NEWELL RUBBERMAID INC
Form 10-Q
November 06, 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 September 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 September 30, 2012: 287.6 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 September 30,		Nine Months Ended September 30,	
	2012	2011	2012	2011
Net sales	$1,535.3	$1,549.9	$4,383.9	$4,369.4
Cost of products sold	953.0	970.6	2,709.8	2,720.8
GROSS MARGIN	582.3	579.3	1,674.1	1,648.6
Selling, general and administrative expenses	380.2	383.4	1,138.5	1,122.0
Impairment charges	—	382.6	—	382.6
Restructuring costs	13.7	5.5	37.5	12.3
OPERATING INCOME (LOSS)	188.4	(192.2)	498.1	131.7
Nonoperating expenses:				
Interest expense, net	18.0	21.8	58.7	65.0
Losses related to extinguishments of debt	6.8	—	6.8	4.8
Other (income) expense, net	(1.2)	6.0	(0.8)	11.0
Net nonoperating expenses	23.6	27.8	64.7	80.8
INCOME (LOSS) BEFORE INCOME TAXES	164.8	(220.0)	433.4	50.9
Income tax expense (benefit)	58.2	(53.6)	135.7	(2.0)
INCOME (LOSS) FROM CONTINUING OPERATIONS	106.6	(166.4)	297.7	52.9
Income (loss) from discontinued operations, net of tax	1.7	(11.2)	1.7	(8.1)
NET INCOME (LOSS)	$108.3	$(177.6)	$299.4	$44.8
Weighted average shares outstanding:				
Basic	290.7	290.8	291.7	294.2
Diluted	292.7	290.8	293.8	296.8
Earnings per share:				
Basic:				
Income (loss) from continuing operations	$0.37	$(0.57)	$1.02	$0.18
Income (loss) from discontinued operations	0.01	(0.04)	0.01	(0.03)
Net income (loss)	$0.37	$(0.61)	$1.03	$0.15
Diluted:				
Income (loss) from continuing operations	$0.36	$(0.57)	$1.01	$0.18
Income (loss) from discontinued operations	0.01	(0.04)	0.01	(0.03)
Net income (loss)	$0.37	$(0.61)	$1.02	$0.15
Dividends per share	$0.10	$0.08	$0.28	$0.21

See Notes to Condensed Consolidated Financial Statements (Unaudited).

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2012	2011	2012	2011
NET INCOME (LOSS)	$108.3	$(177.6)	$299.4	$44.8
Other comprehensive income (loss), net of tax:				
Foreign currency translation adjustments	30.7	(79.5)	26.2	(24.7)
Change in unrecognized pension and other postretirement costs	0.7	4.2	7.6	15.3
Derivative hedging (loss) gain	(1.2)	3.1	(2.9)	1.2
Total other comprehensive income (loss), net of tax	30.2	(72.2)	30.9	(8.2)
COMPREHENSIVE INCOME (LOSS)	$138.5	$(249.8)	$330.3	$36.6

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)

	September 30, 2012	December 31, 2011
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$250.1	$170.2
Accounts receivable, net	1,074.3	1,002.0
Inventories, net	822.8	699.9
Deferred income taxes	115.8	130.7
Prepaid expenses and other	161.3	145.2
TOTAL CURRENT ASSETS	2,424.3	2,148.0
PROPERTY, PLANT AND EQUIPMENT, NET	549.6	551.4
GOODWILL	2,355.7	2,366.0
OTHER INTANGIBLE ASSETS, NET	661.4	666.1
OTHER ASSETS	372.3	429.4
TOTAL ASSETS	$6,363.3	$6,160.9
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable	$530.0	$468.5
Accrued compensation	144.8	131.4
Other accrued liabilities	673.4	693.5
Short-term debt	291.0	103.6
Current portion of long-term debt	507.0	263.9
TOTAL CURRENT LIABILITIES	2,146.2	1,660.9
LONG-TERM DEBT	1,366.1	1,809.3
OTHER NONCURRENT LIABILITIES	784.2	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	305.3	305.3
Outstanding shares, before treasury:		
2012 – 305.3		
2011 – 305.3		
Treasury stock, at cost:	(447.5)	(432.8)
Shares held:		
2012 – 17.7		
2011 – 17.0		
Additional paid-in capital	623.0	586.3
Retained earnings	2,258.6	2,097.3
Accumulated other comprehensive loss	(676.1)	(707.0)
STOCKHOLDERS' EQUITY ATTRIBUTABLE TO PARENT	2,063.3	1,849.1
STOCKHOLDERS' EQUITY ATTRIBUTABLE TO NONCONTROLLING INTERESTS	3.5	3.5
TOTAL STOCKHOLDERS' EQUITY	2,066.8	1,852.6
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$6,363.3	$6,160.9

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)

	Nine Months Ended September 30,	
	2012	2011
OPERATING ACTIVITIES:		
Net income	$299.4	$44.8
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	122.1	121.1
Impairment charges	—	382.6
(Gain) loss on disposal of discontinued operations	(5.2)	13.9
Losses related to extinguishments of debt	6.8	4.8
Deferred income taxes	72.7	12.1
Non-cash restructuring costs (benefits)	1.3	(1.5)
Stock-based compensation expense	26.3	28.4
Other, net	8.9	13.2
Changes in operating assets and liabilities, excluding the effects of acquisitions and divestitures:		
Accounts receivable	(61.5)	5.1
Inventories	(119.9)	(188.1)
Accounts payable	59.4	55.4
Accrued liabilities and other	(53.1)	(212.0)
NET CASH PROVIDED BY OPERATING ACTIVITIES	357.2	279.8
INVESTING ACTIVITIES:		
Acquisitions and acquisition-related activity	(26.5)	(20.0)
Capital expenditures	(130.2)	(151.2)
Proceeds from sales of businesses and other noncurrent assets	20.9	39.0
Other	(3.2)	(7.2)
NET CASH USED IN INVESTING ACTIVITIES	(139.0)	(139.4)
FINANCING ACTIVITIES:		
Short-term borrowings, net	186.4	98.9
Payments on and for the settlement of notes payable and debt	(696.3)	(150.8)
Proceeds from issuance of debt, net of debt issuance costs	495.1	3.3
Repurchase and retirement of shares of common stock	(67.2)	(24.4)
Cash consideration paid for exchange of convertible notes [(1)]	—	(3.1)
Cash dividends	(82.4)	(61.6)
Excess tax benefits related to stock-based compensation	11.6	—
Other, net	11.1	(4.5)
NET CASH USED IN FINANCING ACTIVITIES	(141.7)	(142.2)
Currency rate effect on cash and cash equivalents	3.4	1.1
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	79.9	(0.7)
Cash and cash equivalents at beginning of period	170.2	139.6
CASH AND CASH EQUIVALENTS AT END OF PERIOD	$250.1	$138.9

(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 nine months ended September 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 nine months ended September 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 adopted the guidance in ASU 2011-08 for its annual goodwill impairment test performed during the three months ended September 30, 2012, and the adoption of the guidance did not have a material impact on the Company's goodwill impairment test.

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 early adopted the provisions of ASU 2012-02 effective July 1,

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2012, which coincides with its annual impairment tests for the year ending December 31, 2012. The adoption of ASU 2012-02 did not have a material impact on the Company's indefinite-lived intangibles impairment test results.
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 $60.3 million of net monetary assets denominated in Bolivar Fuertes as of September 30, 2012 which are subject to changes in value based on changes in the Transaction System for Foreign Currency Denominated Securities ("SITME") rate. In future periods, foreign exchange gains (losses) arising due to the appreciation (depreciation) of Bolivar Fuertes versus the U.S. Dollar will result in one-time benefits (charges) in each reporting period during which such exchange rate changes become effective. 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 nine months ended September 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 (benefit) and pretax income (loss).

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 September 30, 2012, all conditions related to the escrow were satisfied and resolved, and the Company had received $7.8 million from the escrow and recognized the proceeds as a gain from the sale of the hand torch and solder business in discontinued operations.

The following table provides a summary of amounts included in discontinued operations, which primarily relate to the hand torch and solder business (in millions):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2012	2011	2012	2011
Net sales	$—	$2.8	$—	$58.8
Income from discontinued operations, net of income tax expense of $2.0 and $3.4 for the three and nine months ended September 30, 2011, respectively	$—	$4.0	$—	$7.1
Gain (loss) on disposal, including income tax expense of $3.4 for the three and nine months ended September 30, 2012, and income tax expense of $1.3 for the three and nine months ended September 30, 2011	1.7	(15.2)	1.7	(15.2)
Income (loss) from discontinued operations, net of tax	$1.7	$(11.2)	$1.7	$(8.1)

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Footnote 3 — Stockholders' Equity and Accumulated Other Comprehensive 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 nine months ended September 30, 2012, the Company repurchased 3.8 million shares pursuant to the SRP for $67.2 million, and such shares were immediately retired. Through September 30, 2012, the Company has repurchased and retired 7.2 million shares at an aggregate cost of $113.3 million, since the commencement of the SRP in August 2011.

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

	Foreign Currency Translation (Loss) Income	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	26.2	7.6	(2.9)	30.9
Balance at September 30, 2012	$(180.9)	$(493.7)	$(1.5)	$ (676.1)

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

	Foreign Currency Translation (Loss) Income	Change in Unrecognized Pension & Other Postretirement Costs	Derivative Hedging Income (Loss)	Other Comprehensive Income (Loss)
Three months ended September 30, 2012				
Pretax	$30.7	$2.7	$(1.5)	$31.9
Tax (expense) benefit	—	(2.0)	0.3	(1.7)
After-tax	$30.7	$0.7	$(1.2)	$30.2
Three months ended September 30, 2011				
Pretax	$(79.5)	$5.7	$4.2	$(69.6)
Tax (expense) benefit	—	(1.5)	(1.1)	(2.6)
After-tax	$(79.5)	$4.2	$3.1	$(72.2)
Nine months ended September 30, 2012				
Pretax	$26.2	$13.8	$(4.1)	$35.9
Tax (expense) benefit	—	(6.2)	1.2	(5.0)
After-tax	$26.2	$7.6	$(2.9)	$30.9
Nine months ended September 30, 2011				
Pretax	$(24.7)	$20.0	$2.0	$(2.7)
Tax (expense) benefit	—	(4.7)	(0.8)	(5.5)
After-tax	$(24.7)	$15.3	$1.2	$(8.2)

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 expected to record pretax restructuring charges of $90 to $100 million for Project Renewal, of which $75 to $90 million were expected to be cash costs.

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

	Three Months Ended September 30, 2012	Nine Months Ended September 30, 2012
Employee severance, termination benefits and relocation costs	$5.1	$17.8
Exited contractual commitments and other	2.0	7.5
	$7.1	$25.3

Project Renewal restructuring charges since inception through September 30, 2012 were $56.5 million.

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 nine months ended September 30, 2012 (in millions):

	December 31, 2011 Balance	Provision	Costs Incurred	September 30, 2012 Balance
Employee severance, termination benefits and relocation costs	$11.2	$17.8	$(15.8)	$13.2
Exited contractual commitments and other	4.5	7.5	(7.4)	4.6
	$15.7	$25.3	$(23.2)	$17.8

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

Segment	December 31, 2011 Balance	Provision	Costs Incurred	September 30, 2012 Balance
Newell Consumer	$8.7	$12.2	$(11.3)	$9.6
Newell Professional	2.4	9.1	(6.4)	5.1
Baby & Parenting	1.8	0.7	(1.8)	0.7
Corporate	2.8	3.3	(3.7)	2.4
	$15.7	$25.3	$(23.2)	$17.8

In October 2012, the Company committed to an expansion of Project Renewal, designed to further simplify and align the business around two key activities – Brand & Category Development and Market Execution & Delivery. As part of the expanded program, the Company's Consumer and Professional groups will be eliminated and the Company's nine global business units will be streamlined into six business segments. In connection with the expansion, the Company expects to incur incremental cash costs of $225 to $250 million, approximately 80% of which are employee-related cash costs, including severance, retirement, and other termination benefits and costs. The Company also expects to record incremental pretax restructuring charges in the range of $250 to $275 million over the same period. Cumulative costs of the expanded Project Renewal are now expected to be $340 to $375 million pretax, with cash costs of $300 to $340 million. Due to the expansion, Project Renewal is now expected to be complete by mid-2015.

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 approximately 10%.

The European Transformation Plan is expected to result in cumulative restructuring charges totaling between $35 and $40 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.

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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 September 30,		Nine Months Ended September 30,		Since inception through September 30, 2012
	2012	2011	2012	2011	
Restructuring charges	$6.6	$5.5	$12.2	$12.3	$31.1

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 nine months ended September 30, 2012 (in millions):

	December 31, 2011 Balance	Provision	Costs Incurred	September 30, 2012 Balance
Employee severance, termination benefits and relocation costs	$6.0	$9.7	$(5.9)	$9.8
Exited contractual commitments and other	2.1	2.5	(1.7)	2.9
	$8.1	$12.2	$(7.6)	$12.7

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 nine months ended September 30, 2012 is as follows (in millions):

	December 31, 2011 Balance	Provision	Costs Incurred	September 30, 2012 Balance
Employee severance, termination benefits and relocation costs	$3.3	$—	$(1.5)	$1.8
Exited contractual commitments and other	5.9	—	(0.9)	5.0
	$9.2	$—	$(2.4)	$6.8

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

Segment	December 31, 2011 Balance	Provision	Costs Incurred	September 30, 2012 Balance
Newell Consumer	$ 2.7	$—	$(0.1)	$ 2.6
Newell Professional	3.7	—	(0.6)	3.1
Corporate	2.8	—	(1.7)	1.1
	$ 9.2	$—	$(2.4)	$ 6.8

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	Nine Months Ended

	September 30,		September 30,	
Segment	2012	2011	2012	2011
Newell Consumer	$1.3	$—	$12.2	$—
Newell Professional	4.3	—	9.1	—
Baby & Parenting	0.5	—	0.7	—
Corporate	7.6	5.5	15.5	12.3
	$13.7	$5.5	$37.5	$12.3

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Cash paid for all restructuring activities was $9.5 million and $31.9 million for the three and nine month periods ended September 30, 2012, respectively, and $6.0 million and $26.5 million for the three and nine month periods ended September 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):

	September 30, 2012	December 31, 2011
Materials and supplies	$142.6	$130.8
Work in process	128.3	105.6
Finished products	551.9	463.5
	$822.8	$699.9

Footnote 6 — Debt

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

	September 30, 2012	December 31, 2011
Medium-term notes	$1,869.2	$1,632.3
Junior convertible subordinated debentures	—	436.7
Commercial paper	86.7	—
Receivables facility	200.0	100.0
Other debt	8.2	7.8
Total debt	2,164.1	2,176.8
Short-term debt	(291.0)	(103.6)
Current portion of long-term debt	(507.0)	(263.9)
Long-term debt	$1,366.1	$1,809.3

Interest Rate Swaps

As of September 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 September 30, 2012 and December 31, 2011 include mark-to-market adjustments of $41.3 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 September 30, 2012 and December 31, 2011, associated with terminated interest rate swaps, $5.7 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 $4.9 million and $7.6 million for the three months ended September 30, 2012 and 2011, respectively, and by $16.7 million and $24.1 million for the nine months ended September 30, 2012 and 2011, respectively.

Medium-term Notes

During the three months ended September 30, 2012, the Company repaid and retired $8.5 million principal amount of the extant 6.11% medium-term notes due 2028. During the nine months ended September 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 September 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 were used to fund the redemption of all of the $436.7 million of junior convertible subordinated

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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 September 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 nine months ended September 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 nine months ended September 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 was 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).

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”), with a scheduled maturity date of 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 was the

sole holder of the Debentures.

During the three months ended September 30, 2012, the Company redeemed the $436.7 million of remaining outstanding Debentures. Because the Preferred Securities were mandatorily redeemable upon the retirement of the Debentures at maturity or upon acceleration of the Debentures, the Preferred Securities were concurrently redeemed at 100% of the liquidation preference of $421.2 million. In conjunction with the redemption of the Debentures and the Preferred Securities, the Company received cash proceeds of $15.5 million representing liquidation of the Company's equity interest in the Subsidiary. The Company repaid the Debentures at 100% of their face amount; therefore, substantially all of the $6.0 million loss on extinguishment of the Debentures was due to the write-off of deferred financing costs.

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Receivables-Related Borrowings

In September 2012, 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 2013 (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 September 30, 2012. The financing subsidiary owned $623.5 million of outstanding accounts receivable as of September 30, 2012, and these amounts are included in accounts receivable, net in the Company’s Condensed Consolidated Balance Sheet at September 30, 2012. The Company had outstanding borrowings of $200.0 million under the Receivables Facility as of September 30, 2012, at a weighted average interest rate of 0.9%.

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 September 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 September 30, 2012, the Company had outstanding commercial paper obligations of $86.7 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

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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 nine months ended September 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 September 30, 2012 and December 31, 2011 (in millions):

		Assets			Liabilities	
Derivatives designated as hedging instruments	Balance Sheet Location	September 30, 2012	December 31, 2011	Balance Sheet Location	September 30, 2012	December 31, 2011
Interest rate swaps	Other assets	$41.3	$35.8	Other liabilities	$—	$—
Forward interest rate swaps	Prepaid expenses and other	1.0	—	Other accrued liabilities	0.7	—
Foreign exchange contracts on inventory-related purchases	Prepaid expenses and other	0.1	1.9	Other accrued liabilities	0.8	—
Foreign exchange contracts on intercompany borrowings	Prepaid expenses and other	0.3	0.5	Other accrued liabilities	—	—
Commodity swap	Prepaid expenses and other	—	—	Other accrued liabilities	1.7	—
Total assets		$42.7	$38.2	Total liabilities	$3.2	$—

The fair values of outstanding derivatives that are not designated as hedges for accounting purposes were not material as of September 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):

		Amount of gain (loss) recognized in income			
Derivatives in fair value hedging relationships	Location of gain (loss) recognized in income	Three Months Ended September 30,		Nine Months Ended September 30,	
		2012	2011	2012	2011
Interest rate swaps	Interest expense, net	$2.3	$16.6	$5.5	$15.8
Fixed-rate debt	Interest expense, net	$(2.3)	$(16.6)	$(5.5)	$(15.8)

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

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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 September 30,		Nine Months Ended September 30,	
		2012	2011	2012	2011
Foreign exchange contracts on inventory-related purchases	Cost of products sold	$(0.3)	$(1.5)	$0.5	$(6.2)
Foreign exchange contracts on intercompany borrowings	Interest expense, net	—	(0.3)	(0.1)	(0.6)
Commodity swap	Cost of products sold	(1.4)	—	(1.9)	—
		$(1.7)	$(1.8)	$(1.5)	$(6.8)

Derivatives in cash flow hedging relationships	Amount of gain (loss) recognized in AOCI			
	Three Months Ended September 30,		Nine Months Ended September 30,	
	2012	2011	2012	2011
Foreign exchange contracts on inventory-related purchases	$(2.0)	$2.5	$(2.1)	$(4.5)
Foreign exchange contracts on intercompany borrowings	(2.0)	2.9	(0.4)	0.8
Forward interest rate swaps	(0.8)	—	0.3	—
Commodity swap	(0.4)	—	(3.6)	—
	$(5.2)	$5.4	$(5.8)	$(3.7)

During the nine months ended September 30, 2012, the Company entered into forward interest rate swap contracts with certain counterparties for an aggregate $250.0 million notional amount (the "Forward Swaps") to swap floating LIBOR rates with a weighted-average fixed rate of 1.8%. 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, subsequent to which the Company will record such gains or losses on the Forward Swaps into earnings over the term of the underlying debt. If it becomes no longer probable that the debt issuance will occur, gains or losses arising from the Forward Swaps, including mark-to-market adjustments, will be recognized in earnings immediately.

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 nine months ended September 30, 2012 and 2011. As of September 30, 2012, the Company expects to reclassify net losses of $2.4 million into earnings during the next 12 months.

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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 September 30, (in millions):

	U.S.		International	
	2012	2011	2012	2011
Service cost-benefits earned during the period	$0.8	$1.1	$1.6	$1.4
Interest cost on projected benefit obligation	11.5	12.4	6.2	6.2
Expected return on plan assets	(14.9)	(14.9)	(6.2)	(6.6)
Amortization of prior service cost, actuarial loss and other	5.6	4.3	0.5	0.2
Net periodic pension cost	$3.0	$2.9	$2.1	$1.2

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

	U.S.		International	
	2012	2011	2012	2011
Service cost-benefits earned during the period	$2.4	$3.3	$4.8	$4.4
Interest cost on projected benefit obligation	34.5	37.1	18.6	19.6
Expected return on plan assets	(44.7)	(44.7)	(18.6)	(20.8)
Amortization of prior service cost, actuarial loss and other	16.9	13.0	1.5	2.9
Net periodic pension cost	$9.1	$8.7	$6.3	$6.1

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2012	2011	2012	2011
Service cost-benefits earned during the period	$0.3	$0.3	$0.9	$0.9
Interest cost on projected benefit obligation	1.8	2.1	5.4	6.3
Amortization of prior service benefit and actuarial loss, net	(0.3)	(0.3)	(0.9)	(0.9)
Net other postretirement benefit costs	$1.8	$2.1	$5.4	$6.3

The Company made a cash contribution to the Company-sponsored profit sharing plan of $18.8 million and $17.6 million during the nine months ended September 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 September 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 nine months ended September 30, 2012 was driven by changes in pretax income and geographical mix in earnings, the unfavorable impact on reserves for certain tax

contingencies, the expiration of statutes of limitation and audit settlements, and other non-cash tax charges associated with the European Transformation Plan.

The Company’s effective tax rate for the three and nine months ended September 30, 2011 was impacted by $76.2 million of tax benefits associated with impairment charges recorded during the period. The Company's tax benefit was favorably impacted by

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$28.2 million and $49.0 million in the three and nine months ended September 30, 2011, respectively, associated with the realization of unrecognized tax benefits, including interest and penalties, due to the expiration of various worldwide statutes of limitation. The effective tax rate for the three and nine months ended September 30, 2011 was also favorably impacted by a change in the geographical mix in earnings.

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 September 30,		Nine Months Ended September 30,	
	2012	2011	2012	2011
Numerator for basic and diluted earnings per share:				
Income (loss) from continuing operations	$ 106.6	$ (166.4)	$ 297.7	$ 52.9
Income (loss) from discontinued operations	1.7	(11.2)	1.7	(8.1)
Net income (loss)	$ 108.3	$ (177.6)	$ 299.4	$ 44.8
Dividends and equivalents for share-based awards expected to be forfeited	—	—	—	0.1
Net income (loss) for basic earnings per share	$ 108.3	$ (177.6)	$ 299.4	$ 44.9
Effect of Preferred Securities [(1)]	—	—	—	—
Net income (loss) for diluted earnings per share	$ 108.3	$ (177.6)	$ 299.4	$ 44.9
Denominator for basic and diluted earnings per share:				
Weighted-average shares outstanding	288.0	290.8	288.9	291.1
Share-based payment awards classified as participating securities [(2)]	2.7	—	2.8	3.1
Denominator for basic earnings per share	290.7	290.8	291.7	294.2
Dilutive securities [(3)]	2.0	—	2.1	2.3
Convertible Notes [(4)]	—	—	—	0.3
Preferred Securities [(1)]	—	—	—	—
Denominator for diluted earnings per share	292.7	290.8	293.8	296.8
Basic earnings per share:				
Income (loss) from continuing operations	$ 0.37	$ (0.57)	$ 1.02	$ 0.18
Income (loss) from discontinued operations	0.01	(0.04)	0.01	(0.03)
Net income (loss)	$ 0.37	$ (0.61)	$ 1.03	$ 0.15
Diluted earnings per share:				
Income (loss) from continuing operations	$ 0.36	$ (0.57)	$ 1.01	$ 0.18
Income (loss) from discontinued operations	0.01	(0.04)	0.01	(0.03)
Net income (loss)	$ 0.37	$ (0.61)	$ 1.02	$ 0.15

(1) As disclosed in Footnote 6, the outstanding Preferred Securities were redeemed on July 16, 2012. The Preferred Securities were anti-dilutive for all periods presented, 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 September 30, 2012 and 2011 would be increased by $0.6 million and $3.5 million, respectively, and net income for the nine months ended September 30, 2012 and 2011 would be increased by $7.6 million and $10.5 million, respectively. Weighted-average shares outstanding would be increased by 1.4 million and 8.3 million shares for the three months ended September 30, 2012 and 2011, respectively, and 6.0 million and 8.3 million shares for the nine months ended September 30, 2012 and 2011, respectively.

(2) Share-based payment awards classified as participating securities are anti-dilutive for the three months ended September 30, 2011 and therefore have been excluded from basic and diluted earnings per share calculations. Had these securities been included, the weighted-average shares outstanding would be increased by 3.3 million for the

three months ended September 30, 2011.

(3) 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 9.4 million and 19.3 million stock options and other securities for the three months ended September 30, 2012 and 2011, respectively, and 9.9 million and 12.1 million stock options and other securities for the nine months ended September 30, 2012 and 2011, respectively, because such securities were anti-dilutive. The weighted-average shares outstanding for the three and nine months ended September 30, 2012 also exclude the weighted average effect of 0.9 million performance stock units outstanding at September 30, 2012 because the securities were anti-dilutive.

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(4) 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 nine months ended September 30, 2011 takes into consideration the period of time the Convertible Notes were outstanding.

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 $8.1 million and $11.7 million of pretax stock-based compensation expense during the three months ended September 30, 2012 and 2011, respectively, and $26.6 million and $28.4 million during the nine months ended September 30, 2012 and 2011, respectively.

The following table summarizes the changes in the number of shares of common stock under option for the nine months ended September 30, 2012 (in millions, except per share value):

	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	(1.5)	8		
Forfeited / expired	(1.7)	26		
Outstanding at September 30, 2012	12.2	$ 22	9.9	$ 14.8

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

	Shares	Weighted-Average Grant Date Fair Value
Outstanding at December 31, 2011	6.1	$ 13
Granted	2.0	19
Vested	(2.1)	10
Forfeited	(0.4)	17
Outstanding at September 30, 2012	5.6	$ 17

During the nine months ended September 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 September 30, 2012, 2.1 million PSUs were outstanding, and based on performance through September 30, 2012, recipients of PSUs would be entitled to 1.5 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 September 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 September 30, 2012 and December 31, 2011.

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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	Fair Value as of September 30, 2012	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)]	$ 10.8	$8.0	$ 2.8	$ —
Interest rate swaps [(2)]	41.3	—	41.3	—
Forward interest rate swaps [(2)]	1.0	—	1.0	—
Foreign currency derivatives [(2)]	0.4	—	0.4	—
Total	$ 53.5	$8.0	$ 45.5	$ —
Liabilities				
Forward interest rate swaps [(2)]	$ 0.7	$—	$ 0.7	$ —
Foreign currency derivatives [(2)]	0.8	—	0.8	—
Commodity swap [(2)]	1.7	—	1.7	—
Total	$ 3.2	$—	$ 3.2	$ —

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 ($0.4 million and $5.1 million as of September 30, 2012 and December 31, 2011, respectively) and other assets ($10.4 million and $12.6 million as of September 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 months ended September 30, 2012, the Company performed the annual impairment tests of goodwill and indefinite-lived intangible assets and concluded that no impairment charges were necessary. In making the

assessment of goodwill and indefinite-lived intangible assets impairment, management relies on a number of factors including operating results, business plans, economic projections, anticipated future cash flows, transactions, and market place data. Accordingly, these fair value measurements fall in the Level 3 category of the fair value hierarchy. The factors used by management in the impairment analysis are inherently subject to uncertainty. While the Company believes it has made reasonable estimates and assumptions to determine the fair value of its reporting units, if actual results are not consistent with management's estimates and assumptions, goodwill and other intangible assets may be overstated and could potentially trigger additional impairment charges.

During the nine months ended September 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

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applicable), management's projections of cash flows upon disposition and discount rates. Accordingly, these fair value measurements fall in the Level 3 category 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.
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):

	September 30, 2012		December 31, 2011	
	Fair Value	Book Value	Fair Value	Book Value
Medium-term notes	$1,953.8	$1,869.2	$1,679.7	$1,632.3
Preferred securities underlying the junior convertible subordinated debentures	—	—	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 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. As of September 30, 2012, 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

In October 2012, the Company announced certain changes to its organizational structure that will significantly impact the Company's business segments. Refer to Footnote 16 for further details.

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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 September 30,		Nine Months Ended September 30,	
	2012	2011	2012	2011
Net Sales [1]				
Newell Consumer	$814.6	$832.1	$2,262.6	$2,322.3
Newell Professional	535.4	541.6	1,571.4	1,545.4
Baby & Parenting	185.3	176.2	549.9	501.7
	$1,535.3	$1,549.9	$4,383.9	$4,369.4
Operating Income (Loss) [2]				
Newell Consumer [5]	$137.9	$128.8	$359.0	$363.1
Newell Professional	70.6	84.5	204.9	214.2
Baby & Parenting	18.3	17.7	59.9	38.1
Impairment charges	—	(382.6)	—	(382.6)
Restructuring costs	(13.7)	(5.5)	(37.5)	(12.3)
Corporate [5]	(24.7)	(35.1)	(88.2)	(88.8)
	$188.4	$(192.2)	$498.1	$131.7

	September 30, 2012	December 31, 2011
Identifiable Assets		
Newell Consumer	$1,496.2	$1,363.7
Newell Professional	1,286.4	1,126.3
Baby & Parenting	308.6	305.3
Corporate [3]	3,272.1	3,365.6
	$6,363.3	$6,160.9

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Geographic Area Information

	Three Months Ended September 30,		Nine Months Ended September 30,	
(in millions)	2012	2011	2012	2011
Net Sales [1], [4]				
United States	$1,058.8	$1,041.0	$2,981.7	$2,915.1
Canada	94.4	103.3	262.5	284.7
Total North America	1,153.2	1,144.3	3,244.2	3,199.8
Europe, Middle East and Africa	174.4	203.7	537.2	617.2
Latin America	86.4	86.2	245.3	238.4
Asia Pacific	121.3	115.7	357.2	314.0
Total International	382.1	405.6	1,139.7	1,169.6
	$1,535.3	$1,549.9	$4,383.9	$4,369.4
Operating Income (Loss) [2], [6]				
United States [5]	$138.3	$(137.3)	$359.0	$86.0
Canada	20.9	25.1	54.4	61.5
Total North America	159.2	(112.2)	413.4	147.5
Europe, Middle East and Africa [5]	3.2	(4.5)	17.0	14.6
Latin America	6.2	4.6	2.6	13.3
Asia Pacific	19.8	(80.1)	65.1	(43.7)
Total International	29.2	(80.0)	84.7	(15.8)
	$188.4	$(192.2)	$498.1	$131.7

(1) All intercompany transactions have been eliminated. Sales to Wal-Mart Stores, Inc. and subsidiaries amounted to approximately 12.1% and 12.5% of consolidated net sales in the three months ended September 30, 2012 and 2011, respectively, and approximately 10.9% of consolidated net sales in the nine months ended September 30, 2012 and 2011.

(2) Operating income (loss) by segment is net sales less cost of products sold and selling, general & administrative ("SG&A") expenses. Operating income by geographic area is net sales less cost of products sold, SG&A expenses, impairment charges, and restructuring costs. Certain headquarters expenses of an operational nature are allocated to business segments and geographic areas primarily on a net sales basis. Depreciation and amortization is allocated to the segments on a percentage of sales basis, and the allocated depreciation and amortization is included in segment operating income.

(3) Corporate assets primarily include goodwill, capitalized software, cash and deferred tax assets.

(4) Geographic sales information is based on the region from which the products are shipped and invoiced.

(5) The United States operating income is after considering $3.2 million and $7.1 million of incremental SG&A costs associated with Project Renewal for the three and nine months ended September 30, 2012, of which $3.2 million relates to the Consumer segment and $3.9 million relates to Corporate. The Europe, Middle East and Africa operating income is after considering $5.4 million and $11.5 million of incremental SG&A costs associated with the European Transformation Plan for the three months ended September 30, 2012 and 2011, respectively, and $22.0 million and $25.8 million for the nine months ended September 30, 2012 and 2011, respectively, all of which is included in Corporate.

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(6) The following table summarizes the restructuring costs and impairment charges by region included in operating income (loss) above (in millions):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2012	2011	2012	2011
Restructuring Costs				
United States	$5.3	$—	$21.4	$—
Canada	0.3	—	0.8	—
Total North America	5.6	—	22.2	—
Europe, Middle East and Africa	6.1	5.5	11.7	12.3
Latin America	1.7	—	2.6	—
Asia Pacific	0.3	—	1.0	—
Total International	8.1	5.5	15.3	12.3
	$13.7	$5.5	$37.5	$12.3

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2012	2011	2012	2011
Impairment Charges				
United States	$—	$266.8	$—	$266.8
Canada	—	—	—	—
Total North America	—	266.8	—	266.8
Europe, Middle East and Africa	—	9.2	—	9.2
Latin America	—	—	—	—
Asia Pacific	—	106.6	—	106.6
Total International	—	115.8	—	115.8
	$—	$382.6	$—	$382.6

Footnote 14 — Other Accrued Liabilities

Other accrued liabilities included the following (in millions):

	September 30, 2012	December 31, 2011
Customer accruals	$252.5	$250.7
Accruals for manufacturing, marketing and freight expenses	106.2	105.1
Accrued self-insurance liabilities	69.2	66.8
Accrued pension, defined contribution and other postretirement benefits	50.0	54.6
Accrued contingencies, primarily legal, environmental and warranty	36.8	37.2
Accrued restructuring (See Footnote 4)	37.3	33.0
Other	121.4	146.1
Other accrued liabilities	$673.4	$693.5

Customer accruals are promotional allowances and rebates, including cooperative advertising, given to customers in exchange for their selling efforts and volume purchased. The self-insurance accrual is primarily casualty liabilities such as workers' compensation, general and product liability and auto liability and is estimated based upon historical loss experience combined with actuarial evaluation methods, review of significant individual files and the application of risk transfer programs.

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Footnote 15 — Litigation and Contingencies

The Company is involved in legal proceedings in the ordinary course of its business. These proceedings include claims for damages arising out of use of the Company's products, allegations of infringement of intellectual property, commercial disputes and employment matters, as well as environmental matters. Some of the legal proceedings include claims for punitive as well as compensatory damages, and certain proceedings may purport to be class actions.

In the normal course of business and as part of its acquisition and divestiture strategy, the Company may provide certain representations and indemnifications related to legal, environmental, product liability, tax or other types of issues. Based on the nature of these representations and indemnifications, it is not possible to predict the maximum potential payments under all of these agreements due to the conditional nature of the Company's obligations and the unique facts and circumstances involved in each particular agreement. Historically, payments made by the Company under these agreements did not have a material effect on the Company's business, financial condition or results of operations.

The Company, using current product sales data and historical trends, actuarially calculates the estimate of its exposure for product liability. The Company has product liability reserves of $42.8 million and $39.7 million as of September 30, 2012 and December 31, 2011, respectively. The Company is insured for product liability claims for amounts in excess of established deductibles and accrues for the estimated liability as described up to the limits of the deductibles. All other claims and lawsuits are handled on a case-by-case basis.

Legal Matters

The Company is currently a party to two purported state class actions and one purported national Canadian class action. The cases include allegations that a certain model car seat sold by an affiliate of the Company did not satisfy all requisite government safety standards. The Company is vigorously defending all three actions.

In July 2007, the Company acquired all of the outstanding equity interests of PSI Systems, Inc. ("Endicia"), provider of DYMO|Endicia Internet Postage. Endicia was party to a lawsuit against it alleging patent infringement which was filed on November 22, 2006 in the U.S. District Court for the Central District of California. In this case, Stamps.com sought unspecified damages, attorneys' fees and injunctive relief in order to prevent Endicia from continuing to engage in activities that are alleged to infringe on Stamps.com's patents. In 2010, the Court entered judgment in favor of the Company terminating the action on summary judgment, and on June 15, 2011, the U.S. Court of Appeals for the Federal Circuit affirmed that judgment. Stamps.com's petition for a rehearing before the Federal Circuit panel was denied and Stamps.com has no further right of appeal. A separate case, in which Endicia and Stamps.com each claimed infringement of different patents, was settled during March 2012 without payment by either the Company or Stamps.com.

The City of Sao Paulo's Green and Environmental Office (the "Sao Paulo G&E Office") is seeking fines of up to approximately $4.0 million related to alleged improper storage of hazardous materials at the Company's tool manufacturing facility located in Sao Paulo, Brazil. The Company has obtained a stay of enforcement of a notice of fine due October 1, 2009 issued by the Sao Paulo G&E Office. The Company plans to continue to contest the fines.

Environmental Matters

As of September 30, 2012, the Company was involved in various matters concerning federal and state environmental laws and regulations, including matters in which the Company has been identified by the U.S. Environmental Protection Agency ("U.S. EPA") and certain state environmental agencies as a potentially responsible party ("PRP") at contaminated sites under the Federal Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA") and equivalent state laws.

In assessing its environmental response costs, the Company has considered several factors, including the extent of the Company's volumetric contribution at each site relative to that of other PRPs; the kind of waste; the terms of existing cost sharing and other applicable agreements; the financial ability of other PRPs to share in the payment of requisite costs; the Company's prior experience with similar sites; environmental studies and cost estimates available to the Company; the effects of inflation on cost estimates; and the extent to which the Company's, and other parties', status as PRPs is disputed.

The Company's estimate of environmental response costs associated with these matters as of September 30, 2012 ranged between $21.5 million and $25.6 million. As of September 30, 2012, the Company had a reserve of $21.7

million for such environmental remediation and response costs in the aggregate, which is included in other accrued liabilities and other noncurrent liabilities in the Condensed Consolidated Balance Sheet. No insurance recovery was taken into account in determining the Company's cost estimates or reserve, nor do the Company's cost estimates or reserves reflect any discounting for present value purposes, except with respect to certain long-term operations and maintenance CERCLA matters, which are estimated at their present value of $18.7 million by applying a 5% discount rate to undiscounted obligations of $26.7 million.

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Two of the Company's subsidiaries, Goody Products, Inc. and Berol Corporation (the “Company Parties”), are among over 300 entities named by Maxus Energy Corporation (“Maxus”) and Tierra Solutions, Inc. (“Tierra”) as third-party defendants in New Jersey Department of Environmental Protection, et al. (collectively “DEP”) v. Occidental Chemical Corporation, et al., pending in the Superior Court of New Jersey, Law Division - Essex County. Through the third-party complaint, Maxus and Tierra allege that releases from two facilities formerly operated by the Company Parties contributed to contamination in the Passaic River and other bodies of water and seek contribution for certain clean-up and removal costs, as well as other damages for which they may be found liable to DEP.
In addition, U.S. EPA has issued General Notice Letters (“GNLs”) to over 100 entities, including the Company and Berol Corporation, alleging that they are PRPs at the Diamond Alkali Superfund Site, which includes a 17-mile stretch of the Lower Passaic River and its tributaries. 72 of the GNL recipients, including the Company on behalf of itself and the Company Parties, have taken over the performance of the remedial investigation and feasibility study (“RI/FS”) for the Lower Passaic River. U.S. EPA continues to evaluate remedial options, the scope and cost of which have yet to be determined. U.S. EPA has also indicated that it will seek to have the PRPs fund the remedy. The site is also subject to a Natural Resource Damage Assessment.
Given the uncertainties pertaining to this matter–including that the litigation and RI/FS are ongoing, the ultimate remediation has not yet been determined, the parties have not agreed upon a final allocation for the investigation and any remediation, and the extent to which the Company Parties may be held liable or responsible is not yet known–it is not possible for the Company to estimate its ultimate liability related to this matter. Based on currently known facts and circumstances, the Company does not believe that this matter is reasonably likely to have a material impact on the Company's results of operations because the Company Parties' facilities are not alleged to have discharged the contaminants which are of the greatest concern in the river sediments, and because there are numerous other parties who will likely share in any costs of remediation and/or damages. However, in the event of one or more adverse determinations related to this matter, it is possible that the ultimate liability resulting from this matter and the impact on the Company's results of operations could be material.
Because of the uncertainties associated with environmental investigations and response activities, the possibility that the Company could be identified as a PRP at sites identified in the future that require the incurrence of environmental response costs and the possibility that sites acquired in business combinations may require environmental response costs, actual costs to be incurred by the Company may vary from the Company’s estimates.
Although management of the Company cannot predict the ultimate outcome of these proceedings with certainty, except as otherwise may be described above, it believes that the ultimate resolution of the Company’s proceedings, including any amounts it may be required to pay in excess of amounts reserved, will not have a material effect on the Company’s condensed consolidated financial statements.

Footnote 16 — Subsequent Events
Renewal Expansion
In October 2012, the Company committed to an expansion of Project Renewal, designed to further simplify and align the business around two key activities – Brand & Category Development and Market Execution & Delivery. As part of the expanded program, the Company's Consumer and Professional groups will be eliminated and the Company's nine global business units will be streamlined into six business segments. The Company will begin reporting under the new structure in the fourth quarter of 2012.

In connection with the expansion of Project Renewal, the Company expects to incur incremental cash costs of $225 to $250 million, approximately 80% of which are employee-related cash costs, including severance, retirement, and other termination benefits and costs. The Company also expects to record pretax restructuring charges in the range of $250 to $275 million over the same period. Cumulative costs of the expanded Project Renewal are now expected to be $340 to $375 million pretax, with cash costs of $300 to $340 million. Project Renewal, as expanded, is expected to be complete by mid-2015.
Dividends

In October 2012, the Company's Board of Directors approved an increase in the quarterly dividend payable to stockholders from $0.10 per share to $0.15 per share, effective with the dividend payable in December 2012.

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Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations
The following discussion and analysis provides information which management believes is relevant to an assessment and understanding of the Company’s consolidated results of operations and financial condition. The discussion should be read in conjunction with the accompanying condensed consolidated financial statements and notes thereto.

Business Overview
Newell Rubbermaid is a global marketer of consumer and commercial products that help people flourish every day, where they live, learn, work and play. The Company’s products are marketed under a strong portfolio of brands, including Rubbermaid®, Levolor®, Goody®, Calphalon®, Sharpie®, Paper Mate®, Parker®, Waterman®, Irwin®, Lenox®, Dymo®, Graco®, and Aprica®.
Effective January 1, 2012, the Company, as part of Project Renewal, implemented changes to its organizational structure that resulted in the consolidation of the Company's three operating groups into two and the consolidation of its 13 global business units into nine. One of the two operating groups is consumer-facing ("Newell Consumer"), while the other is commercial-facing ("Newell Professional"). In addition, while not an operating group, the Baby & Parenting global business unit is treated as a stand-alone operating segment.
Business Strategy
Newell Rubbermaid’s vision is to become a global company of Brands That Matter™ and great people, known for best-in-class results. The Company is committed to building consumer-meaningful brands through understanding the needs of consumers and using those insights to create innovative, highly differentiated product solutions that offer performance and value.
The transformation that began several years ago building Brands That Matter™ and insight-driven innovations that win in the marketplace has created a solid foundation. The Company now has a stronger and more tightly focused portfolio of leading brands with a margin structure that allows for brand investment. The Company has devised its new Growth Game Plan, which is the strategy the Company is implementing to fulfill its ambition to build a bigger, faster-growing, more global and more profitable company. The Growth Game Plan encompasses the following aspects:
Business Model
A brand-led business with a strong home in the United States and global ambition.
Consumer brands that win at the point of decision through excellence in performance, design and innovation.
Professional brands that win the loyalty of the chooser by improving the productivity and performance of the user.
Collaboration with our partners across the total enterprise in a shared commitment to growth and creating value.
Delivering competitive returns to shareholders through consistent, sustainable and profitable growth.
Where To Play
Win Bigger — Deploying resources to businesses and regions with higher growth opportunities through investments in innovation and geographic expansion.
Win Where We Are — Optimizing the performance of businesses and brands in existing markets by investing in innovation to increase market share and reducing structural spend within the existing geographic footprint.
Incubate For Growth — Investing in businesses that have unique opportunities for growth, with a primary focus on businesses that are in the early stages of the business cycle.
5 Ways To Win
Make The Brands Really Matter — Sharpening brand strategies on the highest impact growth levers and partnering to win with customers and suppliers.
Build An Execution Powerhouse — Realigning the customer development organization and developing joint business plans for new channel penetration and broader distribution.
Unlock Trapped Capacity For Growth — Delivering savings from ongoing restructuring projects, working capital reductions and simplification of business processes.
Develop The Team For Growth — Driving a performance culture aligned to the business strategy and building a more global perspective and talent base.
Extend Beyond Our Borders — Accelerating investments and growth in emerging markets.

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In implementing the tenets of its strategy, the Company is focused on Every Day Great Execution, or EDGE, to capitalize on and maximize the benefits of investment and growth opportunities and to optimize the cost structure of the business.

Organizational Structure

The Company's core organizing concept is the global business unit ("GBU") and each GBU supports one or more of the Company's key brands worldwide, with a focus on developing and marketing differentiated products designed to meet consumers' needs. The GBU structure positions the business units to leverage research and development, branding, marketing and innovation on a global basis and facilitates the Company's objective of optimizing working capital and shared resources. As of September 30, 2012, the Company's nine GBUs comprise the Company's three operating segments as follows:

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

In October 2012, the Company committed to an expansion of Project Renewal, designed to further simplify and align the business around two key activities – Brand & Category Development and Market Execution & Delivery. As part of the expanded program, the Company's Consumer and Professional groups will be eliminated and the Company's nine global business units will be streamlined into six business segments. The six business segments and the brands included in each of the six business segments are as follows:

- Tools: Irwin® and Lenox® tools and Dymo® industrial
- Commercial Products: Rubbermaid Commercial Products® and Rubbermaid® Healthcare
- Writing: Sharpie®, Paper Mate®, Expo®, Prismacolor®, Parker® and Waterman®
- Baby & Parenting: Graco®, Aprica® and Teutonia®
- Home Solutions: Rubbermaid®, Calphalon®, Levolor®, Kirsch® and Goody®
- Specialty: Bulldog®, Ashland®, Shur-Line®, Dymo® office, Endicia® and Mimio®

The Company will begin reporting under the new structure in the fourth quarter of 2012.

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Market and Performance Overview

The Company operates in the consumer and commercial products markets, which are generally impacted by overall economic conditions in the regions in which the Company operates. The Company’s results for the first nine months of 2012 were impacted by the following factors:

- Core sales, which exclude foreign currency, increased 2.2% in the first nine months of 2012 compared to the same period last year. New products, geographic expansion and core sales growth in emerging markets were the primary drivers of the core sales growth, with double-digit core sales growth in Latin America and Asia Pacific. Deteriorating macroeconomic conditions in Western Europe and lower merchandising in Europe in advance of the SAP go-live adversely impacted core sales and were the primary drivers of a 4.7% core sales decline in the Europe, Middle East, and Africa region.