. Previously, events or transactions that were both unusual in nature and infrequent in occurrence for a business entity were considered to be extraordinary items and required separate presentation, net of tax, after income from continuing operations. The presentation and disclosure guidance for items that are unusual in nature or occur infrequently will be retained and will be expanded to include items that are both unusual and infrequently occurring. The guidance is effective for fiscal years beginning after December 15, 2015, with early adoption permitted. The Company has not adopted ASU 2015-01, but the adoption of ASU 2015-01 is not expected to have a material impact on the Company's results of operations, cash flows or financial position.

In April 2015, the FASB issued ASU No. 2015-03, "Simplifying the Presentation of Debt Issuance Costs," which changes the presentation of debt issuance costs in financial statements. ASU 2015-03 requires an entity to present such costs in the balance sheet as a direct deduction from the related debt liability rather than as an asset. Amortization of the costs will continue to be

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reported as interest expense. The guidance is effective for fiscal years beginning after December 15, 2015, with early adoption permitted. The Company has not adopted ASU 2015-03, but the adoption of ASU 2015-03 is expected to reduce the Company's long-term assets and long-term debt by approximately $17.0 million upon adoption.

In July 2015, the FASB issued ASU No. 2015-11, "Simplifying the Measurement of Inventory," which modifies existing requirements regarding measuring first-in, first-out and average cost inventory at the lower of cost or market. Under existing standards, the market amount requires consideration of replacement cost, net realizable value ("NRV"), and NRV less an approximately normal profit margin. ASU 2015-11 replaces market with NRV, defined as estimated selling prices in the ordinary course of business, less reasonably predictable costs of completion, disposal and transportation. This eliminates the need to determine and consider replacement cost or NRV less an approximately normal profit margin when measuring inventory. This guidance is effective for fiscal years beginning after December 15, 2016, with early adoption permitted. The Company is currently assessing the impact ASU 2015-11 will have on its financial position and results of operations.

Other recently issued ASUs were assessed and determined to be either not applicable or are expected to have a minimal impact on the Company's consolidated financial position and results of operations.

Venezuelan Operations

The Company accounts for its Venezuelan operations using highly inflationary accounting, and therefore, the Company remeasures assets, liabilities, sales and expenses denominated in Bolivar Fuertes ("Bolivars") into U.S. Dollars using the applicable exchange rate, and the resulting translation adjustments are included in earnings. Beginning in July 2013, the Venezuelan government authorized certain companies that operate in designated industry sectors to exchange a limited volume of Bolivars for U.S. Dollars at a bid rate established via weekly auctions under a system referred to as "SICAD I." During the first quarter of 2014, the government expanded the types of transactions that may be subject to the weekly SICAD I auction process while retaining the official rate of 6.3 Bolivars per U.S. Dollar and introduced another currency exchange mechanism ("SICAD II"). The SICAD II rate was intended to more closely resemble a market-driven exchange rate than the official rate and SICAD I. The SICAD I and SICAD II rates were in addition to the official rate of 6.3 Bolivars to U.S. Dollar used to settle certain transactions, including the import of essential goods, through the National Center of Foreign Trade ("CENCOEX"). As a result of these changes, an entity could have converted Bolivars to U.S. Dollars at one or more of three legal exchange rates, which as of March 31, 2014, were 6.3 (official rate), 10.7 (SICAD I) and 49.8 (SICAD II). The Company analyzed the multiple rates available and the Company's estimates of the applicable rate at which future transactions could be settled and dividends could be paid. Based on this analysis, as of March 31, 2014, the Company determined that the SICAD I rate was the most appropriate rate to use for remeasurement. Therefore, as of March 31, 2014, the Company remeasured the net monetary assets of its Venezuelan operations using an exchange rate of 10.7 Bolivars per U.S. Dollar and recorded a foreign exchange loss of $38.7 million during the six months ended June 30, 2014 associated with remeasuring the Venezuelan operation's net monetary assets denominated in Bolivars.

In February 2015, the Venezuelan government announced changes in its foreign currency exchange system. The official rate of 6.3 Bolivars per U.S. Dollar is expected to continue to be made available for purchases of essential goods. The SICAD I exchange mechanism became known as SICAD. There was a SICAD auction conducted during the six months ended June 30 2015, and the exchange rate in that SICAD auction was 12.8 Bolivars per U.S. Dollar. The Company last participated in a SICAD auction in the fourth quarter of 2014. The SICAD II market has been eliminated, and a new alternative currency market, the Foreign Exchange Marginal System ("SIMADI") has been created. The SIMADI market is intended to have a floating exchange rate determined by market participants, and as of June 30, 2015, the SIMADI exchange rate was 197.3 Bolivars per U.S. Dollar. The Company remeasures its Venezuelan operation's financial results at the rate at which it expects to settle future transactions and remit future dividends which, based on the advice of legal counsel, is currently the SICAD rate. As a result, the Company used the exchange rate applicable in the last SICAD auction of 12.8 Bolivars per U.S. Dollar to remeasure the balance sheet of its Venezuelan operations as of June 30, 2015. As a result, the Company recorded a foreign exchange loss of $4.7 million during the three months ended June 30, 2015 based on the change in the applicable exchange rate for remeasuring the net monetary assets of the Company's Venezuelan operations that are denominated in Bolivars.

The results of the Company's Venezuelan operations have been included in the Company's consolidated financial statements for all periods presented, as the Company has been able to exchange Bolivars for a sufficient amount of U.S. Dollars in the SICAD auctions to fund its Venezuelan operations. While the Company will continue to assess the impact, if any, of the changes to the Venezuela foreign currency exchange system, if the Company is unable to obtain sufficient U.S. Dollars from CENCOEX or the SICAD market to fund its requirements for imported goods and instead needs to access the SIMADI market, it would significantly impact the Company's Venezuelan operations which would adversely impact the Company's results of operations. Despite the additional currency conversion mechanisms, the Company's ability to pay dividends from Venezuela is still restricted due to the low volume of U.S. Dollars available for conversion.

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As of June 30, 2015, the Company's Venezuelan operations had approximately $72.5 million in Bolivar-denominated net monetary assets, including $61.9 million of cash and cash equivalents. In future periods, foreign exchange gains (losses) arising due to the appreciation (depreciation) of the Bolivar versus the U.S. Dollar will result in benefits (charges) based on the change in value of the Bolivar-denominated net monetary assets. During the six months ended June 30, 2015 and 2014, the Company's Venezuelan operations generated 2.4% or less of consolidated net sales using the applicable exchange rate for each period (CENCOEX for the three months ended March 31, 2014 and SICAD for the three months ended June 30, 2014 and six months ended June 30, 2015).

The Company is unable to predict with certainty whether future devaluations will occur because of economic and political uncertainty in Venezuela. If the Bolivar devalues further or if the Company is able to access currency at different rates that are reasonable to the Company, it could result in additional foreign currency exchange losses, and such devaluations could adversely affect the Company's future financial results.

Income Taxes

At the end of each interim period, the Company makes its best estimate of the effective tax rate expected to be applicable for the full fiscal year. This estimate reflects, among other items, the Company's best estimate of operating results and foreign currency exchange rates. The Company's quarterly income tax rate may differ from its estimated annual effective tax rate because accounting standards require the Company to exclude the actual results of certain entities expected to generate a pretax loss when applying the estimated annual effective tax rate to the Company's consolidated pretax results in interim periods. In estimating the annual effective tax rate, the Company does not include the estimated impact of unusual and/or infrequent items, including the reversal of valuation allowances, which may cause significant variations in the customary relationship between income tax expense (benefit) and pretax income (loss) in quarterly periods. The income tax expense (benefit) for such unusual and/or infrequent items is recorded in the quarterly period such items are incurred.

The Company routinely reviews valuation allowances recorded against deferred tax assets on a more likely than not basis in evaluating whether the Company has the ability to realize the deferred tax assets. In making such a determination, the Company takes into consideration all available and appropriate positive and negative evidence, including projected future taxable income, future reversals of existing taxable temporary differences, available tax planning strategies and taxable income in prior carryback years, if available. Considering these factors, a possibility exists that the Company may record or release a portion of a valuation allowance against some deferred tax assets each quarterly period, which could create volatility in the Company's future effective tax rate.

Reclassifications

Certain 2014 amounts have been reclassified to conform to the 2015 presentation.

Footnote 2 — Acquisitions

Ignite

On September 4, 2014, the Company acquired 100% of Ignite Holdings, LLC ("Ignite") for $313.1 million, which is net of $7.2 million of cash acquired. The Ignite acquisition was accounted for using the purchase method of accounting. The Company has allocated $18.1 million of the purchase price to identified tangible and monetary net assets and $151.6 million to identified intangible assets. The Company has recorded the excess of the purchase price over the aggregate fair values of identifiable assets of $143.4 million as goodwill. Approximately $105.5 million of the goodwill is expected to be tax deductible. The final purchase price is subject to post-closing adjustments for certain contractual obligations and other matters. Ignite's results of operations are included in the Company's Condensed Consolidated Statements of Operations since the acquisition date, including net sales of $46.5 million and $79.5 million for the three and six months ended June 30, 2015, respectively. Pro forma results of operations of the Company would not be materially different as a result of the acquisition and therefore are not presented.

bubba

On October 22, 2014, the Company acquired substantially all of the assets of bubba brands, inc. ("bubba") for $82.4 million. The bubba acquisition was accounted for using the purchase method of accounting. The Company has allocated $10.1 million of the purchase price to identified tangible and monetary net assets and $41.0 million to identified intangible assets. The Company has recorded the excess of the purchase price over the aggregate fair values of identifiable assets of $31.3 million as goodwill. All of the goodwill is expected to be tax deductible. The final purchase price is subject to post-closing adjustments for certain contractual obligations and other matters. bubba's results of operations are included in the Company's Condensed Consolidated Statements of Operations since the acquisition date, including net sales of $8.7 million and $24.1 million for the three and six months ended June 30, 2015, respectively. Pro forma results of operations of the Company would not be materially different as a result of the acquisition and therefore are not presented.

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Baby Jogger

On December 15, 2014, the Company acquired 100% of Baby Jogger Holdings, Inc. ("Baby Jogger") for net cash consideration of $208.5 million. The Baby Jogger acquisition was accounted for using the purchase method of accounting. Based on the preliminary purchase price allocation, which is subject to change while the Company finalizes a final third-party valuation, the Company allocated $13.0 million of the purchase price to identified tangible and monetary net assets, $25.8 million to deferred tax liabilities and $136.0 million to identified intangible assets. Approximately $112.0 million was allocated to an indefinite-lived intangible asset, and approximately $24.0 million was allocated to definite-lived intangible assets with a weighted-average life of 5 years. The indefinite-lived intangible asset represents the acquired Baby Jogger trade name and the acquired City Mini® and City Select® sub-brands. The Company recorded the excess of the purchase price over the aggregate fair values of identifiable assets of $85.3 million as goodwill. Approximately $27.9 million of the goodwill is expected to be tax deductible. The final purchase price is subject to post-closing adjustments for certain contractual obligations and other matters. Baby Jogger's results of operations are included in the Company's Condensed Consolidated Statements of Operations since the acquisition date, including net sales of $25.5 million and $43.7 million for the three and six months ended June 30, 2015, respectively. Pro forma results of operations of the Company would not be materially different as a result of the acquisition and therefore are not presented.

The Company incurred $2.9 million and $4.6 million of acquisition and integration costs associated with the Ignite, bubba and Baby Jogger acquisitions during the three and six months ended June 30, 2015, respectively. For the three months ended June 30, 2015, $0.1 million of the acquisition and integration costs is included in cost of products sold, $1.0 million is included in selling, general and administrative expenses and $1.8 million is included in restructuring costs in the Company's Condensed Consolidated Statement of Operations. For the six months ended June 30, 2015, $1.6 million of the acquisition and integration costs is included in cost of products sold, $1.2 million is included in selling, general and administrative expenses and $1.8 million is included in restructuring costs in the Company's Condensed Consolidated Statement of Operations.

The pro forma net sales for the three and six months ended June 30, 2014 as if the Ignite, bubba and Baby Jogger acquisitions occurred on January 1, 2014 are $1.58 billion and $2.85 billion, respectively. The pro forma net income and earnings per share for the three and six months ended June 30, 2014 reflecting the inclusion of the acquisitions, individually and in the aggregate, as if such acquisitions occurred on January 1, 2014 would not be materially different than reported results for the three and six months ended June 30, 2014 and therefore are not presented.

Footnote 3 — Discontinued Operations and Divestitures

During 2014, the Company's Endicia® and Culinary electrics and retail businesses were classified as discontinued operations based on the Company's commitment to sell the businesses. The Endicia business was included in the Writing segment, and the Culinary electrics and retail businesses were included in the Home Solutions segment. During the three months ended March 31, 2015, the Company announced it entered into an agreement to sell Endicia for an estimated purchase price of $215.0 million, subject to customary working capital adjustments. The closing of the transaction is subject to customary conditions, including regulatory approvals. During the three months ended March 31, 2015, the Company ceased operations in its Culinary electrics and retail businesses. The net assets of the Endicia business at June 30, 2015 were $44.9 million, primarily representing goodwill of Endicia.

The following table provides a summary of amounts included in discontinued operations (in millions):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
Net sales	$15.0	$20.8	$32.3	$40.8
Income (loss) from discontinued operations before income taxes	$0.5	$0.6	$(3.9)	$—
Income tax expense (benefit)	0.1	0.6	(1.5)	0.4
Income (loss) from discontinued operations	0.4	—	(2.4)	(0.4)
Net gain from sale of discontinued operations, net of tax [(1)]	—	1.6	—	3.1
Income (loss) from discontinued operations, net of tax	$0.4	$1.6	$(2.4)	$2.7

(1) Includes a pretax gain of $2.6 million (related tax expense of $1.0 million) and $4.8 million (related tax expense of $1.7 million) for the three and six months ended June 30, 2014, respectively, related to the transfer of the international operations of the Hardware business.

In May 2015, the Company announced its intention to divest the Rubbermaid medical cart business, which is focused on optimizing nurse work flow and medical records processing in hospitals. The Company sold substantially all of the assets of the Rubbermaid medical cart business in August 2015. The Rubbermaid medical cart business does not qualify as discontinued operations pursuant to the guidance in ASU 2014-08, so the Company has continued to include the Rubbermaid medical cart business in continuing

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operations until the business is sold. The Rubbermaid medical cart business generated approximately 1% of the Company's consolidated net sales for the year ended December 31, 2014, and the Rubbermaid medical cart business generated net sales of $12.8 million and $22.6 million for the three and six months ended June 30, 2015, respectively.

Footnote 4 — Stockholders' Equity and Accumulated Other Comprehensive Loss

In August 2011, the Company announced a three-year share repurchase program (the "SRP"). Under the SRP, the Company may repurchase its own shares of common stock through a combination of a 10b5-1 automatic trading plan, discretionary market purchases or in privately negotiated transactions. As expanded and extended in November 2014, the Company may repurchase a total of up to $1.1 billion of its own stock through the end of 2017 pursuant to the SRP. During the six months ended June 30, 2015, the Company repurchased 3.2 million shares pursuant to the SRP for $124.0 million, and such shares were immediately retired. Since the commencement of the SRP through June 30, 2015, the Company has repurchased and retired 27.5 million shares at an aggregate cost of $744.3 million. As of June 30, 2015, the Company had $312.3 million available under the SRP for future repurchases.

The following table displays the changes in accumulated other comprehensive loss by component for the six months ended June 30, 2015 and 2014 (in millions):

	Foreign Currency Translation Loss (1)	Unrecognized Pension & Other Postretirement Costs, Net of Tax	Derivative Hedging Gain (Loss), Net of Tax	Accumulated Other Comprehensive Loss
Balance at December 31, 2014	$(287.8)	$(511.7)	$5.1	$ (794.4)
Other comprehensive (loss) income before reclassifications	(68.3)	(0.1)	0.5	(67.9)
Amounts reclassified to earnings	—	7.9	(5.8)	2.1
Net current period other comprehensive (loss) income	(68.3)	7.8	(5.3)	(65.8)
Balance at June 30, 2015	$(356.1)	$(503.9)	$(0.2)	$ (860.2)

(1) Includes foreign exchange losses of $15.2 million arising during the six months ended June 30, 2015 associated with intercompany loans designated as long-term.

	Foreign Currency Translation Loss (2)	Unrecognized Pension & Other Postretirement Costs, Net of Tax	Derivative Hedging (Loss) Gain, Net of Tax	Accumulated Other Comprehensive Loss
Balance at December 31, 2013	$(161.5)	$(483.3)	$(0.4)	$ (645.2)
Other comprehensive income (loss) before reclassifications	24.2	(3.9)	(2.4)	17.9
Amounts reclassified to earnings	—	7.5	(0.9)	6.6
Net current period other comprehensive income	24.2	3.6	(3.3)	24.5
Balance at June 30, 2014	$(137.3)	$(479.7)	$(3.7)	$ (620.7)

(2) Includes foreign exchange gains of $1.2 million arising during the six months ended June 30, 2014 associated with intercompany loans designated as long-term.

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The following table depicts reclassifications out of accumulated other comprehensive loss to earnings for the three and six months ended June 30, 2015 and 2014 (in millions):

	Amount Reclassified to Earnings as Expense (Benefit) in the Statements of Operations				Affected Line Item in the Condensed Consolidated Statements of Operations
	Three Months Ended June 30,		Six Months Ended June 30,		
	2015	2014	2015	2014	
Unrecognized pension and other postretirement costs:					
Prior service benefit	$(1.7)	$(1.6)	$(3.4)	$(3.2)	(1)
Actuarial loss	7.4	6.9	14.8	13.9	(1)
Total before tax	5.7	5.3	11.4	10.7	
Tax effect	(1.8)	(1.6)	(3.5)	(3.2)	
Net of tax	$3.9	$3.7	$7.9	$7.5	
Derivatives:					
Foreign exchange contracts on inventory-related purchases	$(4.0)	$(0.5)	$(8.3)	$(2.4)	Cost of products sold
Forward interest rate swaps	0.2	0.2	0.4	0.4	Interest expense, net
Total before tax	(3.8)	(0.3)	(7.9)	(2.0)	
Tax effect	1.1	0.4	2.1	1.1	
Net of tax	$(2.7)	$0.1	$(5.8)	$(0.9)	

(1) These accumulated other comprehensive income (loss) components are included in the computation of net periodic pension and other postretirement benefit costs, which are recorded in the cost of products sold and selling, general and administrative expenses line-items in the Condensed Consolidated Statements of Operations for the three and six months ended June 30, 2015 and 2014. See Footnote 9 for further details.

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Footnote 5 — Restructuring Costs

Project Renewal

On April 29, 2015, the Company committed to a further expansion of Project Renewal (the "April 2015 Expansion"), a program initially launched in October 2011 to reduce the complexity of the organization and increase investment in growth platforms within the business. Under Project Renewal, the Company is simplifying and aligning its businesses around two key activities - Brand & Category Development and Market Execution & Delivery. Pursuant to the program, the Company eliminated its operating groups and consolidated 13 global business units into five business segments. Pursuant to an expansion of Project Renewal in October 2014, the Company is: (i) further streamlining its supply chain function, including reducing overhead and realigning the supply chain management structure; (ii) investing in value analysis and value engineering efforts to reduce product and packaging costs; (iii) reducing operational and manufacturing complexity in its Writing segment; and (iv) further streamlining its distribution and transportation functions. Under the April 2015 Expansion, the Company plans to implement additional activities designed to further streamline business partnering functions (e.g., Finance/IT, Legal and Human Resources), optimize global selling and trade marketing functions, and rationalize the Company's real estate portfolio.

In connection with the April 2015 Expansion, the Company expects to incur $150.0 million of additional costs, including cash costs of $135.0 million. The additional costs include pretax restructuring charges in the range of $125.0 million to $135.0 million, a majority of which are expected to be facility exit costs and employee-related cash costs, including severance, retirement and other termination benefits, including costs associated with relocating the Company's headquarters within Atlanta, Georgia.

Cumulative costs of the expanded Project Renewal are now expected to be $690.0 million to $725.0 million pretax, with cash costs of $645.0 million to $675.0 million. Approximately 60% to 70% of the total costs are expected to be restructuring costs, a majority of which are expected to be employee-related cash costs, including severance, retirement and other termination benefits and costs. Project Renewal is expected to be complete by the end of 2017.

The following table depicts the restructuring charges incurred in connection with Project Renewal (in millions):

	Three Months Ended June 30,		Six Months Ended June 30,		Since Inception Through
	2015	2014	2015	2014	June 30, 2015
Facility and other exit costs, including impairments	$(0.6)	$1.6	$(0.3)	$2.8	$20.6
Employee severance, termination benefits and relocation costs	9.3	6.2	28.2	17.1	194.3
Exited contractual commitments and other	2.8	3.5	10.9	4.9	59.9
	$11.5	$11.3	$38.8	$24.8	$274.8

Restructuring provisions were determined based on estimates prepared at the time the restructuring actions were approved by management and are periodically updated for changes. Restructuring amounts also include amounts recognized as incurred. The following table depicts the activity in accrued restructuring reserves for Project Renewal for the six months ended June 30, 2015 (in millions):

	December 31, 2014			June 30, 2015
	Balance	Provision	Costs Incurred	Balance
Facility and other exit costs, including impairments	$—	$(0.3)	$0.3	$—
Employee severance, termination benefits and relocation costs	22.8	28.2	(12.1)	38.9
Exited contractual commitments and other	17.5	10.9	(13.7)	14.7
	$40.3	$38.8	$(25.5)	$53.6

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The following table depicts the activity in accrued restructuring reserves for Project Renewal for the six months ended June 30, 2015 aggregated by reportable business segment (in millions):

Segment	December 31, 2014 Balance	Provision	Costs Incurred	June 30, 2015 Balance
Writing	$9.7	$3.6	$(3.3)	$10.0
Home Solutions	1.0	4.9	(1.0)	4.9
Tools	0.5	0.8	0.5	1.8
Commercial Products	5.1	1.1	(1.4)	4.8
Baby & Parenting	2.2	0.5	(0.9)	1.8
Corporate	21.8	27.9	(19.4)	30.3
	$40.3	$38.8	$(25.5)	$53.6

The table below shows restructuring costs recognized for all restructuring activities in continuing operations for the periods indicated, aggregated by reportable business segment (in millions):

	Three Months Ended June 30,		Six Months Ended June 30,	
Segment	2015	2014	2015	2014
Writing	$0.8	$0.9	$3.6	$1.8
Home Solutions(1)	0.3	0.6	5.1	1.0
Tools	0.8	0.7	0.8	1.6
Commercial Products	0.6	(0.4)	1.1	2.7
Baby & Parenting (1)	2.1	(0.1)	2.1	0.2
Corporate(2)	8.7	9.8	27.9	16.2
	$13.3	$11.5	$40.6	$23.5

(1) Includes $0.2 million of restructuring costs in the Home Solutions segment associated with the integration of Ignite and bubba and $1.6 million of restructuring costs in the Baby & Parenting segment associated with the integration of Baby Jogger for the three and six months ended June 30, 2015.

(2) Includes adjustments of $0.2 million and $(1.3) million in Corporate for the three and six months ended June 30, 2014, respectively, relating to previous restructuring projects that had the impact of increasing (decreasing) restructuring costs.

Cash paid for all restructuring activities was $15.5 million and $30.2 million for the three and six months ended June 30, 2015, respectively, and $18.7 million and $49.5 million for the three and six months ended June 30, 2014, respectively.

Footnote 6 — Inventories, Net

Inventories are stated at the lower of cost or market value. The components of net inventories were as follows (in millions):

	June 30, 2015	December 31, 2014
Materials and supplies	$141.4	$117.9
Work in process	132.5	104.5
Finished products	661.7	486.1
	$935.6	$708.5

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Footnote 7 — Debt

The following is a summary of outstanding debt