NEWELL RUBBERMAID INC
Form 10-Q
August 07, 2012
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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, 2012
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, 2012: 288.8 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,	
	2012	2011	2012	2011
Net sales	$1,516.2	$1,545.3	$2,848.6	$2,819.5
Cost of products sold	935.0	960.9	1,756.8	1,750.2
GROSS MARGIN	581.2	584.4	1,091.8	1,069.3
Selling, general and administrative expenses	384.6	387.5	758.3	738.6
Restructuring costs	11.1	1.0	23.8	6.8
OPERATING INCOME	185.5	195.9	309.7	323.9
Nonoperating expenses:				
Interest expense, net	20.5	21.3	40.7	43.2
Losses related to extinguishments of debt	—	—	—	4.8
Other expense, net	0.7	3.5	0.4	5.0
Net nonoperating expenses	21.2	24.8	41.1	53.0
INCOME BEFORE INCOME TAXES	164.3	171.1	268.6	270.9
Income taxes	52.5	25.7	77.5	51.6
INCOME FROM CONTINUING OPERATIONS	111.8	145.4	191.1	219.3
Income from discontinued operations, net of tax	—	1.3	—	3.1
NET INCOME	$111.8	$146.7	$191.1	$222.4
Weighted average shares outstanding:				
Basic	292.1	294.3	292.1	294.2
Diluted	294.0	304.9	294.3	297.4
Earnings per share:				
Basic:				
Income from continuing operations	$0.38	$0.49	$0.65	$0.75
Income from discontinued operations	—	—	—	0.01
Net income	$0.38	$0.50	$0.65	$0.76
Diluted:				
Income from continuing operations	$0.38	$0.49	$0.65	$0.74
Income from discontinued operations	—	—	—	0.01
Net income	$0.38	$0.49	$0.65	$0.75
Dividends per share	$0.10	$0.08	$0.18	$0.13

See Notes to Condensed Consolidated Financial Statements (Unaudited).

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,	
	2012	2011	2012	2011
NET INCOME	$111.8	$146.7	$191.1	$222.4

Other comprehensive income, net of tax:				
Foreign currency translation adjustments	(50.1)	9.4	(4.5)	54.8
Change in unrecognized pension and other postretirement costs	5.4	3.8	6.9	11.1
Derivative hedging (loss) gain	(0.3)	1.0	(1.7)	(1.9)
Total other comprehensive income, net of tax	(45.0)	14.2	0.7	64.0
COMPREHENSIVE INCOME	$66.8	$160.9	$191.8	$286.4

See Notes to Condensed Consolidated Financial Statements (Unaudited).

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

	June 30, 2012	December 31, 2011
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$370.8	$170.2
Accounts receivable, net	1,105.7	1,002.0
Inventories, net	860.0	699.9
Deferred income taxes	160.8	130.7
Prepaid expenses and other	161.4	145.2
TOTAL CURRENT ASSETS	2,658.7	2,148.0
PROPERTY, PLANT AND EQUIPMENT, NET	551.7	551.4
GOODWILL	2,353.1	2,366.0
OTHER INTANGIBLE ASSETS, NET	665.0	666.1
OTHER ASSETS	362.3	429.4
TOTAL ASSETS	$6,590.8	$6,160.9
LIABILITIES AND STOCKHOLDERS’ EQUITY		
CURRENT LIABILITIES:		
Accounts payable	$556.4	$468.5
Accrued compensation	121.2	131.4
Other accrued liabilities	648.9	693.5
Short-term debt	175.5	103.6
Current portion of long-term debt	946.3	263.9
TOTAL CURRENT LIABILITIES	2,448.3	1,660.9
LONG-TERM DEBT	1,372.4	1,809.3
OTHER NONCURRENT LIABILITIES	795.4	838.1
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	306.5	305.3
Outstanding shares, before treasury:		
2012 – 306.5		

2011 – 305.3		
Treasury stock, at cost:	(446.7)	(432.8)
Shares held:		
2012 – 17.7		
2011 – 17.0		
Additional paid-in capital	616.8	586.3
Retained earnings	2,200.9	2,097.3
Accumulated other comprehensive loss	(706.3)	(707.0)
STOCKHOLDERS’ EQUITY ATTRIBUTABLE TO PARENT	1,971.2	1,849.1
STOCKHOLDERS’ EQUITY ATTRIBUTABLE TO NONCONTROLLING INTERESTS	3.5	3.5
TOTAL STOCKHOLDERS’ EQUITY	1,974.7	1,852.6
TOTAL LIABILITIES AND STOCKHOLDERS’ EQUITY	$6,590.8	$6,160.9

See Notes to Condensed Consolidated Financial Statements (Unaudited).

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

	Six Months Ended June 30,	
	2012	2011
OPERATING ACTIVITIES:		
Net income	$191.1	$222.4
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortization	80.8	81.5
Losses related to extinguishments of debt	—	4.8
Deferred income taxes	34.3	56.2
Stock-based compensation expense	18.2	16.7
Other, net	4.3	9.2
Changes in operating assets and liabilities, excluding the effects of acquisitions and divestitures:		
Accounts receivable	(109.0)	(122.8)
Inventories	(167.1)	(215.2)
Accounts payable	89.3	178.2
Accrued liabilities and other	(86.2)	(246.5)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	55.7	(15.5)
INVESTING ACTIVITIES:		
Acquisitions and acquisition-related activity	(13.7)	(18.9)
Capital expenditures	(85.0)	(96.1)
Proceeds from sales of businesses and other noncurrent assets	16.6	4.1
Other	(0.2)	(5.1)
NET CASH USED IN INVESTING ACTIVITIES	(82.3)	(116.0)
FINANCING ACTIVITIES:		
Short-term borrowings, net	71.1	177.8
Repayments of debt	(250.3)	(0.8)
Proceeds from issuance of debt, net of debt issuance costs	495.1	1.1
Repurchase and retirement of shares of common stock	(41.3)	—
Cash consideration paid for exchange of convertible notes [1]	—	(3.1)
Cash dividends	(53.3)	(38.1)
Excess tax benefits related to stock-based compensation	11.3	—

Other stock-based compensation activity, net	(4.8)	(4.5)
NET CASH PROVIDED BY FINANCING ACTIVITIES	227.8	132.4
Currency rate effect on cash and cash equivalents	(0.6)	3.1
INCREASE IN CASH AND CASH EQUIVALENTS	200.6	4.0
Cash and cash equivalents at beginning of period	170.2	139.6
CASH AND CASH EQUIVALENTS AT END OF PERIOD	$370.8	$143.6

(1) Consideration provided in connection with the convertible notes exchanged in March 2011 consisted of cash as well as issuance of shares of the Company's common stock, which issuance is not included in the Condensed Consolidated Statements of Cash Flows for the six months ended June 30, 2011. See Footnote 6 of the Notes to Condensed Consolidated Financial Statements for further information.

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 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 (consisting of normal recurring accruals) considered necessary for a fair presentation of the financial position and the results of operations. 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 latest 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 more than 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 65% 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, and credit terms provided to customers. Accordingly, the Company's results for the three and six months ended June 30, 2012 may not necessarily be indicative of the results that may be expected for the full year ending December 31, 2012.

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 June 2011, the FASB issued ASU 2011-05, "Presentation of Comprehensive Income," which requires an entity to present the total of comprehensive income, the components of net income, and the components of other comprehensive income either in a single continuous statement of comprehensive income, or in two separate but consecutive statements. Additionally, ASU 2011-05 eliminates the option to present comprehensive income and its components as part of the statement of stockholders' equity. Effective January 1, 2012, the Company adopted ASU 2011-05 as amended by ASU 2011-12, "Deferral of the Effective Date for Amendments to the Presentation of Reclassifications of Items Out of Accumulated Other Comprehensive Income in Accounting Standards Update No. 2011-05." ASU 2011-12 defers the effective date of provisions in ASU 2011-05 that require presentation of reclassifications out of comprehensive income by income statement line item on the statement of comprehensive income, with all other requirements of ASU 2011-05 unaffected. The Company adopted ASU 2011-05 and ASU 2011-12 beginning January 1, 2012 and has elected to present items of net income and other comprehensive income in two consecutive statements.

In September 2011, the FASB issued ASU 2011-08, "Intangibles - Goodwill and Other (Topic 350): Testing Goodwill for Impairment," which amends existing guidance by giving an entity the option to first assess qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount. If this is the case, a more detailed two-step goodwill impairment test will need to be performed which is used to identify potential goodwill impairments and to measure the amount of goodwill impairment losses to be recognized, if any. ASU 2011-08 is effective for annual and interim goodwill impairment tests performed by the Company after January 1, 2012. The Company did not perform goodwill impairment tests during the three or six months ended June 30, 2012 and does not expect ASU 2011-08 to have a material impact on the Company's future goodwill impairment tests.

In July 2012, the FASB issued ASU 2012-02, "Testing Indefinite-Lived Intangible Assets for Impairment," which amends existing guidance by giving an entity the option to first assess qualitative factors to determine whether it is more likely than not that an indefinite-lived intangible asset is impaired. If this is the case, a more detailed fair value calculation will need to be performed which is used to identify potential impairments and to measure the amount of impairment losses to be recognized, if any. To perform a qualitative assessment, an entity must identify and evaluate changes in economic, industry and entity-specific events and circumstances that could affect the significant inputs used to determine the fair value of an indefinite-lived intangible asset. ASU 2012-02 is effective for annual and interim impairment tests performed by the Company for fiscal years beginning after September 15, 2012, with early adoption permitted. The Company will adopt the provisions of ASU 2012-02 effective July 1, 2012, which coincides with its annual impairment tests for the year ending December 31, 2012. The Company did not perform any impairment tests related to indefinite-lived intangible assets during the three or six months ended June 30, 2012. The Company does not expect the adoption of ASU 2012-02 to have a material impact on the Company's future indefinite-lived intangibles impairment tests.

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 considers Venezuela a highly inflationary economy. Accounting standards require the functional currency of foreign operations operating in highly inflationary economies to be the same as the reporting currency of the Company. Accordingly, the functional currency of the Company’s Venezuelan operations is the U.S. Dollar. The Company’s Venezuelan operations had approximately $53.0 million of net monetary assets denominated in Bolivar Fuertes as of June 30, 2012 which are subject to changes in value based on changes in the Transaction System for Foreign Currency Denominated Securities (“SITME”) rate. Foreign currency exchange through the SITME is allowed within a specified band of 4.5 to 5.3 Bolivar Fuerte to U.S. Dollar, but most of the exchanges have been executed at the rate of 5.3 Bolivar Fuerte to U.S. Dollar. During the three and six months ended June 30, 2012, the Company’s Venezuelan operations generated 1% or less of consolidated net sales.

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, which may cause significant variations in the customary relationship between income tax expense and pretax income.

Reclassifications

Certain 2011 amounts have been reclassified to conform to the 2012 presentation.

Footnote 2 — Discontinued Operations

On July 1, 2011, the Company sold its hand torch and solder business to an affiliate of Worthington Industries, Inc. for cash consideration of $51.0 million, $8.0 million of which were held in escrow for a period of one year following the transaction date.

As of July 31, 2012, all conditions related to the escrow were satisfied and resolved, and the Company had received $7.8 million from the escrow.

The following table provides a summary of amounts included in discontinued operations for the hand torch and solder business (in millions):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2012	2011	2012	2011
Net sales	$—	$27.5	$—	$56.0
	$—	$1.3	$—	$3.1

Income from discontinued operations, net of income tax expense of $0.6 million and $1.4 million for the three and six months ended June 30, 2011, respectively.

Footnote 3 — Stockholders' Equity and Accumulated Other Comprehensive Income (Loss)

In August 2011, the Company announced a $300.0 million 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. The SRP is authorized to run for a period of three years ending in August 2014. During the six months ended June 30, 2012, the Company repurchased 2.3 million shares pursuant to the SRP for $41.3 million, and such shares were immediately retired. Through June 30, 2012, the Company has repurchased and retired 5.7 million shares at an aggregate cost of $87.4 million, since the commencement of the SRP in August 2011.

The following table displays the components of accumulated other comprehensive loss as of June 30, 2012 (in millions):

	Foreign Currency Translation Loss	Unrecognized Pension & Other Postretirement Costs, Net of Tax	Derivative Hedging Income (Loss), Net of Tax	Accumulated Other Comprehensive Loss
Balance at December 31, 2011	$ (207.1)	$ (501.3)	$ 1.4	$ (707.0)
Current period change	(4.5)	6.9	(1.7)	0.7
Balance at June 30, 2012	$ (211.6)	$ (494.4)	$ (0.3)	$ (706.3)

The following table depicts the components of other comprehensive income presented on a pretax basis and the associated income tax impact (in millions):

	Foreign Currency Translation Loss	Change in Unrecognized Pension & Other Postretirement Costs	Derivative Hedging Income (Loss)	Accumulated Other Comprehensive Income (Loss)
Three months ended June 30, 2012				
Pretax	$ (50.1)	$ 7.4	$ (0.7)	$ (43.4)
Tax (expense) benefit	—	(2.0)	0.4	(1.6)
After-tax	$ (50.1)	$ 5.4	$ (0.3)	$ (45.0)
Three months ended June 30, 2011				
Pretax	$ 9.4	$ 5.4	$ 1.4	$ 16.2
Tax (expense) benefit	—	(1.6)	(0.4)	(2.0)
After-tax	$ 9.4	$ 3.8	$ 1.0	$ 14.2
Six months ended June 30, 2012				
Pretax	$ (4.5)	$ 11.1	$ (2.6)	$ 4.0
Tax (expense) benefit	—	(4.2)	0.9	(3.3)
After-tax	$ (4.5)	$ 6.9	$ (1.7)	$ 0.7
Six months ended June 30, 2011				
Pretax	$ 54.8	$ 14.3	$ (2.2)	$ 66.9
Tax (expense) benefit	—	(3.2)	0.3	(2.9)
After-tax	$ 54.8	$ 11.1	$ (1.9)	$ 64.0

Footnote 4 — Restructuring Costs

Project Renewal

In October 2011, the Company announced Project Renewal, a program designed to reduce the complexity of the organization and increase investment in growth platforms within the business. In connection with the program, the Company consolidated three operating groups into two and 13 global business units into nine. In addition, the consolidation of a limited number of manufacturing facilities and distribution centers will be implemented as part of the program, with the goal of increasing operational efficiency, reducing costs and improving gross margin. The Company expects to record pretax restructuring charges of $90 to $100 million for Project Renewal, of which $75 to $90 million are expected to be cash costs. Project Renewal is expected to be complete by the end of 2012.
Restructuring charges incurred in connection with Project Renewal were as follows for the periods indicated (in millions):

	Three Months Ended June 30, 2012	Six Months Ended June 30, 2012	Since inception through June 30, 2012
Restructuring charges	$6.9	$18.2	$49.4

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

	Three Months Ended June 30, 2012	Six Months Ended June 30, 2012
Employee severance, termination benefits and relocation costs	$5.1	$12.7
Exited contractual commitments and other	1.8	5.5
	$6.9	$18.2

Restructuring provisions were determined based on estimates prepared at the time the restructuring actions were approved by management, are periodically updated for changes and 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, 2012 (in millions):

	December 31, 2011 Balance	Provision	Costs Incurred	June 30, 2012 Balance
Employee severance, termination benefits and relocation costs	$11.2	$12.7	$(10.3)	$13.6
Exited contractual commitments and other	4.5	5.5	(5.4)	4.6
	$15.7	$18.2	$(15.7)	$18.2

The following table depicts the activity in accrued restructuring reserves for Project Renewal for the six months ended June 30, 2012 aggregated by reportable business segment (in millions):

Segment	December 31, 2011 Balance	Provision	Costs Incurred	June 30, 2012 Balance
Newell Consumer	$8.7	$10.9	$(9.1)	$10.5
Newell Professional	2.4	4.8	(3.0)	4.2
Baby & Parenting	1.8	0.2	(1.2)	0.8
Corporate	2.8	2.3	(2.4)	2.7
	$15.7	$18.2	$(15.7)	$18.2

European Transformation Plan

In June 2010, the Company announced a program to simplify and centralize its European business (the “European Transformation Plan”). The European Transformation Plan includes initiatives designed to transform the European organizational structure and processes to centralize certain operating activities, improve performance, leverage the benefits of scale and to facilitate a more efficient and cost effective implementation of an enterprise resource planning program in Europe, all with the aim of increasing operating margin in the European region to at least 10%.

The European Transformation Plan is expected to result in cumulative restructuring charges totaling between $40 and $45 million, substantially all of which are employee-related cash costs, including severance, retirement, and other termination benefits and relocation costs. The Company expects the European Transformation Plan to be substantially complete by December 31, 2012.

Restructuring charges incurred in connection with the European Transformation Plan are reported in the Company's Corporate segment and were as follows for the periods indicated (in millions):

	Three Months Ended June 30,		Six Months Ended June 30,		Since inception through June 30, 2012
	2012	2011	2012	2011	
Restructuring charges	$4.2	$1.0	$5.6	$6.8	$24.5

Restructuring provisions were determined based on estimates prepared at the time the restructuring actions were approved by management, are periodically updated for changes and also include amounts recognized as incurred. The following table depicts the activity in accrued restructuring reserves for the European Transformation Plan for the six months ended June 30, 2012 (in millions):

	December 31, 2011			June 30, 2012
	Balance	Provision	Costs Incurred	Balance
Employee severance, termination benefits and relocation costs	$6.0	$3.3	$(3.6)	$5.7
Exited contractual commitments and other	2.1	2.3	(1.6)	2.8
	$8.1	$5.6	$(5.2)	$8.5

Project Acceleration

In 2010, the Company completed a global initiative referred to as Project Acceleration aimed at strengthening and transforming the Company’s portfolio. Project Acceleration was designed to reduce manufacturing overhead, better align the Company’s distribution and transportation processes to achieve logistical excellence, reorganize the Company’s overall business structure to align with the Company’s core organizing concept, the global business unit, to achieve best total cost, and exit selected low-margin, commodity-like, mostly resin-intensive product categories.

A summary of activity in accrued restructuring reserves for the six months ended June 30, 2012 is as follows (in millions):

	December 31, 2011			June 30, 2012
	Balance	Provision	Costs Incurred	Balance
Employee severance, termination benefits and relocation costs	$3.3	$—	$(0.9)	$2.4
Exited contractual commitments and other	5.9	—	(0.8)	5.1
	$9.2	$—	$(1.7)	$7.5

The following table depicts the activity in accrued restructuring reserves for the six months ended June 30, 2012 aggregated by reportable business segment (in millions):

	December 31, 2011			June 30, 2012
Segment	Balance	Provision	Costs Incurred	Balance
Newell Consumer	$ 2.7	$—	$(0.1)	$2.6
Newell Professional	3.7	—	(0.1)	3.6
Corporate	2.8	—	(1.5)	1.3
	$ 9.2	$—	$(1.7)	$7.5

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

	Three Months Ended June 30,		Six Months Ended June 30,	
Segment	2012	2011	2012	2011
Newell Consumer	$2.3	$—	$10.9	$—
Newell Professional	2.5	—	4.8	—
Baby & Parenting	—	—	0.2	—
Corporate	6.3	1.0	7.9	6.8
	$11.1	$1.0	$23.8	$6.8

Cash paid for all restructuring activities was $9.5 million and $22.4 million for the three and six month periods ended June 30, 2012, respectively, and $8.7 million and $20.5 million for the three and six month periods ended June 30, 2011, respectively.

Footnote 5 — 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, 2012	December 31, 2011
Materials and supplies	$149.8	$130.8
Work in process	140.4	105.6
Finished products	569.8	463.5
	$860.0	$699.9

Footnote 6 — Debt

The following is a summary of outstanding debt (in millions):

	June 30, 2012	December 31, 2011
Medium-term notes	$1,878.0	$1,632.3
Junior convertible subordinated debentures	436.7	436.7
Commercial paper	173.5	—
Receivables facility	—	100.0
Other debt	6.0	7.8
Total debt	2,494.2	2,176.8
Short-term debt	(175.5)	(103.6)
Current portion of long-term debt	(946.3)	(263.9)
Long-term debt	$1,372.4	$1,809.3

Interest Rate Swaps

As of June 30, 2012, the Company was party to a fixed-for-floating interest rate swap designated as a fair value hedge. The interest rate swap relates to $250.0 million of the principal amount of the medium-term notes and results in the Company effectively paying a floating rate of interest on the medium-term notes subject to the interest rate swap.

The medium-term note balances at June 30, 2012 and December 31, 2011 include mark-to-market adjustments of $39.0 million and $35.8 million, respectively, to record the fair value of the hedge of the fixed-rate debt, and the mark-to-market adjustment had the effect of increasing the reported value of the medium-term notes. In addition, the unamortized amount as of June 30, 2012 and December 31, 2011, associated with terminated interest rate swaps, $8.4 million and $15.8 million, respectively, is included in the value of the medium-term notes. Compared to the stated rates of the underlying medium-term notes, the interest rate swaps, including amortization of settled interest rate swaps, had the effect of reducing interest expense by $4.8 million and $7.7 million for the three months ended

June 30, 2012 and 2011, respectively, and by $11.8 million and $15.4 million for the six months ended June 30, 2012 and 2011, respectively.

Medium-term Notes

During the six months ended June 30, 2012, the Company repaid and retired $250.0 million principal amount of the 6.75% senior notes (the "2012 Notes") based on the maturity date, for which interest expense was previously recorded at a rate of approximately 3.5% after contemplating the effect of the interest rate swap related to the 2012 Notes. As of June 30, 2012, the current portion of long-term debt includes $500.0 million principal amount of the 5.5% senior notes due April 2013.

In June 2012, the Company completed the offering and sale of $500.0 million of unsecured senior notes, consisting of $250.0 million aggregate principal amount of 2.0% notes due 2015 (the "2015 Notes") and $250.0 million aggregate principal amount of 4.0% notes due 2022 (the "2022 Notes" and, together with the 2015 Notes, the "Notes"). The aggregate net proceeds from the Notes were $495.1 million and will be used to fund the redemption of all of the $436.7 million of junior convertible subordinated debentures which underlie the outstanding 5.25% convertible preferred securities with an aggregate liquidation preference of $421.2 million, to reduce short-term borrowings and for general corporate purposes. The Notes are senior obligations of the Company and rank equally with all of its other unsecured and unsubordinated indebtedness from time to time outstanding. The 2015 Notes may be redeemed by the Company at any time and the 2022 Notes may be redeemed at any time prior to the date that is three months prior to the maturity date of the 2022 Notes, in whole or in part, at a redemption price plus accrued and unpaid interest to the date of redemption. The redemption price is equal to the greater of (1) 100% of the principal amount of the Notes being redeemed on the redemption date and (2) the sum of the present values of the remaining scheduled payments of principal and interest thereon (not including any portion of any payments of interest accrued through the date of the redemption), discounted to the date of redemption on a semiannual basis at a specified rate. If the 2022 Notes are redeemed on or after a date that is three months prior to the maturity date of the 2022 Notes, then the redemption price is equal to 100% of the principal amount of the 2022 Notes being redeemed plus accrued interest to such redemption date. The Notes also contain a provision that allows holders of the Notes to require the Company to repurchase all or any part of the Notes if a change of control triggering event occurs. Under this provision, the repurchase of the Notes will occur at a purchase price of 101% of the outstanding principal amount, plus accrued and unpaid interest, if any, on such Notes to the date of repurchase. The Notes are classified as long-term debt in the Company's Condensed Consolidated Balance Sheet at June 30, 2012 based on their maturity dates in 2015 and 2022.

Convertible Notes

In September 2010, the Company completed an exchange of newly issued shares of common stock and cash for $324.7 million of the $345.0 million outstanding principal amount of the convertible notes due 2014 (the "Convertible Notes") (the “Exchange Offer”). In the aggregate, the Company paid approximately $52.0 million in cash and issued approximately 37.7 million shares of the Company’s common stock for $324.7 million principal amount of the Convertible Notes validly offered for exchange by the holders pursuant to the Exchange Offer.

In March 2011, the Company completed exchanges of newly issued shares of common stock and cash for an additional $20.0 million outstanding principal amount of Convertible Notes. The Company paid approximately $3.1 million in cash and issued approximately 2.3 million shares of the Company’s common stock for the $20.0 million principal amount of Convertible Notes. The Company determined that the fair value of total consideration (including cash) paid to the holders of Convertible Notes, using the fair market value of common stock at settlement, was $47.4 million. In accordance with the applicable authoritative accounting guidance, the Company determined the fair value of the liability component of the Convertible Notes received, with the residual value representing the equity component. The excess of the fair value of the liability component, or $21.8 million, over the carrying value of the Convertible Notes exchanged, $17.3 million, was recognized as a loss related to the extinguishment of debt during the six months ended June 30, 2011. Including the write-off of unamortized issuance costs, the Company recorded a pretax loss of $4.8 million, which is included in losses related to extinguishments of debt in the Condensed Consolidated Statement of Operations for the six months ended June 30, 2011.

Junior Convertible Subordinated Debentures

In 1997, a 100% owned finance subsidiary (the “Subsidiary”) of the Company issued 10.0 million shares of 5.25% convertible preferred securities (the “Preferred Securities”). Each of these Preferred Securities is convertible into 0.9865 of a share of the Company’s common stock. During 2005 and 2004, the Company purchased an aggregate of 1.6 million shares of its Preferred Securities from holders at an average price of $45.27 per share ($71.3 million). As of June 30, 2012, the Company fully and unconditionally guarantees the 8.4 million shares of the Preferred Securities issued by the Subsidiary that were outstanding as of that date, which are callable at 100% of the liquidation preference of $421.2 million.

The proceeds received by the Subsidiary from the issuance of the Preferred Securities were invested in the Company’s 5.25% Junior Convertible Subordinated Debentures (the “Debentures”), which mature on December 1, 2027. In addition, the Subsidiary received approximately $15.5 million of the Company’s Debentures as payment for $15.5 million the Company borrowed from the Subsidiary to purchase all of the common equity interests in the Subsidiary. As a result, the Company issued an aggregate of $515.5 million of Debentures, and the Subsidiary is the sole holder of the Debentures.

As of June 30, 2012, the Company has elected to redeem the entire outstanding principal amount of $436.7 million of the Debentures on July 16, 2012. Because the Preferred Securities are mandatorily redeemable upon the retirement of the Debentures at maturity or upon acceleration of the Debentures, the Preferred Securities will be redeemed on July 16, 2012 at 100% of the liquidation preference of $421.2 million. Based on the July 2012 redemption date, the entire $436.7 million outstanding balance of the Debentures is reflected in the current portion of long-term debt as of June 30, 2012.

Receivables-Related Borrowings

In September 2011, the Company renewed its 364-day receivables facility that provides for borrowings of up to $200.0 million such that it will expire in September 2012 (the “Receivables Facility”). Under the Receivables Facility, the Company and certain operating subsidiaries (collectively, “the Originators”) sell their receivables to a financing subsidiary as the receivables are originated. The financing subsidiary is wholly owned by the Company and is the owner of the purchased receivables and the borrower under the Receivables Facility. The assets of the financing subsidiary are restricted as collateral for the payment of debt or other obligations arising under the Receivables Facility, and the financing subsidiary’s assets and credit are not available to satisfy the debts and obligations owed to the Company’s or any other Originator’s creditors. The Company includes the financing subsidiary’s assets, liabilities and results of operations in its consolidated financial statements. The Receivables Facility requires, among other things, that the Company maintain certain interest coverage and total indebtedness to total capital ratios, and the Company was in compliance with such requirements as of June 30, 2012. As of June 30, 2012, the financing subsidiary owned $704.3 million of outstanding accounts receivable, and these amounts are included in accounts receivable, net in the Company’s Condensed Consolidated Balance Sheet at June 30, 2012. As of June 30, 2012, the Company had no outstanding borrowings under the Receivables Facility.

Revolving Credit Facility and Commercial Paper

On December 2, 2011, the Company entered into a five-year credit agreement (the "Credit Agreement") with a syndicate of banks. The Credit Agreement provides for an unsecured syndicated revolving credit facility with a maturity date of December 2, 2016, and an aggregate commitment at any time outstanding of up to $800.0 million (the "Facility"). The Credit Agreement contains customary representations and warranties, covenants and events of default. As of June 30, 2012, there were no borrowings or standby letters of credit issued or outstanding under the Facility, and the Company was in compliance with the provisions of the Credit Agreement.

In lieu of borrowings under the Facility, the Company may issue up to $800.0 million of commercial paper. The Facility provides the committed backup liquidity required to issue commercial paper. Accordingly, commercial paper may be issued only up to the amount available for borrowing under the Facility. As of June 30, 2012, the Company had outstanding commercial paper obligations of $173.5 million while no commercial paper obligations were outstanding as of December 31, 2011.

Footnote 7 — Derivatives
The use of financial instruments, including derivatives, exposes the Company to market risk related to changes in interest rates, foreign currency exchange rates and commodity prices. The Company enters into interest rate swaps related to debt obligations with initial maturities ranging from five to ten years. The Company uses interest rate swap agreements to manage its interest rate exposure and to achieve a desired proportion of variable and fixed-rate debt. These derivatives are designated as fair value hedges based on the nature of the risk being hedged. The Company also uses derivatives to hedge interest rates on anticipated issuances of debt securities occurring within one year or less of the inception date of the derivative, and the Company uses these instruments to reduce the volatility in future interest payments that would be made pursuant to the anticipated debt issuances. The Company also uses derivative instruments, such as forward contracts, to manage the risk associated with the volatility of future cash flows denominated in foreign currencies and changes in fair value resulting from changes in foreign currency exchange rates. The Company’s foreign exchange risk management policy generally emphasizes hedging transaction exposures of one-year duration or less and hedging foreign currency intercompany financing activities with derivatives with maturity dates of one year or less. The Company uses derivative instruments to hedge various foreign exchange exposures, including the following: (i) variability in foreign currency-denominated cash flows, such as the hedges of inventory purchases for products produced in one currency and sold in another currency and (ii) currency risk associated with foreign currency-denominated operating assets and liabilities, such as forward contracts and other instruments that hedge cash flows associated with intercompany financing activities. Additionally, the Company purchases certain raw materials which are subject to price volatility caused by unpredictable factors. Where practical, the Company uses derivatives as part of its commodity risk management process. Generally, the Company's commodity derivative arrangements hedge exposures over a period of time not exceeding one year and tend to be floating-for-fixed price arrangements, which enables the Company to better manage input cost inflation. The Company reports its derivative positions in the Condensed Consolidated Balance Sheets on a gross basis and does not net asset and liability derivative positions with the same counterparty. The Company monitors its positions with, and the credit quality of, the financial institutions that are parties to its financial transactions.
Derivative instruments are accounted for at fair value. The accounting for changes in the fair value of a derivative depends on the intended use and designation of the derivative instrument. For a derivative instrument that is designated and qualifies as a fair value hedge, the gain or loss on the derivative as well as the offsetting loss or gain on the hedged item attributable to the hedged risk are recognized in current earnings. For derivative instruments that are designated and qualify as cash flow hedges, the effective portion of the gain or loss on the derivative is initially reported as a component of accumulated other comprehensive income (loss) (“AOCI”), net of tax, and is subsequently reclassified into earnings when the hedged transaction affects earnings. The ineffective portion of the gain or loss is recognized in current earnings. Gains and losses from changes in fair values of derivatives that are not designated as hedges for accounting purposes are recognized currently in earnings, and such amounts were not material for the three and six months ended June 30, 2012 and 2011.
The following table summarizes the Company’s outstanding derivative instruments and their effects on the Condensed Consolidated Balance Sheets as of June 30, 2012 and December 31, 2011 (in millions):

		Assets			Liabilities	
Derivatives designated as hedging instruments	Balance Sheet Location	June 30, 2012	December 31, 2011	Balance Sheet Location	June 30, 2012	December 31, 2011
Interest rate swaps	Other assets	$39.0	$35.8	Other liabilities	$—	$—
Forward interest rate swaps	Prepaid expenses and other	1.1	—	Other accrued liabilities	—	—
Foreign exchange contracts on inventory-related purchases	Prepaid expenses and other	1.0	1.9	Other accrued liabilities	—	—
		0.5	0.5		—	—

Foreign exchange contracts on intercompany borrowings	Prepaid expenses and other			Other accrued liabilities		
Commodity swap	Prepaid expenses and other	—	—	Other accrued liabilities	2.7	—
Total assets		$41.6	$38.2	Total liabilities	$2.7	$—

The fair values of outstanding derivatives that are not designated as hedges for accounting purposes were not material as of June 30, 2012 and December 31, 2011.
The Company is not a party to any derivatives that require collateral to be posted prior to settlement.

Fair Value Hedges

The following table presents the pretax effects of derivative instruments designated as fair value hedges on the Company's Condensed Consolidated Statements of Operations (in millions):

Derivatives in fair value relationships	Location of gain (loss) recognized in income	Amount of gain (loss) recognized in income Three Months Ended June 30, 2012	2011	Six Months Ended June 30, 2012	2011
Interest rate swaps	Interest expense, net	$5.7	$7.8	$3.2	$(0.8)
Fixed-rate debt	Interest expense, net	$(5.7)	$(7.8)	$(3.2)	$0.8

The Company did not realize any ineffectiveness related to fair value hedges during the three and six months ended June 30, 2012 and 2011.

Cash Flow Hedges

The following table presents the pretax effects of derivative instruments designated as cash flow hedges on the Company's Condensed Consolidated Statements of Operations and AOCI (in millions):

Derivatives in cash flow hedging relationships	Location of gain (loss) recognized in income	Amount of gain (loss) reclassified from AOCI into income Three Months Ended June 30, 2012	2011	Six Months Ended June 30, 2012	2011
Foreign exchange contracts on inventory-related purchases	Cost of products sold	$0.6	$(3.2)	$0.8	$(4.7)
Foreign exchange contracts on intercompany borrowings	Interest expense, net	—	(0.2)	(0.1)	(0.3)
Commodity swap	Cost of products sold	(0.5)	—	(0.5)	—
		$0.1	$(3.4)	$0.2	$(5.0)

Derivatives in cash flow hedging relationships	Amount of gain (loss) recognized in AOCI Three Months Ended June 30, 2012	2011	Six Months Ended June 30, 2012	2011
Foreign exchange contracts on inventory-related purchases	$1.6	$(1.7)	$(0.1)	$(7.0)
Foreign exchange contracts on intercompany borrowings	2.9	(0.2)	1.6	(2.1)
Forward interest rate swaps	1.1	—	1.1	—
Commodity swap	(3.2)	—	(3.2)	—
	$2.4	$(1.9)	$(0.6)	$(9.1)

During the three months ended June 30, 2012, the Company entered into forward interest rate swap contracts with certain counterparties for an aggregate $150.0 million notional amount (the "Forward Swaps") to swap floating LIBOR rates with a weighted-average fixed rate of 1.9%. The Forward Swaps mature in March 2013. The Forward Swaps are intended to fix the "risk-free" component of the interest rate of the Company's probable debt issuances. The

Forward Swaps will unwind and settle when the underlying probable debt issuances are priced, which is expected to occur prior to the maturity date. The Company determined that the Forward Swaps meet the hedge accounting criteria under the relevant authoritative guidance, and accordingly, the Forward Swaps have been classified as cash flow hedges. The Company will continue to recognize any unrealized gains or losses arising from the mark-to-market adjustments of the Forward Swaps in AOCI until the issuance of the debt or until the issuance of debt is no longer probable of occurring, subsequent to which the Company will record such gains or losses on the Forward Swaps into earnings over the term of the underlying debt. During July 2012, the Company entered into additional forward interest rate swap contracts for an aggregate $100.0 million notional amount with terms similar to the Forward Swaps and a weighted-average fixed rate of 1.7% and such instruments were entered into for the same purpose as the Forward Swaps and will be accounted for consistent with the Forward Swaps.

In May 2012, the Company entered into a commodity swap contract with a counterparty for an aggregate $14.0 million notional amount (the "Commodity Swap") relating to forecasted monthly purchases of resin. The Commodity Swap will expire on December 31, 2012 with cash settlement occurring monthly through the expiration date. The Company determined that the Commodity Swap meets the hedge accounting criteria under the relevant authoritative guidance, and accordingly, the Commodity Swap has been classified as a cash flow hedge.

The Company did not realize any ineffectiveness related to cash flow hedges during the three and six months ended June 30, 2012 and 2011. The net amount of gain or loss that the Company expects to reclassify into earnings during the next 12 months is not material as of June 30, 2012.

Footnote 8 — Employee Benefit and Retirement Plans

The following table presents the components of the Company’s pension cost, including supplemental retirement plans, for the three months ended June 30, (in millions):

	U.S.		International	
	2012	2011	2012	2011
Service cost-benefits earned during the period	$0.8	$0.8	$1.6	$1.6
Interest cost on projected benefit obligation	11.5	12.0	6.2	7.1
Expected return on plan assets	(14.9)	(15.2)	(6.2)	(7.7)
Amortization of prior service cost, actuarial loss and other	5.6	4.4	0.5	2.4
Net periodic pension cost	$3.0	$2.0	$2.1	$3.4

The following table presents the components of the Company’s pension cost, including supplemental retirement plans, for the six months ended June 30, (in millions):

	U.S.		International	
	2012	2011	2012	2011
Service cost-benefits earned during the period	$1.5	$2.2	$3.2	$3.0
Interest cost on projected benefit obligation	23.0	24.7	12.4	13.4
Expected return on plan assets	(29.8)	(29.8)	(12.4)	(14.2)
Amortization of prior service cost, actuarial loss and other	11.3	8.7	1.0	2.7
Net periodic pension cost	$6.0	$5.8	$4.2	$4.9

The following table presents the components of the Company’s other postretirement benefit costs for the three and six months ended June 30, (in millions):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2012	2011	2012	2011
Service cost-benefits earned during the period	$0.3	$0.3	$0.6	$0.6
Interest cost on projected benefit obligation	1.8	2.1	3.6	4.2
Amortization of prior service benefit and actuarial loss, net	(0.3)	(0.3)	(0.6)	(0.6)
Net other postretirement benefit costs	$1.8	$2.1	$3.6	$4.2

The Company made a cash contribution to the Company-sponsored profit sharing plan of $18.8 million and $17.6 million during the six months ended June 30, 2012 and 2011, respectively.

In June 2012, legislation was enacted that is expected to impact the Company's future funding requirements for its U.S. pension plan (the "Plan"). The Company is evaluating the impact of the legislation on the Company's contribution requirements for the Plan.

Footnote 9 — Income Taxes

As of June 30, 2012, there were no significant changes to the Company's unrecognized tax benefits as reported in its Form 10-K for the year ended December 31, 2011.

The Company's income tax expense and resulting effective tax rate are based upon the respective estimated annual effective tax rates applicable for the respective periods adjusted for the effects of items required to be treated as discrete to the period, including changes in tax laws, changes in estimated exposures for uncertain tax positions, and other items. The Company's effective tax rate for the three and six months ended June 30, 2012 was favorably impacted by a change in the geographical mix in earnings, offset by the unfavorable impact of $11.1 million for reserves for certain tax contingencies and other non-cash tax charges associated with the European Transformation Plan.

The Company's effective tax rate for the three and six months ended June 30, 2011 was favorably impacted by a benefit of $20.8 million associated with the realization of unrecognized tax benefits, including interest and penalties, due to the expiration of various worldwide statutes of limitation.

Footnote 10 — Earnings per Share

The calculation of basic and diluted earnings per share is as follows (in millions, except per share data):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2012	2011	2012	2011
Numerator for basic and diluted earnings per share:				
Income from continuing operations	$111.8	$145.4	$191.1	$219.3
Income from discontinued operations	—	1.3	—	3.1
Net income	$111.8	$146.7	$191.1	$222.4
Dividends and equivalents for share-based awards expected to be forfeited	—	—	—	0.1
Net income for basic earnings per share	$111.8	$146.7	$191.1	$222.5
Effect of Preferred Securities (1)	—	3.5	—	—
Net income for diluted earnings per share	$111.8	$150.2	$191.1	$222.5
Denominator for basic and diluted earnings per share:				
Weighted-average shares outstanding	289.4	291.4	289.4	291.3
Share-based payment awards classified as participating securities	2.7	2.9	2.7	2.9
Denominator for basic earnings per share	292.1	294.3	292.1	294.2
Dilutive securities (2)	1.9	2.3	2.2	2.7
Convertible Notes (3)	—	—	—	0.5
Preferred Securities (1)	—	8.3	—	—
Denominator for diluted earnings per share	294.0	304.9	294.3	297.4
Basic earnings per share:				
Income from continuing operations	$0.38	$0.49	$0.65	$0.75
Income from discontinued operations	—	—	—	0.01

Net income	$0.38	$0.50	$0.65	$0.76
Diluted earnings per share:				
Income from continuing operations	$0.38	$0.49	$0.65	$0.74
Income from discontinued operations	—	—	—	0.01
Net income	$0.38	$0.49	$0.65	$0.75

(1) The Preferred Securities are anti-dilutive for the three months ended June 30, 2012 as well as for the six months ended June 30, 2012 and 2011, and therefore, have been excluded from diluted earnings per share. Had the Preferred Securities been included in the diluted earnings per share calculation, net income for the three months ended June 30, 2012 would be increased by $3.5 million and net income for each six month period ended June 30, 2012 and 2011 would be increased by $7.0 million. Weighted-average shares outstanding would be increased by 8.3 million shares for the three months ended June 30, 2012 and each of the six month periods ended June 30, 2012 and 2011. The Preferred Securities were dilutive for the three months ended June 30, 2011, and as a result, the interest expense included in net income has been added back on an after-tax basis and the shares of common stock into which the Preferred Securities are convertible have been included in the denominator for diluted earnings per share.

(2) Dilutive securities include "in the money" options, non-participating restricted stock units and performance stock units. The weighted-average shares outstanding exclude the effect of 9.8 million and 11.9 million stock options for the three months ended June 30, 2012 and 2011, respectively, and 10.2 million and 12.1 million stock options and other securities for the six months ended June 30, 2012 and 2011, respectively, because such securities were anti-dilutive. The weighted-average shares outstanding for the three and six months ended June 30, 2012 also exclude the weighted average effect of 1.0 million performance stock units outstanding at June 30, 2012 because the securities were anti-dilutive.

(3) As disclosed in Footnote 6, substantially all of the remaining outstanding principal amount of the Convertible Notes was extinguished in March 2011. The Convertible Notes did not meaningfully impact diluted average shares outstanding in periods subsequent to March 31, 2011 because the maximum amount of shares required to settle the "in the money" portion of the $0.1 million principal amount of the Convertible Notes is not material. Dilution for the six months ended June 30, 2011 takes into consideration the period of time the Convertible Notes were outstanding.

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Footnote 11 — Stock-Based Compensation

The Company accounts for stock-based compensation pursuant to certain authoritative guidance which requires measurement of compensation cost for all stock awards at fair value on the date of grant and recognition of compensation, net of estimated forfeitures, over the requisite service period for awards expected to vest. The Company recognized $9.1 million and $8.6 million of pretax stock-based compensation expense during the three months ended June 30, 2012 and 2011, respectively, and $18.5 million and $16.8 million for the six months ended June 30, 2012 and 2011, respectively.

The following table summarizes the changes in the number of shares of common stock under option for the six months ended June 30, 2012 (shares in millions):

	Shares	Weighted-Average Exercise Price	Exercisable at Period End	Aggregate Intrinsic Value Exercisable
Outstanding at December 31, 2011	15.4	$ 21	9.8	$5.4
Exercised	(1.3)	8		
Forfeited / expired	(1.2)	26		
Outstanding at June 30, 2012	12.9	$ 22	10.4	$14.7

The following table summarizes the changes in the number of shares of restricted stock and restricted stock units for the six months ended June 30, 2012 (shares in millions):

	Shares	Weighted-Average Grant Date Fair Value
Outstanding at December 31, 2011	6.1	$ 13
Granted	1.8	19
Vested	(2.0)	9
Forfeited	(0.2)	17
Outstanding at June 30, 2012	5.7	$ 16

During the six months ended June 30, 2012, the Company awarded 1.0 million performance stock units which entitle recipients to shares of the Company’s stock at the end of a three-year vesting period, if specified market conditions are achieved (“PSUs”). The PSUs entitle recipients to shares of common stock equal to 0% up to 200% of the number of units granted at the vesting dates depending on the level of achievement of the specified market and service conditions. As of June 30, 2012, 2.1 million PSUs were outstanding, and based on performance through June 30, 2012, recipients of PSUs would be entitled to 1.6 million shares at the vesting date. The PSUs are included in the preceding table as if the participants earn shares equal to 100% of the units granted.

During 2011, the Company awarded 0.7 million performance stock units which entitle the Company's Chief Executive Officer to shares of the Company's stock if specified market and service conditions are achieved. The performance stock units vest no earlier than two years from the date of grant and no later than seven years from the date of grant. Based on performance through June 30, 2012, the market conditions have been achieved and, accordingly, the performance stock units will vest in July 2013 if the service conditions are achieved. The 0.7 million performance stock units are included in the preceding table as outstanding as of June 30, 2012 and December 31, 2011.

Footnote 12 — Fair Value Disclosures

Recurring Fair Value Measurements

The following tables present the Company’s non-pension financial assets and liabilities which are measured at fair value on a recurring basis (in millions):

Description	Quoted Prices in	Significant Other	Significant

	Fair Value as of June 30, 2012	Active Markets for Identical Assets (Level 1)	Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
Assets				
Investment securities, including mutual funds [1]	$ 11.5	$7.7	$ 3.8	$ —
Interest rate swaps [2]	39.0	—	39.0	—
Forward interest rate swaps [2]	1.1	—	1.1	—
Foreign currency derivatives [2]	1.5	—	1.5	—
Total	$ 53.1	$7.7	$ 45.4	$ —
Liabilities				
Commodity swap [2]	$ 2.7	$—	$ 2.7	$ —
Total	$ 2.7	$—	$ 2.7	$ —

Description	Fair Value as of December 31, 2011	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets				
Investment securities, including mutual funds [1]	$ 17.7	$7.3	$ 10.4	$ —
Interest rate swaps [2]	35.8	—	35.8	—
Foreign currency derivatives [2]	2.4	—	2.4	—
Total	$ 55.9	$7.3	$ 48.6	$ —

(1) The values of investment securities, including mutual funds, are classified as cash and cash equivalents ($0.1 million and $5.1 million as of June 30, 2012 and December 31, 2011, respectively) and other assets ($11.4 million and $12.6 million as of June 30, 2012 and December 31, 2011, respectively). For mutual funds that are publicly traded, fair value is determined on the basis of quoted market prices and, accordingly, these investments have been classified as Level 1. Other investment securities are valued at the net asset value per share or unit multiplied by the number of shares or units held as of the measurement date and have been classified as Level 2.

(2) The fair values of the Company's derivative instruments are based on valuation models using observable market inputs and as such have been classified as Level 2.

Non-recurring Fair Value Measurements

The Company’s nonfinancial assets which are measured at fair value on a nonrecurring basis include property, plant and equipment, goodwill, intangible assets and certain other assets. During the three and six months ended June 30, 2012, impairments associated with plans to dispose of certain property, plant and equipment were not material. The Company generally uses projected cash flows, discounted as necessary, to estimate the fair values of the impaired assets using key inputs such as management’s projections of cash flows on a held-and-used basis (if applicable), management’s projections of cash flows upon disposition and discount rates. Accordingly, these fair value measurements fall in Level 3 of the fair value hierarchy. These assets and certain liabilities are measured at fair value on a nonrecurring basis as part of the Company’s impairment assessments and as circumstances require. During the three and six months ended June 30, 2012, no nonrecurring fair value measurements were required for testing goodwill and other indefinite-lived intangible assets for impairment.

Financial Instruments

The Company’s financial instruments include cash and cash equivalents, accounts receivable, accounts payable, derivative instruments, notes payable and short and long-term debt. The carrying values for current financial assets and liabilities, including cash and cash equivalents, accounts receivable and accounts payable, approximate fair value due to the short maturity of such instruments. The fair values of the Company’s derivative instruments are recorded in the Condensed Consolidated Balance Sheets and are disclosed in Footnote 7.

The fair values of certain of the Company's long-term debt are based on quoted market prices (Level 1) and are as follows (in millions):

	June 30, 2012		December 31, 2011	
	Fair Value	Book Value	Fair Value	Book Value
Medium-term notes	$1,944.9	$1,878.0	$1,679.7	$1,632.3
Preferred securities underlying the junior convertible subordinated debentures	423.4	421.2	356.0	421.2

The carrying amounts of all other significant debt approximate fair value.

Footnote 13 — Segment Information

Effective January 1, 2012, the Company, as part of Project Renewal, implemented certain changes to its organizational structure that resulted in the consolidation of the Company's three operating groups into two and of its 13 global business units ("GBU") into nine. One of the two new operating groups is primarily consumer-facing ("Newell Consumer"), while the other is primarily commercial-facing ("Newell Professional"). Additionally, while not an operating group, the Baby & Parenting GBU is treated as a stand-alone operating segment. The Company's three operating and reportable segments are as follows:

Reportable Segments	Key Brands	Description of Primary Products
Newell Consumer	Rubbermaid®, Levolor®, Goody®, Sharpie®, Expo®, Paper Mate®, Parker®, Waterman®, Calphalon®	Indoor/outdoor organization, food storage and home storage products; window treatments; hair care accessories; writing instruments, including pens, pencils, markers and highlighters; fine writing instruments and leather goods; gourmet cookware, bakeware, cutlery and small kitchen electrics
Newell Professional	Rubbermaid® Commercial Products, Irwin®, Shur-line®, Bulldog®, Lenox®, Dymo®, Mimio®	Cleaning and refuse products, hygiene systems, material handling solutions and medical and computer carts, and wall-mounted work stations; hand tools and power tool accessories, manual paint applicators and convenience hardware; industrial bandsaw blades and cutting tools for pipes and HVAC systems; office technology solutions such as label makers and printers and interactive teaching solutions
Baby & Parenting	Graco®, Aprica®	Infant and juvenile products such as car seats, strollers, highchairs and playards

The comparative information for segment results and identifiable assets has been restated to conform to the 2012 presentation and is as follows (in millions):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2012	2011	2012	2011
Net Sales [(1)]				
Newell Consumer	$808.4	$833.8	$1,448.0	$1,490.2
Newell Professional	525.4	536.3	1,036.0	1,003.8
Baby & Parenting	182.4	175.2	364.6	325.5
	$1,516.2	$1,545.3	$2,848.6	$2,819.5
Operating Income (Loss) [(2)]				
Newell Consumer	$145.6	$143.5	$221.1	$234.3
Newell Professional	63.6	69.6	134.3	129.7
Baby & Parenting	19.2			