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

# FORM 10-Q

**Quarterly Report Pursuant to Section 13 or 15(d)**
**of the Securities Exchange Act of 1934**

**for the Quarterly Period Ended June 30, 2014**

**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<br>(Do not check if a smaller reporting company) | Smaller reporting company o |
|---|---|---|---|

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

Number of shares of common stock outstanding (net of treasury shares) as of June 30, 2014: 273.8 million.

# TABLE OF CONTENTS


| | |
|---|---|
| PART I. FINANCIAL INFORMATION | 3 |
| Item 1. Financial Statements | 3 |
| Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations | 25 |
| Item 3. Quantitative and Qualitative Disclosures about Market Risk | 42 |
| Item 4. Controls and Procedures | 42 |
| PART II. OTHER INFORMATION | 43 |
| Item 1. Legal Proceedings | 43 |
| Item 1A. Risk Factors | 43 |
| Item 2. Unregistered Sales of Equity Securities and Use of Proceeds | 44 |
| Item 6. Exhibits | 45 |
| SIGNATURES | 46 |

## PART I. FINANCIAL INFORMATION

### Item 1. Financial Statements

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

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|---|---|---|---|
| | 2014 | 2013 | 2014 | 2013 |
| Net sales | $ 1,521.0 | $ 1,474.7 | $ 2,753.2 | $ 2,715.5 |
| Cost of products sold | 912.6 | 892.0 | 1,675.5 | 1,659.2 |
| GROSS MARGIN | 608.4 | 582.7 | 1,077.7 | 1,056.3 |
| Selling, general and administrative expenses | 383.5 | 365.3 | 735.6 | 706.7 |
| Restructuring costs | 11.5 | 32.0 | 23.5 | 66.4 |
| OPERATING INCOME | 213.4 | 185.4 | 318.6 | 283.2 |
| Nonoperating expenses: | | | | |
| Interest expense, net | 15.0 | 15.0 | 29.4 | 29.6 |
| Other (income) expense, net | (2.6) | 4.2 | 37.4 | 17.2 |
| Net nonoperating expenses | 12.4 | 19.2 | 66.8 | 46.8 |
| INCOME BEFORE INCOME TAXES | 201.0 | 166.2 | 251.8 | 236.4 |
| Income tax expense | 51.9 | 49.6 | 50.6 | 56.0 |
| INCOME FROM CONTINUING OPERATIONS | 149.1 | 116.6 | 201.2 | 180.4 |
| Income (loss) from discontinued operations, net of tax | 1.5 | (6.8) | 2.3 | (16.4) |
| NET INCOME | $ 150.6 | $ 109.8 | $ 203.5 | $ 164.0 |
| Weighted average shares outstanding: | | | | |
| Basic | 277.4 | 290.9 | 279.1 | 290.4 |
| Diluted | 279.7 | 294.3 | 281.7 | 293.7 |
| Earnings per share: | | | | |
| Basic: | | | | |
| Income from continuing operations | $ 0.54 | $ 0.40 | $ 0.72 | $ 0.62 |
| Income (loss) from discontinued operations | $ 0.01 | $ (0.02) | $ 0.01 | $ (0.06) |
| Net income | $ 0.54 | $ 0.38 | $ 0.73 | $ 0.56 |
| Diluted: | | | | |
| Income from continuing operations | $ 0.53 | $ 0.40 | $ 0.71 | $ 0.61 |
| Income (loss) from discontinued operations | $ 0.01 | $ (0.02) | $ 0.01 | $ (0.06) |
| Net income | $ 0.54 | $ 0.37 | $ 0.72 | $ 0.56 |
| Dividends per share | $ 0.17 | $ 0.15 | $ 0.32 | $ 0.30 |

*See Notes to Condensed Consolidated Financial Statements (Unaudited).*

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

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|---|---|---|---|
| | 2014 | 2013 | 2014 | 2013 |
| NET INCOME | $ 150.6 | $ 109.8 | $ 203.5 | $ 164.0 |
| Other comprehensive income (loss), net of tax: | | | | |
| Foreign currency translation adjustments | 18.3 | (13.7) | 24.2 | (49.0) |
| Change in unrecognized pension and other postretirement costs | 0.8 | 5.1 | 3.6 | 17.7 |
| Derivative hedging (loss) gain | (4.1) | 1.0 | (3.3) | 1.7 |
| Total other comprehensive income (loss), net of tax | 15.0 | (7.6) | 24.5 | (29.6) |
| COMPREHENSIVE INCOME [1] | $ 165.6 | $ 102.2 | $ 228.0 | $ 134.4 |

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

*See Notes to Condensed Consolidated Financial Statements (Unaudited).*

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

| | June 30, 2014 | December 31, 2013 |
|---|---|---|
| ASSETS | | |
| CURRENT ASSETS: | | |
| Cash and cash equivalents | $ 142.7 | $ 226.3 |
| Accounts receivable, net | 1,230.4 | 1,105.1 |
| Inventories, net | 811.8 | 684.4 |
| Deferred income taxes | 135.5 | 134.4 |
| Prepaid expenses and other | 138.2 | 135.4 |
| TOTAL CURRENT ASSETS | 2,458.6 | 2,285.6 |
| PROPERTY, PLANT AND EQUIPMENT, NET | 543.0 | 539.6 |
| GOODWILL | 2,358.3 | 2,361.1 |
| OTHER INTANGIBLE ASSETS, NET | 596.7 | 614.5 |
| OTHER ASSETS | 261.5 | 268.9 |
| TOTAL ASSETS | $ 6,218.1 | $ 6,069.7 |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | |
| CURRENT LIABILITIES: | | |
| Accounts payable | $ 592.9 | $ 558.9 |
| Accrued compensation | 121.8 | 167.3 |
| Other accrued liabilities | 631.0 | 703.5 |
| Short-term debt | 389.4 | 174.0 |
| Current portion of long-term debt | 251.3 | 0.8 |
| TOTAL CURRENT LIABILITIES | 1,986.4 | 1,604.5 |
| LONG-TERM DEBT | 1,424.2 | 1,661.6 |
| OTHER NONCURRENT LIABILITIES | 703.9 | 728.6 |
| STOCKHOLDERS' EQUITY: | | |
| Preferred stock, authorized shares, 10.0 at $1.00 par value | — | — |
| None issued and outstanding | | |
| Common stock, authorized shares, 800.0 at $1.00 par value | 293.2 | 297.5 |
| Outstanding shares, before treasury: | | |
| 2014 – 293.2 | | |
| 2013 – 297.5 | | |
| Treasury stock, at cost: | (490.3) | (477.2) |
| Shares held: | | |
| 2014 – 19.4 | | |
| 2013 – 18.9 | | |
| Additional paid-in capital | 703.0 | 654.3 |
| Retained earnings | 2,214.9 | 2,242.1 |
| Accumulated other comprehensive loss | (620.7) | (645.2) |
| STOCKHOLDERS' EQUITY ATTRIBUTABLE TO PARENT | 2,100.1 | 2,071.5 |
| STOCKHOLDERS' EQUITY ATTRIBUTABLE TO NONCONTROLLING INTERESTS | 3.5 | 3.5 |
| TOTAL STOCKHOLDERS' EQUITY | 2,103.6 | 2,075.0 |
| TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY | $ 6,218.1 | $ 6,069.7 |

*See Notes to Condensed Consolidated Financial Statements (Unaudited).*

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

| | Six Months Ended June 30, | |
|---|---|---|
| | **2014** | **2013** |
| OPERATING ACTIVITIES: | | |
| Net income | $ 203.5 | $ 164.0 |
| Adjustments to reconcile net income to net cash provided by (used in) operating activities: | | |
| Depreciation and amortization | 75.7 | 79.6 |
| Net (gain) loss from sale of discontinued operations, including impairments | (4.8) | 22.7 |
| Deferred income taxes | 6.0 | 47.0 |
| Non-cash restructuring costs | 3.7 | 2.2 |
| Stock-based compensation expense | 14.5 | 19.7 |
| Other, net | 50.8 | 18.4 |
| Changes in operating assets and liabilities, excluding the effects of acquisitions and divestitures: | | |
| Accounts receivable | (122.4) | (125.1) |
| Inventories | (123.2) | (201.7) |
| Accounts payable | 33.2 | 135.0 |
| Accrued liabilities and other | (132.9) | (221.6) |
| NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES | 4.1 | (59.8) |
| INVESTING ACTIVITIES: | | |
| Capital expenditures | (67.0) | (57.0) |
| Proceeds from sales of discontinued operations and noncurrent assets | 3.4 | — |
| Other | (0.3) | (0.3) |
| NET CASH USED IN INVESTING ACTIVITIES | (63.9) | (57.3) |
| FINANCING ACTIVITIES: | | |
| Short-term borrowings, net | 215.4 | 202.1 |
| Repurchase and retirement of shares of common stock | (158.7) | (72.4) |
| Cash dividends | (89.8) | (88.1) |
| Excess tax benefits related to stock-based compensation | 6.8 | 9.7 |
| Other stock-based compensation activity, net | 29.6 | 39.2 |
| NET CASH PROVIDED BY FINANCING ACTIVITIES | 3.3 | 90.5 |
| Currency rate effect on cash and cash equivalents | (27.1) | (3.1) |
| DECREASE IN CASH AND CASH EQUIVALENTS | (83.6) | (29.7) |
| Cash and cash equivalents at beginning of period | 226.3 | 183.8 |
| CASH AND CASH EQUIVALENTS AT END OF PERIOD | $ 142.7 | $ 154.1 |

*See Notes to Condensed Consolidated Financial Statements (Unaudited).*

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

## Footnote 1 — Basis of Presentation and Significant Accounting Policies

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

### Seasonal Variations

Sales of the Company's products tend to be seasonal, with sales and operating income in the first quarter generally lower than any other quarter during the year, driven principally by reduced volume and the mix of products sold in the first quarter. Historically, the Company has earned approximately 60% of its annual operating income during the second and third quarters of the year. The seasonality of the Company's sales volume combined with the accounting for fixed costs, such as depreciation, amortization, rent, personnel costs and interest expense, impacts the Company's results on a quarterly basis. In addition, the Company has historically generated more than 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 six months ended June 30, 2014 may not necessarily be indicative of the results that may be expected for the full year ending December 31, 2014.

### 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 July 2013, the FASB issued ASU No. 2013-11, "*Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carryforward, a Similar Tax Loss, or a Tax Credit Carryforward Exists*." ASU 2013-11 requires an entity to net its liability for unrecognized tax positions against a net operating loss carryforward, a similar tax loss or a tax credit carryforward when settlement in this manner is available under the tax law. The Company adopted the provisions of ASU 2013-11 beginning January 1, 2014, and the adoption did not have a material impact on the Company's financial statements or disclosures.

In April 2014, the FASB issued ASU No. 2014-08, "*Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity.*" Under ASU 2014-08, only disposals representing a strategic shift in operations would be presented as discontinued operations. This guidance requires expanded disclosure that provides information about the assets, liabilities, income and expenses of discontinued operations. Additionally, the guidance requires additional disclosure for a disposal of a significant part of an entity that does not qualify for discontinued operations reporting. This guidance will be effective for reporting periods beginning on or after December 15, 2014 with early adoption permitted for disposals or classifications of assets as held-for-sale that have not been reported in financial statements previously issued or available for issuance. The Company has not adopted ASU 2014-08, and the Company does not expect the adoption will have a material effect on the Company's financial statements.

In May 2014, the FASB issued ASU No. 2014-09, "*Revenue from Contracts with Customers.*" ASU 2014-09 supersedes the revenue recognition requirements in "*Accounting Standard Codification 605 - Revenue Recognition*" and most industry-specific guidance. The standard requires that entities recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which a company expects to be entitled in exchange for those goods or services. This ASU is effective for fiscal years beginning after December 15, 2016. ASU 2014-09 permits the use of either the retrospective or cumulative effect transition method. The Company is currently assessing the impact ASU 2014-09 will have on its financial position and results of operations.

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

### Venezuelan Operations

The Company accounts for its Venezuelan operations using highly inflationary accounting, and therefore, the Company remeasures assets, liabilities, sales and expenses denominated in Bolivar Fuertes ("Bolivars") into U.S. Dollars using the applicable exchange rate, and the resulting translation adjustments are included in earnings. In February 2013, the exchange rate for Bolivars declined

to 6.3 Bolivars per U.S. Dollar. Previously, the Company remeasured its operations denominated in Bolivars at the rate of exchange used by the Transaction System for Foreign Currency Denominated Securities (“SITME”) of 5.3 Bolivars per U.S. Dollar. As a result, the Company recorded a charge of $11.1 million in the first quarter of 2013, based on the decline in value of the net monetary assets of its Venezuelan operations that are denominated in Bolivars.

Beginning in July 2013, the Venezuelan government authorized certain companies that operate in designated industry sectors to exchange a limited volume of Bolivars for U.S. Dollars at a bid rate established via weekly auctions under a system referred to as “SICAD I.” During the first quarter of 2014, the government expanded the types of transactions that may be subject to the weekly SICAD I auction process while retaining the official rate of 6.3 Bolivars per U.S. Dollar and introduced another currency exchange mechanism (“SICAD II”). The SICAD II rate is intended to more closely resemble a market-driven exchange rate than the official rate and SICAD I. As a result of these changes, an entity may be able to convert Bolivars to U.S. Dollars at one or more of three legal exchange rates, which as of June 30, 2014, were 6.3 (official rate), 10.6 (SICAD I) and 50.0 (SICAD II). The Company analyzed the multiple rates currently available and the Company's estimates of the applicable rate at which future transactions could be settled, including the payment of dividends. Based on this analysis, the Company determined that the SICAD I rate is the most appropriate rate to use for remeasurement. Therefore, as of June 30, 2014, the Company remeasured the net monetary assets of its Venezuelan operations using an exchange rate of 10.6 Bolivars per U.S. Dollar, which was the SICAD I rate on that date. The Company recorded a charge of $38.3 million for the six months ended June 30, 2014 based on the decline in value of the net monetary assets of its Venezuelan operations that are denominated in Bolivars, which includes a $38.7 million charge upon adoption of the SICAD I rate. The Company expects to continue to use the SICAD I rate to remeasure the net monetary assets of its Venezuelan subsidiary unless facts and circumstances change.

As of June 30, 2014, the Company’s Venezuelan operations had approximately $59.2 million in Bolivar-denominated net monetary assets, including $51.1 million of cash and cash equivalents. In future periods, foreign exchange gains (losses) arising due to the appreciation (depreciation) of the Bolivar versus the U.S. Dollar will result in benefits (charges) based on the change in value of the Bolivar-denominated net monetary assets. During the six months ended June 30, 2014 and 2013, the Company’s Venezuelan operations generated 1.7% or less of consolidated net sales.

The Company is unable to predict with certainty whether future devaluations will occur because of economic and political uncertainty in Venezuela. If the Bolivar devalues further or if the Company is able to access currency at different rates that are reasonable to the Company, it could result in additional foreign currency exchange losses, and such devaluations could adversely affect the Company’s future financial results. Despite the additional currency conversion mechanisms, the Company’s ability to pay dividends from Venezuela is still restricted due to the low volume of U.S. Dollars available for conversion.

The Company is also unable to predict how Venezuela’s Law on Fair Pricing will ultimately impact the Company’s Venezuelan operations, as the Law on Fair Pricing may require the Company to reduce prices in the future and/or limit its ability to increase prices in the future to offset inflation or other increases in costs.

**Income Taxes**

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

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

**Reclassifications**

Certain 2013 amounts have been reclassified to conform to the 2014 presentation.

**Footnote 2 — Discontinued Operations**

During the three months ended March 31, 2013, the Company's Hardware and Teach businesses were classified as discontinued operations based on the Company's commitment to divest the businesses. The Hardware and Teach businesses were sold in the third quarter of 2013.

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

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|---|---|---|---|
| | 2014 | 2013 | 2014 | 2013 |
| Net sales | $ 2.0 | $ 75.6 | $ 4.1 | $ 144.8 |
| Income (loss) from discontinued operations before income taxes | $ 0.5 | $ 0.4 | $ (0.6) | $ 1.1 |
| Income tax expense (benefit) | 0.6 | (1.5) | 0.2 | (1.2) |
| (Loss) income from discontinued operations | (0.1) | 1.9 | (0.8) | 2.3 |
| Net gain (loss) from sales of discontinued operations, including impairments, net of tax (1) | 1.6 | (8.7) | 3.1 | (18.7) |
| Income (loss) from discontinued operations, net of tax | $ 1.5 | $ (6.8) | $ 2.3 | $ (16.4) |

(1) Includes a pretax gain of $2.6 million (related tax expense of $1.0 million) and $4.8 million (related tax expense of $1.7 million) for the three and six months ended June 30, 2014, respectively, related to the transfer of the international operations of the Hardware business. Includes impairments of $10.3 million (related tax benefit of $1.6 million) and $22.7 million (related tax benefit of $4.0 million) relating to goodwill, intangibles and other long-lived assets and write-downs of working capital for the three and six months ended June 30, 2013, respectively, primarily related to the Teach business.

**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. In February 2014, the SRP was expanded and extended such that the Company may repurchase up to $300.0 million of its shares from February 2014 through the end of 2016. Prior to its expansion and extension in February 2014, the Company had repurchased and retired 12.9 million shares for $257.1 million under the SRP. During the six months ended June 30, 2014, the Company repurchased 5.3 million shares pursuant to the SRP for $158.7 million, and such shares were immediately retired. Since the commencement of the SRP through June 30, 2014, the Company has repurchased and retired 18.3 million shares at an aggregate cost of $415.7 million. As of June 30, 2014, the Company had $141.3 million available under the SRP for future repurchases. In July 2014, the Company repurchased 3.0 million shares under the SRP at an aggregate cost of $94.6 million.

In October 2013, the Company entered into agreements with Goldman, Sachs & Co. ("Goldman Sachs") to effect an accelerated stock buyback (the "ASB") of the Company's common stock. Under the ASB, the Company paid Goldman Sachs an initial purchase price of $350.0 million, and Goldman Sachs delivered to the Company 9.4 million shares of the Company's common stock based on an initial per share amount of $29.69. The number of shares that the Company ultimately purchased under the ASB was determined based on the average of the daily volume-weighted average share prices of the Company's common stock over the course of a calculation period. In March 2014, the ASB was completed and Goldman Sachs delivered 2.0 million shares of the Company's common stock to the Company. Such shares were immediately retired.

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

| | Foreign Currency Translation Loss (1) | Unrecognized Pension & Other Postretirement Costs, Net of Tax | Derivative Hedging (Loss) Gain, Net of Tax | Accumulated Other Comprehensive Loss |
|---|---|---|---|---|
| Balance at December 31, 2013 | $ (161.5) | $ (483.3) | $ (0.4) | $ (645.2) |
| Other comprehensive income (loss) before reclassifications | 24.2 | (3.9) | (2.4) | 17.9 |
| Amounts reclassified to earnings | — | 7.5 | (0.9) | 6.6 |
| Net current period other comprehensive income | 24.2 | 3.6 | (3.3) | 24.5 |
| Balance at June 30, 2014 | $ (137.3) | $ (479.7) | $ (3.7) | $ (620.7) |

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

The following table depicts reclassifications out of accumulated other comprehensive loss to earnings for the three and six months ended June 30, 2014 and 2013 (*in millions*):

| | Amount Reclassified to Earnings as Expense (Benefit) in the Statements of Operations | | | | |
|---|---|---|---|---|---|
| | Three Months Ended June 30, | | Six Months Ended June 30, | | Affected Line Item in the Condensed Consolidated Statements of Operations |
| | 2014 | 2013 | 2014 | 2013 | |
| Unrecognized pension and other postretirement costs: | | | | | |
| Prior service benefit | $ (1.6) | $ (0.2) | $ (3.2) | $ (0.4) | (1) |
| Actuarial loss | 6.9 | 8.5 | 13.9 | 16.9 | (1) |
| Total before tax | 5.3 | 8.3 | 10.7 | 16.5 | |
| Tax effect | (1.6) | (2.7) | (3.2) | (5.4) | |
| Net of tax | $ 3.7 | $ 5.6 | $ 7.5 | $ 11.1 | |
| Derivatives: | | | | | |
| Foreign exchange contracts on inventory-related purchases | $ (0.5) | $ (1.7) | $ (2.4) | $ (2.2) | Cost of products sold |
| Forward interest rate swaps | 0.2 | 0.2 | 0.4 | 0.4 | Interest expense, net |
| Total before tax | (0.3) | (1.5) | (2.0) | (1.8) | |
| Tax effect | 0.4 | 0.4 | 1.1 | 0.5 | |
| Net of tax | $ 0.1 | $ (1.1) | $ (0.9) | $ (1.3) | |

(1) These accumulated other comprehensive income (loss) components are included in the computation of net periodic pension and other postretirement benefit costs, which are recorded in the cost of products sold and selling, general and administrative expenses line-items in the Condensed Consolidated Statements of Operations for the three and six months ended June 30, 2014 and 2013. See Footnote 8 for further details.

## 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. Project Renewal is designed to simplify and align the business around two key activities – Brand & Category Development and Market Execution & Delivery. In connection with the program, the Company eliminated its operating groups and consolidated its 13 global business units into five business segments. In addition, the Company is consolidating certain manufacturing facilities and distribution centers as part of the program, with the goal of increasing operational efficiency, reducing costs and improving gross margin. Cumulative pretax costs of Project Renewal are expected to be $340 to $375 million, of which $300 to $340 million are expected to be cash costs. Approximately 75% of the total cash costs are expected to be employee-related cash costs, including severance, retirement, and other termination benefits and costs. Project Renewal is expected to be complete by mid-2015.

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

| | Three Months Ended June 30, | | Six Months Ended June 30, | | Since Inception Through |
|---|---|---|---|---|---|
| | 2014 | 2013 | 2014 | 2013 | June 30, 2014 |
| Facility and other exit costs, including impairments | $ 1.6 | $ 2.3 | $ 2.8 | $ 2.3 | $ 16.2 |
| Employee severance, termination benefits and relocation costs | 6.2 | 24.0 | 17.1 | 54.6 | 158.0 |
| Exited contractual commitments and other | 3.5 | 2.4 | 4.9 | 10.6 | 32.8 |
| | $ 11.3 | $ 28.7 | $ 24.8 | $ 67.5 | $ 207.0 |

Restructuring provisions were determined based on estimates prepared at the time the restructuring actions were approved by management and are periodically updated for changes. Restructuring amounts also include amounts recognized as incurred. The following table depicts the activity in accrued restructuring reserves for Project Renewal for the six months ended June 30, 2014 (*in millions*):

| | December 31, 2013 Balance | Provision | Costs Incurred | June 30, 2014 Balance |
|---|---|---|---|---|
| Facility and other exit costs, including impairments | $ — | $ 2.8 | $ (2.8) | $ — |
| Employee severance, termination benefits and relocation costs | 60.3 | 17.1 | (42.1) | 35.3 |
| Exited contractual commitments and other | 7.1 | 4.9 | (5.4) | 6.6 |
| | $ 67.4 | $ 24.8 | $ (50.3) | $ 41.9 |

The following table depicts the activity in accrued restructuring reserves for Project Renewal for the six months ended June 30, 2014 aggregated by reportable business segment (*in millions*):

| Segment | December 31, 2013 Balance | Provision | Costs Incurred | June 30, 2014 Balance |
|---|---|---|---|---|
| Writing | $ 25.8 | $ 1.8 | $ (8.2) | $ 19.4 |
| Home Solutions | 0.7 | 1.0 | (1.4) | 0.3 |
| Tools | 0.3 | 1.6 | (0.9) | 1.0 |
| Commercial Products | 6.8 | 2.7 | (3.8) | 5.7 |
| Baby & Parenting | 1.4 | 0.2 | (0.1) | 1.5 |
| Corporate | 32.4 | 17.5 | (35.9) | 14.0 |
| | $ 67.4 | $ 24.8 | $ (50.3) | $ 41.9 |

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

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|---|---|---|---|
| Segment | 2014 | 2013 | 2014 | 2013 |
| Writing | $ 0.9 | $ 18.1 | $ 1.8 | $ 20.7 |
| Home Solutions | 0.6 | (0.4) | 1.0 | 2.0 |
| Tools | 0.7 | 1.3 | 1.6 | 2.7 |
| Commercial Products | (0.4) | 1.5 | 2.7 | 2.5 |
| Baby & Parenting | (0.1) | (0.3) | 0.2 | — |
| Corporate[(1)] | 9.8 | 11.8 | 16.2 | 38.5 |
| | $ 11.5 | $ 32.0 | $ 23.5 | $ 66.4 |

(1) Includes adjustments of $0.2 million and $(1.3) million for the three and six months ended June 30, 2014, respectively, and $3.3 million and $(1.1) million for the three and six months ended June 30, 2013, respectively, relating to previous restructuring projects that had the impact of increasing (decreasing) restructuring costs.

Cash paid for all restructuring activities was $18.7 million and $49.5 million for the three and six months ended June 30, 2014, respectively, and $22.6 million and $39.5 million for the three and six months ended June 30, 2013, respectively.

**Footnote 5 — Inventories, Net**

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

| | June 30, 2014 | December 31, 2013 |
|---|---|---|
| Materials and supplies | $ 135.0 | $ 123.5 |
| Work in process | 119.4 | 107.0 |
| Finished products | 557.4 | 453.9 |
| | $ 811.8 | $ 684.4 |

**Footnote 6 — Debt**

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

| | June 30, 2014 | December 31, 2013 |
|---|---|---|
| Medium-term notes | $ 1,673.3 | $ 1,659.8 |
| Commercial paper | 135.1 | 95.0 |
| Receivables facility | 250.0 | 75.0 |
| Other debt | 6.5 | 6.6 |
| Total debt | 2,064.9 | 1,836.4 |
| Short-term debt | (389.4) | (174.0) |
| Current portion of long-term debt | (251.3) | (0.8) |
| Long-term debt | $ 1,424.2 | $ 1,661.6 |

**Interest Rate Swaps**

As of June 30, 2014, the Company was party to fixed-for-floating interest rate swaps designated as fair value hedges. The interest rate swaps relate to an aggregate $750.0 million principal amount of the medium-term notes and result in the Company effectively paying a floating rate of interest on the medium-term notes hedged by the interest rate swaps.

The medium-term note balances at June 30, 2014 and December 31, 2013 include mark-to-market adjustments of $1.2 million and $(12.4) million, respectively, to record the fair value of the hedges of the fixed-rate debt, and the mark-to-market adjustments had the effect of increasing (decreasing) the reported values of the medium-term notes. Compared to the stated rates of the underlying medium-term notes, interest rate swaps, including amortization of settled interest rate swaps, had the effect of reducing interest expense by $3.5 million and $3.4 million for the three months ended June 30, 2014 and 2013, respectively, and by $7.1 million and $6.9 million for the six months ended June 30, 2014 and 2013, respectively.

**Receivables-Related Borrowings**

In September 2013, the Company amended its receivables facility to increase available borrowings to up to $350.0 million and extend the expiration date to September 2015 (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 a certain interest coverage ratio, and the Company was in compliance with such requirements under the Receivable Facility as of June 30, 2014. The financing subsidiary owned $792.6 million of outstanding accounts receivable as of June 30, 2014, and these amounts are included in accounts receivable, net in the Company’s Condensed Consolidated Balance Sheet at June 30, 2014. The Company had $250.0 million of outstanding borrowings under the Receivables Facility as of June 30, 2014.

**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. As extended, the Credit Agreement provides for an unsecured syndicated revolving credit facility with a maturity date of December 2018, and an aggregate commitment at any time outstanding of up to $800.0 million (the “Facility”). The Facility also provides for the issuance of up to $100.0 million of letters of credit, so long as there is a sufficient amount available for borrowing under the Facility. The Credit Agreement contains customary representations and warranties, covenants and events of default. As of June 30, 2014, there were no borrowings or standby letters of credit issued or outstanding under the Facility, and the Company was in compliance with the covenants under the Credit Agreement.

In addition to the committed portion of the Facility, the Credit Agreement provides for extensions of competitive bid loans from one or more lenders (at the lenders’ discretion) of up to $500.0 million, which are not a utilization of the amount available for borrowing under the Facility.

In lieu of borrowings under the Facility, the Company may issue up to $800.0 million of commercial paper. The Facility provides the committed backup liquidity required to issue commercial paper. Accordingly, commercial paper may be issued only up to the

amount available for borrowing under the Facility. As of June 30, 2014 and December 31, 2013, the Company had outstanding commercial paper obligations of $135.1 million and $95.0 million, respectively.

**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 primarily uses derivatives to manage its interest rate exposure, to achieve a desired proportion of variable and fixed-rate debt, to manage the risk associated with the volatility of future cash flows denominated in foreign currencies and to manage changes in fair value resulting from changes in foreign currency exchange rates.

The Company enters into interest rate swaps related to existing 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. These derivatives are designated as cash flow hedges.

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. Hedging instruments are not available for certain currencies in countries in which the Company has operations. In these cases, the Company uses alternative means in an effort to achieve an economic offset to the local currency exposure such as invoicing and/or paying intercompany and third party transactions in U.S. Dollars.

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. Gains and losses from changes in fair values of derivatives that are not designated as hedges for accounting purposes are recognized currently in earnings, and such amounts were not material for the three and six months ended June 30, 2014 and 2013.

The following table summarizes the Company's outstanding derivative instruments and their effects on the Condensed Consolidated Balance Sheets as of June 30, 2014 and December 31, 2013 (*in millions*):

| | | Assets | | | Liabilities | |
|---|---|---|---|---|---|---|
| **Derivatives designated as hedging instruments** | **Balance Sheet Location** | **June 30, 2014** | **December 31, 2013** | **Balance Sheet Location** | **June 30, 2014** | **December 31, 2013** |
| Interest rate swaps | Other assets | $ 22.8 | $ 23.1 | Other noncurrent liabilities | $ 21.6 | $ 35.5 |
| Foreign exchange contracts on inventory-related purchases | Prepaid expenses and other | 0.7 | 2.9 | Other accrued liabilities | 3.8 | 1.2 |
| Foreign exchange contracts on intercompany borrowings | Prepaid expenses and other | — | — | Other accrued liabilities | 0.2 | 0.2 |
| Total assets | | $ 23.5 | $ 26.0 | Total liabilities | $ 25.6 | $ 36.9 |

The fair values of outstanding derivatives that are not designated as hedges for accounting purposes were not material as of June 30, 2014 and December 31, 2013.

The Company is not a party to any derivatives that require collateral to be posted prior to settlement.

### Fair Value Hedges

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

| Derivatives in fair value hedging relationships | Location of gain (loss) recognized in income | Amount of gain (loss) recognized in income | | | |
|---|---|---|---|---|---|
| | | Three Months Ended June 30, | | Six Months Ended June 30, | |
| | | 2014 | 2013 | 2014 | 2013 |
| Interest rate swaps | Interest expense, net | $ 8.2 | $ (30.4) | $ 13.5 | $ (37.0) |
| Fixed-rate debt | Interest expense, net | $ (8.2) | $ 30.4 | $ (13.5) | $ 37.0 |

The Company did not realize any ineffectiveness related to fair value hedges during the three and six months ended June 30, 2014 and 2013.

### 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 accumulated other comprehensive income (loss) ("AOCI") (*in millions*):

| Derivatives in cash flow hedging relationships | Location of gain (loss) recognized in income | Amount of gain (loss) reclassified from AOCI into income | | | |
|---|---|---|---|---|---|
| | | Three Months Ended June 30, | | Six Months Ended June 30, | |
| | | 2014 | 2013 | 2014 | 2013 |
| Foreign exchange contracts on inventory-related purchases | Cost of products sold | $ 0.5 | $ 1.7 | $ 2.4 | $ 2.2 |
| Foreign exchange contracts on intercompany borrowings | Interest expense, net | 0.1 | — | 0.1 | — |
| Forward interest rate swaps | Interest expense, net | (0.2) | (0.2) | (0.4) | (0.4) |
| | | $ 0.4 | $ 1.5 | $ 2.1 | $ 1.8 |

| Derivatives in cash flow hedging relationships | Amount of gain (loss) recognized in AOCI | | | |
|---|---|---|---|---|
| | Three Months Ended June 30, | | Six Months Ended June 30, | |
| | 2014 | 2013 | 2014 | 2013 |
| Foreign exchange contracts on inventory-related purchases | $ (5.1) | $ 3.1 | $ (2.4) | $ 4.3 |
| Foreign exchange contracts on intercompany borrowings | 0.1 | (0.6) | 0.1 | 1.8 |
| | $ (5.0) | $ 2.5 | $ (2.3) | $ 6.1 |

The Company did not realize any ineffectiveness related to cash flow hedges during the three and six months ended June 30, 2014 and 2013. As of June 30, 2014, the Company expects to reclassify expense of $3.7 million into earnings during the next 12 months.

**Footnote 8 — Employee Benefit and Retirement Plans**

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

| | U.S. | | International | |
|---|---|---|---|---|
| | 2014 | 2013 | 2014 | 2013 |
| Service cost-benefits earned during the period | $ 1.0 | $ 0.7 | $ 1.5 | $ 1.9 |
| Interest cost on projected benefit obligation | 11.3 | 10.0 | 6.4 | 6.0 |
| Expected return on plan assets | (14.4) | (14.7) | (6.7) | (5.8) |
| Amortization of prior service cost, actuarial loss and other | 6.1 | 7.8 | 0.8 | 2.3 |
| Net periodic pension cost | $ 4.0 | $ 3.8 | $ 2.0 | $ 4.4 |

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

| | U.S. | | International | |
|---|---|---|---|---|
| | 2014 | 2013 | 2014 | 2013 |
| Service cost-benefits earned during the period | $ 2.0 | $ 1.4 | $ 3.0 | $ 3.8 |
| Interest cost on projected benefit obligation | 22.6 | 20.0 | 12.8 | 12.0 |
| Expected return on plan assets | (28.8) | (29.4) | (13.4) | (11.6) |
| Amortization of prior service cost, actuarial loss and other | 12.2 | 15.6 | 1.6 | 3.1 |
| Net periodic pension cost | $ 8.0 | $ 7.6 | $ 4.0 | $ 7.3 |

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

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|---|---|---|---|
| | 2014 | 2013 | 2014 | 2013 |
| Service cost-benefits earned during the period | $ 0.3 | $ 0.3 | $ 0.6 | $ 0.6 |
| Interest cost on projected benefit obligation | 1.2 | 1.4 | 2.4 | 2.8 |
| Amortization of prior service benefit and actuarial loss, net | (1.6) | (0.4) | (3.2) | (0.8) |
| Net other postretirement benefit cost | $ (0.1) | $ 1.3 | $ (0.2) | $ 2.6 |

The Company made cash contributions to the Company-sponsored profit sharing plan of $16.1 million and $17.6 million during the six months ended June 30, 2014 and 2013, respectively.

**Footnote 9 — Income Taxes**

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 six months ended June 30, 2014 included tax benefits related to the resolution of certain tax contingencies of $11.3 million and tax benefits of $15.1 million related to the $42.3 million pretax charges associated with the change in exchange rates used to remeasure the Company's Venezuelan net assets, which includes a $38.7 million charge upon adoption of the SICAD I rate and $4.0 million charge associated with the first turn of Venezuelan inventory after the devaluation (see Footnote 1). The Company's effective tax rate for the six months ended June 30, 2013 included tax benefits of $13.1 million, including $8.3 million of net tax benefits associated with the recognition of incremental deferred taxes and $4.8 million associated with the resolution of certain tax contingencies.

The Company's effective tax rates for the six months ended June 30, 2014 and 2013 were also impacted by the geographical mix in earnings and other discrete items recorded in the periods.

**Footnote 10 — Earnings per Share**

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

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|---|---|---|---|
| | 2014 | 2013 | 2014 | 2013 |
| Numerator for basic and diluted earnings per share: | | | | |
| Income from continuing operations | $ 149.1 | $ 116.6 | $ 201.2 | $ 180.4 |
| Income (loss) from discontinued operations | 1.5 | (6.8) | 2.3 | (16.4) |
| Net income | $ 150.6 | $ 109.8 | $ 203.5 | $ 164.0 |
| Dividends and equivalents for share-based awards expected to be forfeited | — | — | — | — |
| Net income for basic and diluted earnings per share | $ 150.6 | $ 109.8 | $ 203.5 | $ 164.0 |
| Denominator for basic and diluted earnings per share: | | | | |
| Weighted-average shares outstanding | 275.4 | 288.3 | 277.1 | 287.8 |
| Share-based payment awards classified as participating securities | 2.0 | 2.6 | 2.0 | 2.6 |
| Denominator for basic earnings per share | 277.4 | 290.9 | 279.1 | 290.4 |
| Dilutive securities (1) | 2.3 | 3.4 | 2.6 | 3.3 |
| Denominator for diluted earnings per share | 279.7 | 294.3 | 281.7 | 293.7 |
| Basic earnings per share: | | | | |
| Income from continuing operations | $ 0.54 | $ 0.40 | $ 0.72 | $ 0.62 |
| Income (loss) from discontinued operations | $ 0.01 | $ (0.02) | $ 0.01 | $ (0.06) |
| Net income | $ 0.54 | $ 0.38 | $ 0.73 | $ 0.56 |
| Diluted earnings per share: | | | | |
| Income from continuing operations | $ 0.53 | $ 0.40 | $ 0.71 | $ 0.61 |
| Income (loss) from discontinued operations | $ 0.01 | $ (0.02) | $ 0.01 | $ (0.06) |
| Net income | $ 0.54 | $ 0.37 | $ 0.72 | $ 0.56 |

(1) 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 0.8 million and 2.2 million stock options for the three months ended June 30, 2014 and 2013, respectively, and 0.5 million and 2.9 million stock options for the six months ended June 30, 2014 and 2013, respectively, because such securities were anti-dilutive. The weighted-average shares outstanding for the three and six months ended June 30, 2014 also exclude the weighted-average effect of 0.6 million performance stock units outstanding because the securities were anti-dilutive.

**Footnote 11 — Stock-Based Compensation**

The Company measures compensation cost for all stock awards at fair value on the date of grant and recognizes compensation cost, net of estimated forfeitures, over the requisite service period for awards expected to vest. The Company recognized $7.5 million and $10.3 million of pretax stock-based compensation expense during the three months ended June 30, 2014 and 2013, respectively, and $14.5 million and $19.7 million during the six months ended June 30, 2014 and 2013, respectively.

The following table summarizes the changes in the number of shares of common stock underlying outstanding stock options for the six months ended June 30, 2014 (*in millions, except per share values*):

| | Shares | Weighted-Average Exercise Price | Exercisable at Period End | Aggregate Intrinsic Value Exercisable |
|---|---|---|---|---|
| Outstanding at December 31, 2013 | 5.9 | $ 22 | 5.3 | $ 53.3 |
| Exercised | (1.9) | 24 | | |
| Forfeited / expired | (0.2) | 27 | | |
| Outstanding at June 30, 2014 | 3.8 | $ 21 | 3.6 | $ 36.1 |

The following table summarizes the changes in the number of outstanding restricted stock units for the six months ended June 30, 2014 (*shares in millions*):

| | Restricted Stock Units | Weighted-Average Grant Date Fair Value |
|---|---|---|
| Outstanding at December 31, 2013 | 4.2 | $ 22 |
| Granted | 1.2 | 32 |
| Vested | (1.0) | 21 |
| Forfeited | (0.4) | 24 |
| Outstanding at June 30, 2014 | 4.0 | $ 25 |

During the six months ended June 30, 2014, the Company awarded 0.7 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 date depending on the level of achievement of the specified market and service conditions. As of June 30, 2014, 2.0 million PSUs were outstanding, and based on performance through June 30, 2014, recipients of PSUs would be entitled to 1.8 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.

As of December 31, 2013, the Company had 0.3 million outstanding performance-based restricted stock units that entitle the recipients to shares of common stock if specified market and service conditions are achieved and vest no earlier than one year from the date of grant and no later than seven years from the date of grant ("Stock Price Based RSUs"). During the six months ended June 30, 2014, 0.1 million of Stock Price Based RSUs vested. Based on performance through June 30, 2014, the market conditions have been achieved for substantially all of the remaining 0.2 million of outstanding Stock Price Based RSUs. Accordingly, the Stock Price Based RSUs will vest when the service conditions are achieved. The 0.2 million Stock Price Based RSUs are included in the preceding table as outstanding as of June 30, 2014.

**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*):

| Fair Value as of June 30, 2014 | Total | 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] | $ 21.7 | $ 9.1 | $ 12.6 | $ — |
| Interest rate swaps | 22.8 | — | 22.8 | — |
| Foreign currency derivatives | 0.7 | — | 0.7 | — |
| Total | $ 45.2 | $ 9.1 | $ 36.1 | $ — |
| Liabilities | | | | |
| Interest rate swaps | $ 21.6 | $ — | $ 21.6 | $ — |
| Foreign currency derivatives | 4.0 | — | 4.0 | — |
| Total | $ 25.6 | $ — | $ 25.6 | $ — |
| **Fair Value as of December 31, 2013** | | | | |
| Assets | | | | |
| Investment securities, including mutual funds [1] | $ 21.3 | $ 8.7 | $ 12.6 | $ — |
| Interest rate swaps | 23.1 | — | 23.1 | — |
| Foreign currency derivatives | 2.9 | — | 2.9 | — |
| Total | $ 47.3 | $ 8.7 | $ 38.6 | $ — |
| Liabilities | | | | |
| Interest rate swaps | $ 35.5 | $ — | $ 35.5 | $ — |
| Foreign currency derivatives | 1.4 | — | 1.4 | — |
| Total | $ 36.9 | $ — | $ 36.9 | $ — |

(1) The values of investment securities, including mutual funds, are classified as cash and cash equivalents ($10.9 million and $10.9 million as of June 30, 2014 and December 31, 2013, respectively) and other assets ($10.8 million and $10.3 million as of June 30, 2014 and December 31, 2013, respectively).

For publicly-traded mutual funds, fair value is determined on the basis of quoted market prices and, accordingly, such 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. The Company determines the fair value of its derivative instruments using standard pricing models and market-based assumptions for all significant inputs, such as yield curves and quoted spot and forward exchange rates. Accordingly, the Company's derivative instruments are classified as Level 2.

**Nonrecurring 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 six months ended June 30, 2014, impairments associated with plans to dispose of certain property, plant and equipment were not material. In the absence of a definitive sales price for these and similar types of assets, the Company generally uses projected cash flows, discounted as necessary, or market multiples to estimate the fair values of the impaired assets using key inputs such as management's projections of cash flows on a held-and-used basis (if applicable), management's projections of cash flows upon disposition and discount rates. Key inputs into the market multiple approach include identifying companies comparable to the Company's business and estimated control premiums. Accordingly, these fair value measurements fall in Level 3 of the fair value hierarchy. These assets and certain liabilities are measured at fair value on a nonrecurring basis as part of the Company's impairment assessments and as circumstances require. During the six months ended June 30, 2014, no nonrecurring fair value measurements were required for testing goodwill and other indefinite-lived intangible assets for impairment.

**Financial Instruments**

The Company's financial instruments include cash and cash equivalents, accounts receivable, accounts payable, derivative instruments, notes payable and short and long-term debt. The carrying values for current financial assets and liabilities, including cash and cash equivalents, accounts receivable, accounts payable and short-term debt 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 the Company's medium-term notes are based on quoted market prices (Level 1) and are as follows (*in millions*):

| | June 30, 2014 | | December 31, 2013 | |
|---|---|---|---|---|
| | Fair Value | Book Value | Fair Value | Book Value |
| Medium-term notes | $ 1,778.3 | $ 1,673.3 | $ 1,753.0 | $ 1,659.8 |

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

**Footnote 13 — Segment Information**

The Company's reportable segments are as follows:

| Segment | Key Brands | Description of Primary Products |
|---|---|---|
| Writing | Sharpie®, Paper Mate®, Expo®, Parker®, Waterman®, Dymo® Office, Endicia® | Writing instruments, including markers and highlighters, pens and pencils; art products; fine writing instruments; office technology solutions, including labeling and on-line postage solutions |
| Home Solutions | Rubbermaid®, Calphalon®, Levolor®, Goody® | Indoor/outdoor organization, food storage and home storage products; gourmet cookware, bakeware and cutlery; drapery hardware and window treatments; hair care accessories |
| Tools | Irwin®, Lenox®, hilmor™, Dymo® Industrial | Hand tools and power tool accessories; industrial bandsaw blades; tools for pipes and HVAC systems; label makers for industrial use |
| Commercial Products | Rubbermaid Commercial Products®, Rubbermaid® Healthcare | Cleaning and refuse products, hygiene systems, material handling solutions; medical and computer carts and wall-mounted workstations |
| Baby & Parenting | Graco®, Aprica®, Teutonia® | Infant and juvenile products such as car seats, strollers, highchairs and playards |

The Company's segment and geographic results are as follows for the periods indicated (*in millions*):

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|---|---|---|---|
| | 2014 | 2013 | 2014 | 2013 |
| Net Sales [1] | | | | |
| Writing | $ 502.6 | $ 477.8 | $ 863.9 | $ 818.4 |
| Home Solutions | 388.9 | 399.1 | 710.1 | 738.0 |
| Tools | 222.3 | 198.0 | 410.1 | 386.6 |
| Commercial Products | 223.5 | 203.6 | 406.1 | 386.7 |
| Baby & Parenting | 183.7 | 196.2 | 363.0 | 385.8 |
| | $ 1,521.0 | $ 1,474.7 | $ 2,753.2 | $ 2,715.5 |
| Operating Income (Loss) [2] | | | | |
| Writing | $ 129.6 | $ 123.6 | $ 206.7 | $ 186.8 |
| Home Solutions | 48.3 | 53.7 | 74.6 | 87.8 |
| Tools | 29.9 | 18.3 | 51.3 | 37.0 |
| Commercial Products | 36.2 | 21.9 | 50.0 | 43.5 |
| Baby & Parenting | 12.2 | 23.8 | 17.6 | 47.7 |
| Restructuring costs | (11.5) | (32.0) | (23.5) | (66.4) |
| Corporate | (31.3) | (23.9) | (58.1) | (53.2) |
| | $ 213.4 | $ 185.4 | $ 318.6 | $ 283.2 |

| | June 30, 2014 | December 31, 2013 |
|---|---|---|
| Identifiable Assets | | |
| Writing | $ 1,110.6 | $ 931.2 |
| Home Solutions | 587.2 | 559.4 |
| Tools | 646.9 | 595.7 |
| Commercial Products | 359.2 | 343.3 |
| Baby & Parenting | 315.2 | 321.9 |
| Corporate [3] | 3,199.0 | 3,318.2 |
| | $ 6,218.1 | $ 6,069.7 |

### Geographic Area Information

| (in millions) | Three Months Ended June 30, 2014 | Three Months Ended June 30, 2013 | Six Months Ended June 30, 2014 | Six Months Ended June 30, 2013 |
|---|---|---|---|---|
| Net Sales [(1), (4)] | | | | |
| United States | $ 1,054.5 | $ 1,016.1 | $ 1,885.7 | $ 1,835.0 |
| Canada | 76.9 | 83.4 | 129.9 | 145.2 |
| Total North America | 1,131.4 | 1,099.5 | 2,015.6 | 1,980.2 |
| Europe, Middle East and Africa | 188.8 | 181.4 | 353.0 | 348.5 |
| Latin America | 102.8 | 84.2 | 194.8 | 177.4 |
| Asia Pacific | 98.0 | 109.6 | 189.8 | 209.4 |
| Total International | 389.6 | 375.2 | 737.6 | 735.3 |
| | $ 1,521.0 | $ 1,474.7 | $ 2,753.2 | $ 2,715.5 |
| Operating Income (Loss) [(2), (5)] | | | | |
| United States | $ 157.7 | $ 156.5 | $ 223.6 | $ 237.5 |
| Canada | 18.9 | 21.3 | 29.3 | 31.5 |
| Total North America | 176.6 | 177.8 | 252.9 | 269.0 |
| Europe, Middle East and Africa | 22.7 | (8.6) | 37.8 | (23.4) |
| Latin America | 9.2 | 0.8 | 20.0 | 8.1 |
| Asia Pacific | 4.9 | 15.4 | 7.9 | 29.5 |
| Total International | 36.8 | 7.6 | 65.7 | 14.2 |
| | $ 213.4 | $ 185.4 | $ 318.6 | $ 283.2 |

(1) All intercompany transactions have been eliminated. Sales to Wal-Mart Stores, Inc. and subsidiaries amounted to approximately 10.0% of consolidated net sales in the three months ended June 30, 2014 and 2013 and approximately 10.0% and 9.8% of consolidated net sales in the six months ended June 30, 2014 and 2013, respectively.

(2) Operating income (loss) by segment is net sales less cost of products sold and selling, general & administrative (“SG&A”) expenses for continuing operations. Operating income by geographic area is net sales less cost of products sold, SG&A expenses, restructuring costs and impairment charges, if any, for continuing operations. 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, benefit plan assets and deferred tax assets.

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

(5) The following table summarizes the restructuring costs by region included in operating income (loss) above (*in millions*):

| | Three Months Ended June 30, 2014 | Three Months Ended June 30, 2013 | Six Months Ended June 30, 2014 | Six Months Ended June 30, 2013 |
|---|---|---|---|---|
| Restructuring Costs | | | | |
| United States | $ 4.9 | $ 7.1 | $ 12.8 | $ 12.8 |
| Canada | — | — | 0.1 | — |
| Total North America | 4.9 | 7.1 | 12.9 | 12.8 |
| Europe, Middle East and Africa | 5.9 | 22.1 | 8.7 | 48.3 |
| Latin America | 0.2 | 1.1 | 0.3 | 3.6 |
| Asia Pacific | 0.5 | 1.7 | 1.6 | 1.7 |
| Total International | 6.6 | 24.9 | 10.6 | 53.6 |
| | $ 11.5 | $ 32.0 | $ 23.5 | $ 66.4 |

**Footnote 14 — Other Accrued Liabilities**

Other accrued liabilities included the following (*in millions*):

| | June 30, 2014 | December 31, 2013 |
|---|---|---|
| Customer accruals | $ 276.7 | $ 292.6 |
| Accruals for manufacturing, marketing and freight expenses | 85.2 | 89.8 |
| Accrued self-insurance liabilities | 56.3 | 58.5 |
| Accrued pension, defined contribution and other postretirement benefits | 33.8 | 46.5 |
| Accrued contingencies, primarily legal, environmental and warranty | 33.7 | 35.0 |
| Accrued restructuring (See Footnote 4) | 48.4 | 76.7 |
| Other | 96.9 | 104.4 |
| Other accrued liabilities | $ 631.0 | $ 703.5 |

Customer accruals are promotional allowances and rebates, including cooperative advertising, given to customers in exchange for their selling efforts and volume purchased as well as allowances for returns. 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.

**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.

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 $32.9 million and $34.4 million as of June 30, 2014 and December 31, 2013, 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.

*Recall of Harness Buckles on Select Car Seats*

In February 2014, Graco, a subsidiary of the Company, announced a voluntary recall in the U.S. of harness buckles used on approximately 4 million toddler car seats manufactured between 2006 and 2013. As a result of the recall, substantially all affected car seats which were at retail locations or in customer warehouses have been reworked in the field or returned to the Company for rework. In July 2014, Graco announced that it had agreed to expand the recall to include certain infant car seats manufactured between July 2010 and May 2013. There have been no reported injuries associated with the recalled harness buckles used on these toddler or infant car seats.

The Company recorded an $11.4 million charge during the six months ended June 30, 2014 for the cost of the above recalls. The Company believes that any additional costs of executing the recall will not be significant. However, the amount recorded does not include any fines or penalties that may result from any governmental investigation into the circumstances related to the recalls.

*Environmental Matters*

The Company is 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 June 30, 2014 ranged between $19.6 million and $22.2 million. As of June 30, 2014, the Company had a reserve of $20.0 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 reserves, 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 $16.7 million by applying a 5% discount rate to undiscounted obligations of $24.0 million.

Two of the Company’s subsidiaries, Goody Products, Inc. and Berol Corporation (the “Company Parties”), were 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. In 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 March 2013, the Company Parties and other third-party defendants executed a proposed Consent Judgment with DEP. In addition, all of the direct defendants, with the exception of Occidental Chemical Corporation (“OCC”), have entered into a separate Settlement Agreement with New Jersey. Both the proposed Consent Judgment and Settlement Agreement were approved and entered by the court in December 2013. The two settlements resulted in dismissal of all third-party defendants and all of the state’s claims against the direct defendants, with the exception of its claims against OCC and OCC’s cross-claims against the other direct defendants. The settlements further resulted in the state’s recovery of all of its past costs, as well as some funding for natural resources restoration and redevelopment, subject to certain reopeners. The settlements are final and no longer subject to appeal.

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. The RI/FS work remains underway and is scheduled for completion at the end of 2014. Regardless, on April 11, 2014, U.S. EPA issued a Source Control Early Action Focused Feasibility Study (“FFS”), which proposes four alternatives for remediation of the lower 8 miles of the Lower Passaic River. U.S. EPA’s cost estimates for its cleanup alternatives range from $315 million to approximately $3.2 billion in capital costs plus from $0.5 million to $1.8 million in annual maintenance costs for 30 years, with its preferred alternative carrying an estimated cost of approximately $1.7 billion plus an additional $1.6 million in annual maintenance costs for 30 years. The public comment period is set to end August 20, 2014, after which U.S. EPA will evaluate all the input and issue its final Record of Decision, which is expected in early 2015. U.S. EPA has indicated that it will seek to have the parties fund the cleanup, but at this time, it is unclear how the cost of any cleanup would be allocated among any of the parties, including the Company Parties, or any other entities. 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 ultimate 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, 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 consolidated financial statements, except as otherwise described above.

**Footnote 16 — Subsequent Event**

On July 21, 2014, the Company agreed to acquire all of the outstanding equity of Ignite Holdings, LLC (“Ignite”), a leading designer and marketer of on-the-go beverage containers. The purchase price is $308 million, subject to customary purchase price

adjustments based on working capital, indebtedness and certain expenses of Ignite at closing. The acquisition is expected to be financed through a combination of operating cash flow and available borrowings and is expected to close during the quarter ending September 30, 2014, subject to customary conditions and regulatory approvals.

## 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 get more out of life every day, where they live, learn, work and play. The Company's products are marketed under a strong portfolio of leading brands, including Sharpie®, Paper Mate®, Parker®, Waterman®, Dymo®, Rubbermaid®, Levolor®, Goody®, Calphalon®, Irwin®, Lenox®, Rubbermaid Commercial Products®, Graco® and Aprica®.

### Business Strategy

The Company is executing its Growth Game Plan, which is its strategy to simplify the organization and free up resources to invest in growth initiatives and strengthened capabilities in support of the Company's brands. The changes being implemented in the execution of the Growth Game Plan are considered key enablers to building a bigger, faster-growing, more global and more profitable company.

The Growth Game Plan encompasses the following aspects:

*Business Model*

- A growing 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 Our 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.

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 is driving the Growth Game Plan into action and simplifying its structure through the execution of Project Renewal, making sharper portfolio choices and investing in new marketing and innovation to accelerate performance. In the Growth Game

Plan operating model, the Company has reorganized around two core activity systems, Development and Delivery, supported by three business partnering functions, Human Resources, Finance/IT and Legal, and four winning capabilities in Design, Marketing & Insight, Supply Chain and Customer Development, all in service to drive accelerated performance in the Company's five segments. The Company's five business segments and the key brands included in each segment are as follows:

| Segment | Key Brands | Description of Primary Products |
|---|---|---|
| Writing | Sharpie®, Paper Mate®, Expo®, Parker®, Waterman®, Dymo® Office, Endicia® | Writing instruments, including markers and highlighters, pens and pencils; art products; fine writing instruments; office technology solutions, including labeling and on-line postage solutions |
| Home Solutions | Rubbermaid®, Calphalon®, Levolor®, Goody® | Indoor/outdoor organization, food storage and home storage products; gourmet cookware, bakeware and cutlery; drapery hardware and window treatments; hair care accessories |
| Tools | Irwin®, Lenox®, hilmor™, Dymo® Industrial | Hand tools and power tool accessories; industrial bandsaw blades; tools for pipes and HVAC systems; label makers for industrial use |
| Commercial Products | Rubbermaid Commercial Products®, Rubbermaid® Healthcare | Cleaning and refuse products, hygiene systems, material handling solutions; medical and computer carts and wall-mounted workstations |
| Baby & Parenting | Graco®, Aprica®, Teutonia® | Infant and juvenile products such as car seats, strollers, highchairs and playards |

## 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 six months of 2014 were impacted by the following factors:

- Core sales, which exclude the impact of changes in foreign currency, increased 2.8% in 2014 compared to the same period last year. Core sales growth of 28.7% and 2.3% in Latin America and North America, respectively, were partially offset by core sales declines of 2.8% and 4.4% in Europe and Asia Pacific, respectively. The growth in Latin America and North America was attributable to pricing and volume gains, particularly in the Win Bigger segments, primarily in Writing, as well as Tools and Commercial Products. The decline in Europe was due primarily to exiting select product lines and geographies, primarily in the Baby & Parenting and Fine Writing categories, while the decline in Asia Pacific was attributable to increased competition in the Baby & Parenting segment. Core sales is determined by applying a fixed exchange rate, calculated as the 12-month average in 2013, to the current and prior year local currency sales amounts, with the difference equal to changes in core sales, and the difference between the changes in reported sales and the changes in core sales being attributable to currency.

- Core sales increased 8.5% in the Writing segment, with double digit core sales growth in Latin America driven by pricing, increased Back-To-School sales and the Ink Joy® advertising campaign. Core sales growth in North America also contributed to the Writing segment's core sales growth, primarily as a result of increased Back-To-School sales in anticipation of planned third quarter advertising and merchandising support and the Ink Joy® and Sharpie® advertising campaigns. Core sales grew 7.8% in the Tools segment, with core sales growth across all regions. The double digit core sales growth for Tools in Latin America was driven by expanded product offerings in Brazil. Core sales increased 5.3% in the Commercial Products segment as a result of strong volume growth on Rubbermaid Commercial Products® in all regions and the return to growth of Rubbermaid® Healthcare in North America in the second quarter. Core sales decreased 3.0% in the Home Solutions segment as a result of softness in North America driven in large part by unusually inclement weather and declines in certain lower margin product lines. Baby & Parenting's core sales decreased 5.6%, primarily due to the exit of certain product lines and geographic regions in Europe and competitive pressures in Asia Pacific.

- Gross margin was 39.1%. Pricing, mix and productivity were offset by inflation, transactional currency impacts and costs associated with the recall of harness buckles on select Graco® car seats. Gross margin for the first six months of 2014 was adversely impacted by $8.6 million, or 30 basis points, due to the costs of the recall.

- During the first six months of 2014, the Company increased investments in advertising by $21.2 million, representing an incremental 80 basis points as a percentage of net sales. The Company's investments for brand-building and consumer demand creation and commercialization activities during the first six months of 2014 included the following:

  - a New Distributor Model in North America, focused primarily in Tools and Commercial products, building a structure that assigns relationship owners to key distributors, removing redundancies and simplifying the approach with distributors to sell a broader assortment of the Company's products;
  - a new line of Sharpie® highlighters called Sharpie® Clear View which have a unique, see-through tip for more precise highlighting;
  - continued investment in Ink Joy® advertising in the U.S., Latin America and Asia Pacific markets;
  - an advertising campaign for the re-launch of Mr. Sketch scented markers, a children's classic first introduced in the U.S. in 1965;
  - an advertising campaign for Sharpie®, 50-Ways to Use Sharpie ("50-Ways"), in advance of Back-To-School in the U.S. and Canada;
  - Paper Mate® Mix and Match mechanical pencils, which allow users to create their own mechanical pencils with interchangeable tops and erasers;
  - wave 2 of Big Bang Brazil, launching nine additional product categories and more than 700 SKUs of Irwin tools, in addition to the 500 SKUs launched last year in Brazil;
  - Graco® 4EVER™ All-in-One car seats that transition from baby to booster as the child grows; and
  - advertising in the Baby & Parenting business to support new product launches in Japan, along with the Parker "Dreams Cannot be Rushed" campaign in Japan.

  During the back half of 2014, the Company plans to continue increasing advertising in support of its brands to drive growth, including planned advertising campaigns for Calphalon® and Graco®, the first advertising for these brands in years.

- Continued the execution of Project Renewal to simplify the business, reduce structural costs and increase investment in the most significant growth platforms within the business by taking significant steps in implementing activities centered around Project Renewal's five workstreams, resulting in $23.5 million of restructuring costs in the first six months of 2014.

- Realized a $38.3 million foreign exchange loss in the first six months of 2014 for the Company's Venezuelan operations, which includes a $38.7 million charge upon adoption of the SICAD I rate.

- Reported a 20.1% effective tax rate in the first six months of 2014, compared to an effective tax rate of 23.7% for the first six months of 2013, primarily due to the income tax rate applicable to the $38.3 million of foreign exchange losses associated with Venezuela being higher than the Company's overall effective tax rate. In addition, during 2014, the Company recognized discrete income tax benefits of $11.3 million related to the resolution of certain tax contingencies. During 2013, the Company recognized $13.1 million of tax benefits, included $8.3 million of net tax benefits associated with the recognition of incremental deferred taxes and $4.8 million associated with the resolution of certain tax contingencies.

- Expanded and extended the Company's share repurchase plan (the "SRP"), allowing for total repurchases of $300.0 million between February 2014 and the end of 2016. During the first six months of 2014, the Company repurchased and retired an additional 5.3 million shares of common stock for $158.7 million, leaving $141.3 million available under the SRP for future repurchases.

**Acquisitions**

On July 21, 2014, the Company agreed to acquire Ignite Holdings, LLC ("Ignite"), a leading designer and marketer of on-the-go beverage containers. The purchase price is $308.0 million, subject to adjustments, and the acquisition is expected to close during the quarter ending September 30, 2014. Ignite generated full year net sales of $101.6 million its most recently completed fiscal year. The acquisition will be accounted for using purchase accounting and, as a result, the sales and results of operations of Ignite after the closing date will be included in the Company's consolidated financial statements.

**Projects and Initiatives**

*Project Renewal*

In October 2011, the Company launched Project Renewal, a program designed to reduce complexity in the organization and increase investment in the most significant growth platforms within the business, funded by a reduction in structural SG&A costs. Project Renewal is designed to simplify and align the business around two key activities - Brand & Category Development and Market Execution & Delivery.

The total costs of Project Renewal through 2015 are expected to be $340 million to $375 million, with $300 million to $340 million representing cash costs. Approximately 75% of the cash costs are expected to consist of employee-related costs, including severance, retirement and other termination benefits and costs. Project Renewal is expected to be fully implemented by mid-2015 and generate annualized savings of $270 million to $325 million. The majority of these savings are expected to be reinvested in the business to strengthen brand building and selling capabilities.

Through June 30, 2014, the Company incurred $207 million and $53 million of restructuring and restructuring-related charges, respectively, the majority of which were employee-related cash costs, including severance, retirement and other termination benefits and costs. Restructuring-related charges represent certain organizational change implementation costs, including consulting costs, and incremental cost of products sold and SG&A expenses associated with the implementation of Project Renewal. In the first six months of 2014, the Company has continued to execute existing projects as well as initiate new activities relating to Project Renewal as follows:

- Completed the restructuring of the Development organization as part of the Organizational Simplification workstream, which includes the consolidation and relocation of its design and innovation capabilities into a new center of excellence, a design center in Kalamazoo, Michigan, and the consolidation of the marketing function into a global center of excellence.

- The ongoing implementation of the EMEA Simplification workstream, which includes projects aimed at refocusing the region on profitable growth, including the closure, consolidation and/or relocation of certain manufacturing facilities, distribution centers, customer support and sales and administrative offices, including completing the closure of a distribution center in EMEA during the first six months of 2014. As part of the EMEA Simplification workstream, the Company has exited certain markets and product lines, as follows:

    - Exited direct sales in over 50 of the 120 countries and territories that the EMEA region serves;
    - Discontinued the Baby & Parenting business in about 19 countries;
    - Discontinued several lines of Baby & Parenting products; and
    - Exited the custom-logo Fine Writing business.

  The Company expects sales for the year ending December 31, 2014 to be adversely impacted by $25 million compared to the year ended December 31, 2013 due to these geographic and product line exits, and through June 30, 2014, these exits have adversely impacted 2014 sales by approximately $12 million.

- The implementation of the Best Cost Finance workstream by consolidating and realigning its shared services and decision support capabilities.

- The continued execution of projects to streamline the three business partnering functions, Human Resources, Finance/IT and Legal, and to align these functions with the new operating structure.

- The ongoing reconfiguration and consolidation of the Company’s manufacturing footprint and distribution centers to reduce overhead, improve operational efficiencies and better utilize existing assets, including initiating projects to close a distribution center and a manufacturing facility in North America.

*One Newell Rubbermaid*

The Company strives to leverage common business activities and best practices to build functional capabilities and to build one common culture of shared values with a focus on collaboration and teamwork. Through this initiative, the Company has established regional shared service centers to leverage nonmarket-facing functional capabilities to reduce costs. In addition, the Company is expanding its focus on leveraging common business activities and best practices by reorganizing the business around two of the critical elements of the Growth Game Plan - Brand & Category Development and Market Execution & Delivery, enhancing its Customer Development and Global Supply Chain organizations, and consolidating activities into centers of excellence for design and innovation capabilities and marketing capabilities.

The Company is also migrating multiple legacy systems and users to a common SAP global information platform in a phased, multi-year rollout. SAP is expected to enable the Company to integrate and manage its worldwide business and reporting processes more efficiently. Substantially all of the North American and European operations are live on SAP, and Latin America operations in Brazil, Colombia, Argentina and Chile have successfully gone live with their SAP implementation efforts. The Company anticipates additional countries in Latin America will go live later in 2014.

**Foreign Currency – Venezuela**

The Company began accounting for its Venezuelan operations using highly inflationary accounting in January 2010. Under highly inflationary accounting, the Company remeasures assets, liabilities, sales and expenses denominated in Bolivar Fuertes ("Bolivars") into U.S. Dollars using the applicable exchange rate, and the resulting translation adjustments are included in earnings.

Beginning in July 2013, the Venezuelan government authorized certain companies that operate in designated industry sectors to exchange a limited volume of Bolivars for U.S. Dollars at a bid rate established via weekly auctions under a system referred to as "SICAD I." During the first quarter of 2014, the government expanded the types of transactions that may be subject to the weekly SICAD I auction rate while retaining the official rate of 6.3 Bolivars per U.S. Dollar and introduced another currency exchange mechanism ("SICAD II"). The official exchange rate for settling certain transactions through the National Center of Foreign Trade ("CENCOEX"), including imports of essential goods, remains at 6.3 Bolivars per U.S. Dollar. As of June 30, 2014, the SICAD I auction rate was 10.6 Bolivars per U.S. Dollar, and the SICAD II rate was 50.0 Bolivars per U.S. Dollar. The Company continues to believe that transactions for imports of essential goods, such as certain raw materials and finished goods (primarily in the Writing segment), will be settled at the official exchange rate of 6.3 Bolivars per U.S. Dollar, and the Company has continued to receive authorizations to import product and to receive cash for vendor payments at this rate. The Company analyzed the multiple rates currently available and the Company's estimates of the applicable rate at which future transactions could be settled, including the payment of dividends. Based on this analysis, the Company determined that the SICAD I rate is the most appropriate rate to use for remeasurement. As a result, the Company has recorded a net charge of $38.3 million through the first six months of 2014, based on the change in the applicable exchange rate applicable for remeasuring the net monetary assets of the Company's Venezuelan operations that are denominated in Bolivars, which includes a $38.7 million charge upon adoption of the SICAD I rate. In addition, the Company's 2014 reported net sales and operating income are expected to be adversely impacted by an estimated $34 million and $24 million, respectively, due solely to the use of the SICAD I rate for 2014 rather than the CENCOEX rate, which includes the adverse impact on gross margins attributable to the first turn of inventory after the change to the SICAD I rate and the increased costs of importing raw materials and finished goods. The estimated impact does not include any changes in the SICAD I rate throughout the remainder of 2014 that could also impact the costs of importing raw materials and finished goods.

As of June 30, 2014, the Company's Venezuelan subsidiary had approximately $59.2 million of net monetary assets denominated in Bolivars at the rate of 10.6 Bolivars per U.S. Dollar, and as a result, a 10% increase (decrease) in the applicable exchange rate would result in an estimated pretax charge (benefit) of approximately $6 million. On an ongoing basis, excluding the impacts of any actions management might otherwise take in response to a change in exchange rates, such as raising or decreasing prices, a 10% increase (decrease) in the exchange rate would unfavorably (favorably) impact annual net sales and operating income by an estimated $6 million and $4 million, respectively.

As part of the changes implemented in the first quarter of 2014, the Venezuelan government also issued a new Law on Fair Pricing, establishing a maximum profit margin of 30%. It is unclear how this law may ultimately affect the pricing structure of the Company's Venezuelan operations and its ability to respond to the effects of inflation and additional currency devaluations. The law may limit the Company's ability to implement future price increases, could result in the reduction of prices with respect to certain products or product categories and result in fines for practices deemed to be in violation of the law. As a result, the impact of the Law on Fair Pricing is not included in the estimated ongoing impacts outlined above. Price controls generally may affect products the Company markets and sells in Venezuela. The Company has used various means, including price increases and productivity initiatives, to offset the effects of continuing high inflation and the impact of currency devaluations.

## Results of Operations

The following table sets forth for the periods indicated items from the Condensed Consolidated Statements of Operations as reported and as a percentage of net sales (*in millions, except percentages*):

| | Three Months Ended June 30, | | | | Six Months Ended June 30, | | | |
|---|---|---|---|---|---|---|---|---|
| | 2014 | | 2013 | | 2014 | | 2013 | |
| Net sales | $ 1,521.0 | 100.0 % | $ 1,474.7 | 100.0 % | $ 2,753.2 | 100.0% | $ 2,715.5 | 100.0 % |
| Cost of products sold | 912.6 | 60.0 | 892.0 | 60.5 | 1,675.5 | 60.9 | 1,659.2 | 61.1 |
| Gross margin | 608.4 | 40.0 | 582.7 | 39.5 | 1,077.7 | 39.1 | 1,056.3 | 38.9 |
| Selling, general and administrative expenses | 383.5 | 25.2 | 365.3 | 24.8 | 735.6 | 26.7 | 706.7 | 26.0 |
| Restructuring costs | 11.5 | 0.8 | 32.0 | 2.2 | 23.5 | 0.9 | 66.4 | 2.4 |
| Operating income | 213.4 | 14.0 | 185.4 | 12.6 | 318.6 | 11.6 | 283.2 | 10.4 |
| Nonoperating expenses: | | | | | | | | |
| Interest expense, net | 15.0 | 1.0 | 15.0 | 1.0 | 29.4 | 1.1 | 29.6 | 1.1 |
| Other (income) expense, net | (2.6) | (0.2) | 4.2 | 0.3 | 37.4 | 1.4 | 17.2 | 0.6 |
| Net nonoperating expenses | 12.4 | 0.8 | 19.2 | 1.3 | 66.8 | 2.4 | 46.8 | 1.7 |
| Income before income taxes | 201.0 | 13.2 | 166.2 | 11.3 | 251.8 | 9.1 | 236.4 | 8.7 |
| Income tax expense | 51.9 | 3.4 | 49.6 | 3.4 | 50.6 | 1.8 | 56.0 | 2.1 |
| Income from continuing operations | 149.1 | 9.8 | 116.6 | 7.9 | 201.2 | 7.3 | 180.4 | 6.6 |
| Income (loss) from discontinued operations | 1.5 | 0.1 | (6.8) | (0.5) | 2.3 | 0.1 | (16.4) | (0.6) |
| Net income | $ 150.6 | 9.9 % | $ 109.8 | 7.4 % | $ 203.5 | 7.4% | $ 164.0 | 6.0 % |

**Three Months Ended June 30, 2014 vs. Three Months Ended June 30, 2013**

**Consolidated Operating Results:**

Net sales for the three months ended June 30, 2014 were $1,521.0 million, representing an increase of $46.3 million, or 3.1%, from $1,474.7 million for the three months ended June 30, 2013. Core sales increased 4.6%, and foreign currency had the effect of decreasing net sales by 1.5%. The following table sets forth an analysis of changes in consolidated net sales for the three months ended June 30, 2014 as compared to the three months ended June 30, 2013 (*in millions, except percentages*):

| | | |
|---|---|---|
| Core sales | $ 67.7 | 4.6 % |
| Foreign currency | (21.4) | (1.5) |
| Total change in net sales | $ 46.3 | 3.1 % |

Core sales in the Company's North American and international businesses increased 3.4% and 8.0%, respectively. In North America, core sales growth was led by strong growth in Writing, primarily as a result of shipping a portion of the Back-To-School offering earlier in 2014 in anticipation of third quarter advertising campaigns, and Commercial Products, partially offset by declines in Home Solutions. International core sales growth was led by Latin America, which increased 48.6% as a result of pricing and strong Back-To-School sales in Writing and the Big Bang Brazil expanded product offering in Tools, partially offset by declines of 0.8% in Europe and 7.9% in Asia Pacific, primarily due to sales declines experienced by the Baby & Parenting segment as a result of product line and geographic exits in Europe and increased competition in Asia Pacific.

Gross margin, as a percentage of net sales, for the three months ended June 30, 2014 was 40.0%, or $608.4 million, compared to 39.5%, or $582.7 million, for the three months ended June 30, 2013. Favorable pricing, productivity and mix more than offset the effects of inflation and unfavorable transactional currency impacts.

SG&A expenses for the three months ended June 30, 2014 were 25.2% of net sales, or $383.5 million, versus 24.8% of net sales, or $365.3 million, for the three months ended June 30, 2013. SG&A expenses increased as a result of increased advertising, primarily relating to the Writing segment's investment in InkJoy® and Sharpie® advertising in North and Latin America and Asia Pacific, and increased organizational change implementation and restructuring-related costs, which increased from $2.1 million

for the three months ended June 30, 2013 to $10.3 million for the three months ended June 30, 2014, to support initiatives to improve selling and supply chain capabilities.

The Company recorded restructuring costs of $11.5 million and $32.0 million for the three months ended June 30, 2014 and 2013, respectively. The year-over-year decrease in restructuring costs is primarily due to the significant costs incurred in the second quarter of 2013 associated with the implementation of restructuring plans and initiatives under Project Renewal in Europe as part of the EMEA Simplification workstream. The restructuring costs for the three months ended June 30, 2014 primarily related to Project Renewal and consisted of $1.6 million of facility and other exit costs, including impairments, $6.4 million of employee severance, termination benefits and employee relocation costs and $3.5 million of exited contractual commitments and other restructuring costs. The restructuring costs for the three months ended June 30, 2013 primarily related to Project Renewal and consisted of $2.3 million of facility and other exit costs, including impairments, $24.0 million of employee severance, termination benefits and employee relocation costs and $5.7 million of exited contractual commitments and other restructuring costs. See Footnote 4 of the Notes to Condensed Consolidated Financial Statements for further information.

Operating income for the three months ended June 30, 2014 was $213.4 million, or 14.0% of net sales, versus $185.4 million, or 12.6% of net sales, for the three months ended June 30, 2013. The increase in operating margin was driven by gross margin expansion and the reduction in restructuring costs, partially offset by continued investment in brands and capabilities.

Net nonoperating expenses for the three months ended June 30, 2014 were $12.4 million versus $19.2 million for the three months ended June 30, 2013. Interest expense for the three months ended June 30, 2014 was $15.0 million, remaining flat compared to the three months ended June 30, 2013. The decrease in nonoperating expenses during the three months ended June 30, 2014 was driven by foreign currency benefits from the strengthening Yen and Australian and Canadian dollars against the U.S. Dollar during the 2014 quarter as compared to the three months ended June 30, 2013 when these currencies weakened during the quarter.

The Company recognized an effective income tax rate 25.8% for the three months ended June 30, 2014, which compared to an effective income tax rate of 29.8% for the three months ended June 30, 2013. In addition to the impact of the geographical mix of earnings, the tax rate for the three months ended June 30, 2014 was favorably impacted by $3.3 million of tax benefits related to the resolution of certain income tax contingencies as well as lower restructuring costs in Europe. The tax rate for the three months ended June 30, 2013 was impacted by the geographical mix in earnings.

Income (loss) from discontinued operations during the three months ended June 30, 2014 and 2013 relates to the Company’s Hardware and Teach businesses. During the three months ended June 30, 2014, the Company recorded income of $1.5 million, net of tax, associated with discontinued operations, compared to a loss, including impairments, of $6.8 million during the three months ended June 30, 2013. See Footnote 2 of the Notes to Condensed Consolidated Financial Statements for further information.

**Business Segment Operating Results:**

Net sales by segment were as follows for the three months ended June 30, (*in millions, except percentages*):

| | 2014 | 2013 | % Change |
|---|---|---|---|
| Writing | $ 502.6 | $ 477.8 | 5.2 % |
| Home Solutions | 388.9 | 399.1 | (2.6) |
| Tools | 222.3 | 198.0 | 12.3 |
| Commercial Products | 223.5 | 203.6 | 9.8 |
| Baby & Parenting | 183.7 | 196.2 | (6.4) |
| Total net sales | $ 1,521.0 | $ 1,474.7 | 3.1 % |

The following table sets forth an analysis of changes in net sales in each segment for the three months ended June 30, 2014 as compared to the three months ended June 30, 2013:

| | Writing | Home Solutions | Tools | Commercial Products | Baby & Parenting |
|---|---|---|---|---|---|
| Core sales | 8.9 % | (1.8)% | 12.9 % | 9.9 % | (6.7)% |
| Foreign currency | (3.7) | (0.8) | (0.6) | (0.1) | 0.3 |
| Total change in net sales | 5.2 % | (2.6)% | 12.3 % | 9.8 % | (6.4)% |

Operating income by segment was as follows for the three months ended June 30, (*in millions, except percentages*):

| | 2014 | 2013 | % Change |
|---|---|---|---|
| Writing | $ 129.6 | $ 123.6 | 4.9 % |
| Home Solutions | 48.3 | 53.7 | (10.1) |
| Tools | 29.9 | 18.3 | 63.4 |
| Commercial Products | 36.2 | 21.9 | 65.3 |
| Baby & Parenting | 12.2 | 23.8 | (48.7) |
| Restructuring costs | (11.5) | (32.0) | NM |
| Corporate (1) | (31.3) | (23.9) | (31.0) |
| Total operating income | $ 213.4 | $ 185.4 | 15.1 % |

NM — Not Meaningful

(1) Includes organizational change implementation and restructuring-related costs of $10.5 million and $2.1 million associated with Project Renewal for the three months ended June 30, 2014 and 2013, respectively.

**Writing**

Net sales for the three months ended June 30, 2014 were $502.6 million, an increase of $24.8 million, or 5.2%, from $477.8 million for the three months ended June 30, 2013. Core sales increased 8.9%. Latin America generated double-digit core sales growth driven by pricing and the continued success of Ink Joy®. North America generated mid-single-digit core sales growth due to shipping a portion of the Back-To-School offering earlier in anticipation of third quarter advertising campaigns and a strong Back-To-School season. As a result of shipping Back-To-School products earlier in 2014, the Company estimates $15.0 million of second quarter 2014 net sales for the Writing segment relates to a timing shift from the third quarter of 2014 to the second quarter of 2014. Europe and Asia Pacific had low single-digit core sales declines, with the Europe decline driven by product line exits. Foreign currency had an unfavorable impact of 3.7% on net sales for the Writing segment.

Operating income for the three months ended June 30, 2014 was $129.6 million, or 25.8% of net sales, an increase of $6.0 million, or 4.9%, from $123.6 million, or 25.9% of net sales, for the three months ended June 30, 2013. The 10 basis point decrease in operating margin is primarily attributable to increased advertising for Ink Joy® and Sharpie® and unfavorable foreign currency in Venezuela which adversely impacted gross margins by $4.0 million, partially offset by pricing, productivity and disciplined overhead management. The savings from overhead management partially offset the increased advertising costs, contributing to SG&A increasing 140 basis points as a percentage of sales.

**Home Solutions**

Net sales for the three months ended June 30, 2014 were $388.9 million, a decrease of $10.2 million, or 2.6%, from $399.1 million for the three months ended June 30, 2013. Core sales declined 1.8% primarily as a result of a decline in North America sales, as growth in Calphalon® due to distribution gains was more than offset by declines in Rubbermaid® Consumer due to declines in certain low margin products and soft point-of-sale results, and in Décor, which had increased sales of sizeable window treatments in the prior year. Foreign currency had an unfavorable impact of 0.8% on net sales for the Home Solutions segment.

Operating income for the three months ended June 30, 2014 was $48.3 million, or 12.4% of net sales, a decrease of $5.4 million, or 10.1%, from $53.7 million, or 13.5% of net sales, for the three months ended June 30, 2013. The 110 basis point decline in operating margin reflects the effects of input cost inflation and the deleveraging effect on operating margins of lower sales volumes, partially offset by productivity and overhead cost management. The management of overhead costs contributed to SG&A decreasing 100 basis points as a percentage of sales.

**Tools**

Net sales for the three months ended June 30, 2014 were $222.3 million, an increase of $24.3 million, or 12.3%, from $198.0 million for the three months ended June 30, 2013. Core sales increased 12.9% primarily due to strong volume growth on Irwin® in all geographic areas, especially in Latin America, and strong growth on Lenox® in North America. The core sales growth was also due to a comparison with the $5.0 million of customer pre-buys in the first three months of 2013 in advance of the April 2013 SAP go-live in Brazil, which had the effect of reducing the Tools segment's sales for the three months ended June 30, 2013. Foreign currency had an unfavorable impact of 0.6% on net sales for the Tools segment.

Operating income for the three months ended June 30, 2014 was $29.9 million, or 13.5% of net sales, an increase of $11.6 million, or 63.4%, from $18.3 million, or 9.2% of net sales, for the three months ended June 30, 2013. The 430 basis point increase in operating margin is attributable to greater operating leverage from the strong sales growth, gross margin expansion behind pricing

and improved mix as well as reduced launch brand support in Brazil versus last year. The operating leverage and reduced launch support in Brazil contributed to SG&A decreasing 320 basis points as a percentage of sales.

**Commercial Products**

Net sales for the three months ended June 30, 2014 were $223.5 million, an increase of $19.9 million, or 9.8%, from $203.6 million for the three months ended June 30, 2013. Core sales increased 9.9% as a result of favorable pricing, strong volume growth in North America and Latin America on Rubbermaid Commercial Products® and the return to growth of Rubbermaid® Healthcare in North America. Foreign currency had an unfavorable impact of 0.1% on net sales for the Commercial Products segment.

Operating income for the three months ended June 30, 2014 was $36.2 million, or 16.2% of net sales, an increase of $14.3 million, or 65.3%, from $21.9 million, or 10.8% of net sales, for the three months ended June 30, 2013. The 540 basis point increase in operating margin reflects improved leverage from higher sales and improved gross margin attributable to the benefits of pricing and strong productivity, partially offset by input cost inflation. The improved operating leverage contributed to SG&A declining 330 basis points as a percentage of sales.

**Baby & Parenting**

Net sales for the three months ended June 30, 2014 were $183.7 million, a decrease of $12.5 million, or 6.4%, from $196.2 million for the three months ended June 30, 2013. Core sales decreased 6.7% as product line exits in Europe and competitive pressures in Japan more than offset growth in North America. Foreign currency had a favorable impact of 0.3% on net sales for the Baby & Parenting segment.

Operating income for the three months ended June 30, 2014 was $12.2 million, or 6.6% of net sales, a decrease of $11.6 million, or 48.7%, from $23.8 million, or 12.1% of net sales, for the three months ended June 30, 2013. The 550 basis point decrease in operating margin was largely due to geographic mix, inflation and the deleveraging impact of lower sales. The deleveraging impact of lower sales contributed to SG&A increasing 400 basis points as a percentage of sales.

**Six Months Ended June 30, 2014 vs. Six Months Ended June 30, 2013**

**Consolidated Operating Results:**

Net sales for the six months ended June 30, 2014 were $2,753.2 million, representing an increase of $37.7 million, or 1.4%, from $2,715.5 million for the six months ended June 30, 2013. Core sales increased 2.8%, and foreign currency had the effect of decreasing net sales by 1.4%. The following table sets forth an analysis of changes in consolidated net sales for the six months ended June 30, 2014 as compared to the six months ended June 30, 2013 (*in millions, except percentages*):

| | | | |
|---|---|---|---|
| Core sales | $ | 75.9 | 2.8 % |
| Foreign currency | | (38.2) | (1.4) |
| Total change in net sales | $ | 37.7 | 1.4 % |

Core sales in the Company’s North American and international businesses increased 2.3% and 4.2%, respectively. In North America, core sales growth of 2.3% was led by strong performance in Writing as a result of strong Back-To-School sales, including shipping a portion of the Back-To-School offering earlier than in 2013 in anticipation of third quarter advertising campaigns, as well as growth in Tools and Commercial Products. The core sales growth in the Win Bigger businesses in North America was partially offset by declines in Baby & Parenting due to the the recall of harness buckles on select Graco car seats in the U.S. and declines in Home Solutions. International core sales growth was primarily attributable to Latin America, which generated a 28.7% increase in core sales as a result of pricing and strong Back-To-School sales in Writing and volume growth in Tools and Commercial Products. These increases were partially offset by declines of 2.8% in Europe and 4.4% in Asia Pacific, primarily due to sales declines in Baby & Parenting in Europe as a result of product line and geographic exits and in Asia Pacific due to increased competition.

Gross margin, as a percentage of net sales, for the six months ended June 30, 2014 was 39.1%, or $1,077.7 million. Favorable pricing, productivity and mix offset the effects of inflation, unfavorable transactional currency and costs associated with the harness buckle recall. Gross margin for the first six months of 2014 was adversely impacted by $8.6 million, or 30 basis points, due to the costs of the recall of harness buckles on select Graco® car seats.

SG&A expenses for the six months ended June 30, 2014 were 26.7% of net sales, or $735.6 million, versus 26.0% of net sales, or $706.7 million, for the six months ended June 30, 2013. SG&A expenses increased 80 basis points as a percentage of sales as a result of increased advertising costs, primarily in the Writing segment in support of the Ink Joy® and Sharpie® brands. Organizational

change implementation and restructuring-related costs increased 30 basis points as a percentage of sales to support initiatives to improve selling and supply chain capabilities. These increases were offset by savings resulting from Project Renewal.

The Company recorded restructuring costs of $23.5 million and $66.4 million for the six months ended June 30, 2014 and 2013, respectively. The year-over-year decrease in restructuring costs is primarily due to the significant costs incurred in the first half of 2013 associated with the implementation of restructuring plans and initiatives under Project Renewal in Europe as part of the EMEA Simplification workstream. The restructuring costs for the six months ended June 30, 2014 primarily related to Project Renewal and consisted of $2.8 million of facility and other exit costs, including impairments, $15.8 million of employee severance, termination benefits and employee relocation costs and $4.9 million of exited contractual commitments and other restructuring costs. The restructuring costs for the six months ended June 30, 2013 primarily related to Project Renewal and consisted of $2.3 million of facility and other exit costs, including impairments, $50.2 million of employee severance, termination benefits and employee relocation costs and $13.9 million of exited contractual commitments and other restructuring costs. See Footnote 4 of the Notes to Condensed Consolidated Financial Statements for further information.

Operating income for the six months ended June 30, 2014 was $318.6 million, or 11.6% of net sales, versus $283.2 million, or 10.4% of net sales, for the six months ended June 30, 2013. The increase in operating margin was driven by the reduction in restructuring costs, partially offset by continued investment in brands and capabilities and costs associated with the harness buckle recall.

Net nonoperating expenses for the six months ended June 30, 2014 were $66.8 million versus $46.8 million for the six months ended June 30, 2013. Interest expense for the six months ended June 30, 2014 was $29.4 million compared to $29.6 million for the six months ended June 30, 2013. The increase in nonoperating expenses during the six months ended June 30, 2014 was driven by the foreign currency exchange loss of $38.3 million for the Company's Venezuelan operations, which includes a $38.7 million charge upon adoption of the SICAD I rate. The Company recorded a foreign currency exchange loss of $11.1 million during the six months ended June 30, 2013 due to the devaluation of the Venezuelan Bolivar.

The Company recognized an effective income tax rate of 20.1% for the six months ended June 30, 2014, which compared to an effective income tax rate of 23.7% for the six months ended June 30, 2013. In addition to the impact of the geographical mix of earnings, the tax rate for the six months ended June 30, 2014 was impacted by $11.3 million of tax benefits related to the resolution of certain income tax contingencies, the income tax rate applicable to the $38.3 million foreign exchange loss associated with Venezuela being higher than the Company's overall effective tax rate and lower restructuring costs in Europe. The tax rate for the six months ended June 30, 2013 was impacted by the geographical mix in earnings as well as $13.1 million net tax benefits that are discrete to the six months ended June 30, 2013, including $8.3 million of net tax benefits associated with the recognition of incremental deferred taxes and $4.8 million associated with the resolution of certain tax contingencies.

Income (loss) from discontinued operations during the six months ended June 30, 2014 and 2013 relates to the Company's Hardware and Teach businesses. During the six months ended June 30, 2014, the Company recorded income of $2.3 million, net of tax, associated with discontinued operations, compared to a loss, including impairments, of $16.4 million during the six months ended June 30, 2013. See Footnote 2 of the Notes to Condensed Consolidated Financial Statements for further information.

**Business Segment Operating Results:**

Net sales by segment were as follows for the six months ended June 30, (*in millions, except percentages*):

| | 2014 | 2013 | % Change |
|---|---|---|---|
| Writing | $ 863.9 | $ 818.4 | 5.6 % |
| Home Solutions | 710.1 | 738.0 | (3.8)% |
| Tools | 410.1 | 386.6 | 6.1 % |
| Commercial Products | 406.1 | 386.7 | 5.0 % |
| Baby & Parenting | 363.0 | 385.8 | (5.9)% |
| Total net sales | $ 2,753.2 | $ 2,715.5 | 1.4 % |

The following table sets forth an analysis of changes in net sales in each segment for the six months ended June 30, 2014 as compared to the six months ended June 30, 2013:

| | Writing | Home Solutions | Tools | Commercial Products | Baby & Parenting |
|---|---|---|---|---|---|
| Core sales | 8.5 % | (3.0)% | 7.8 % | 5.3 % | (5.6)% |
| Foreign currency | (2.9) | (0.8) | (1.7) | (0.3) | (0.3) |
| Total change in net sales | 5.6 % | (3.8)% | 6.1 % | 5.0 % | (5.9)% |

Operating income by segment was as follows for the six months ended June 30, (*in millions, except percentages*):

| | 2014 | 2013 | % Change |
|---|---|---|---|
| Writing | $ 206.7 | $ 186.8 | 10.7 % |
| Home Solutions | 74.6 | 87.8 | (15.0)% |
| Tools | 51.3 | 37.0 | 38.6 % |
| Commercial Products | 50.0 | 43.5 | 14.9 % |
| Baby & Parenting[(1)] | 17.6 | 47.7 | (63.1)% |
| Restructuring costs | (23.5) | (66.4) | NM |
| Corporate[(2)] | (58.1) | (53.2) | (9.2)% |
| Total operating income | $ 318.6 | $ 283.2 | 12.5 % |

NM — Not Meaningful

(1) Results for the six months ended June 30, 2014 include $11.4 million of charges related to the harness buckle recall in the U.S.
(2) Includes organizational change implementation and restructuring-related costs of $18.2 million and $8.7 million associated with Project Renewal for the six months ended June 30, 2014 and 2013, respectively.

**Writing**

Net sales for the six months ended June 30, 2014 were $863.9 million, an increase of $45.5 million, or 5.6%, from $818.4 million for the six months ended June 30, 2013. Core sales increased 8.5%. Latin America generated double-digit core sales growth as a result of strong pricing, the success of Ink Joy®, and strong Back-To-School sales. North America generated high-single-digit core sales growth due to strong Back-To-School sales and increased volumes in anticipation of third quarter advertising campaigns combined with shipping a portion of the Back-To-School offering earlier in 2014. Europe had a low single-digit core sales decline as a result of planned product line exits in Fine Writing, while Asia Pacific had modest low single-digit core sales growth. Foreign currency had an unfavorable impact of 2.9% on net sales for the Writing segment.

Operating income for the six months ended June 30, 2014 was $206.7 million, or 23.9% of net sales, an increase of $19.9 million, or 10.7%, from $186.8 million, or 22.8% of net sales, for the six months ended June 30, 2013. The 110 basis point increase in operating margin is primarily attributable to pricing, mix, strong productivity and disciplined overhead management, partially offset by the increase in brand support for InkJoy® and Sharpie®. The savings from overhead management partially offset the increased advertising, contributing to SG&A increasing 60 basis points as a percentage of sales.

**Home Solutions**

Net sales for the six months ended June 30, 2014 were $710.1 million, a decrease of $27.9 million, or 3.8%, from $738.0 million for the six months ended June 30, 2013. Core sales declined 3.0% primarily as a result of a decline in North America sales, as growth in Calphalon® due to distribution gains was more than offset by declines in Rubbermaid® Consumer due to declines in certain low margin products and soft point-of-sale results, partially attributable to the inclement weather conditions in early 2014. Foreign currency had an unfavorable impact of 0.8% on net sales for the Home Solutions segment.

Operating income for the six months ended June 30, 2014 was $74.6 million, or 10.5% of net sales, a decrease of $13.2 million or 15.0%, from $87.8 million, or 11.9% of net sales, for the six months ended June 30, 2013. The 140 basis point decline in operating margin reflects the effects of input cost inflation and the deleveraging effect on operating margins of lower sales volumes, partially offset by pricing, productivity and overhead cost management. The more efficient management of overhead costs offset the deleveraging effect, resulting in SG&A remaining flat as a percentage of sales.

**Tools**

Net sales for the six months ended June 30, 2014 were $410.1 million, an increase of $23.5 million, or 6.1%, from $386.6 million for the six months ended June 30, 2013. Core sales increased 7.8% primarily due to strong volume growth on Irwin® in all geographical areas, especially in Latin America as a result of the Big Bang Brazil expanded product offering and strong growth on Lenox® in North America. Foreign currency had an unfavorable impact of 1.7% on net sales for the Tools segment.

Operating income for the six months ended June 30, 2014 was $51.3 million, or 12.5% of net sales, an increase of $14.3 million, or 38.6%, from $37.0 million, or 9.6% of net sales, for the six months ended June 30, 2013. The 290 basis point increase in operating margin is attributable to greater operating leverage from the strong sales growth, pricing, mix, Project Renewal savings, as well as reduced launch brand support in Brazil versus last year. The operating leverage, Project Renewal savings and reduced launch support in Brazil contributed to SG&A decreasing 180 basis points as a percentage of sales.

**Commercial Products**

Net sales for the six months ended June 30, 2014 were $406.1 million, an increase of $19.4 million, or 5.0%, from $386.7 million for the six months ended June 30, 2013. Core sales increased 5.3% as a result of favorable pricing and volume growth in all regions on Rubbermaid Commercial Products®. Foreign currency had an unfavorable impact of 0.3% on net sales for the Commercial Products segment.

Operating income for the six months ended June 30, 2014 was $50.0 million, or 12.3% of net sales, an increase of $6.5 million, or 14.9%, from $43.5 million, or 11.2% of net sales, for the six months ended June 30, 2013. The 110 basis point increase in operating margin reflects the benefits of improved operating leverage, pricing and strong productivity, partially offset by input cost inflation. The improved operating leverage contributed to SG&A declining 60 basis points as a percentage of sales.

**Baby & Parenting**

Net sales for the six months ended June 30, 2014 were $363.0 million, a decrease of $22.8 million, or 5.9%, from $385.8 million for the six months ended June 30, 2013. Core sales decreased 5.6% as a result of product line exits in Europe, competitive pressures in Japan and the negative impact of the recall of harness buckles on select Graco® car seats in the U.S. Foreign currency had an unfavorable impact of 0.3% on net sales for the Baby & Parenting segment.

Operating income for the six months ended June 30, 2014 was $17.6 million, or 4.8% of net sales, a decrease of $30.1 million, or 63.1%, from $47.7 million, or 12.4% of net sales, for the six months ended June 30, 2013. The 760 basis point decrease in operating margin was largely due to the $11.4 million of costs associated with the recall of harness buckles, geographic mix and the deleveraging impact of lower sales. The deleveraging impact of lower sales and SG&A costs associated with administering and supporting the recall contributed to SG&A increasing 380 basis points as a percentage of sales.

## Liquidity and Capital Resources

Cash and cash equivalents decreased as follows for the six months ended June 30, (*in millions*):

| | 2014 | 2013 |
|---|---|---|
| Cash provided by (used in) operating activities | $ 4.1 | $ (59.8) |
| Cash used in investing activities | (63.9) | (57.3) |
| Cash provided by financing activities | 3.3 | 90.5 |
| Currency effect on cash and cash equivalents | (27.1) | (3.1) |
| Decrease in cash and cash equivalents | $ (83.6) | $ (29.7) |

In the cash flow statement, the changes in operating assets and liabilities are presented excluding the effects of changes in foreign currency and the effects of acquisitions and divestitures. Accordingly, the amounts in the cash flow statement differ from changes in the operating assets and liabilities that are presented in the balance sheet.

*Sources*

Historically, the Company's primary sources of liquidity and capital resources have included cash provided by operations, proceeds from divestitures, issuance of debt and use of available borrowing facilities.

Cash provided by operating activities for the six months ended June 30, 2014 was $4.1 million compared to cash used in operating activities of $59.8 million for the six months ended June 30, 2013. The year-over-year improvement in cash generation from operating activities was largely due to the impact of the following items:

- a $78.5 million year-over-year decrease in cash used to build inventories during the first six months of 2014 compared to the first six months of 2013 due to a four day improvement in inventory days from June 30, 2013 to June 30, 2014, partially attributable to the higher inventory pre-builds in 2013 to support back-half promotions;
- a $100.0 million contribution to the Company's primary U.S. pension plan made in 2013;
- a $9.9 million reduction in cash paid for income taxes;

partially offset by

- a $101.8 million year-over-year decrease in cash provided by changes in accounts payable due to lower inventory levels and a four day decrease in days payable outstanding;
- a $10.0 million increase in cash paid for restructuring activities; and
- a $20.3 million increase in customer program payments.

During the six months ended June 30, 2014, the Company received net proceeds of $215.4 million from short-term borrowing arrangements, which include commercial paper and the receivables financing facility, compared to net proceeds of $202.1 million from short-term borrowing arrangements during the six months ended June 30, 2013.

*Uses*

Historically, the Company's primary uses of liquidity and capital resources have included seasonal working capital investments, capital expenditures, payments on debt, dividend payments, share repurchases and acquisitions.

Capital expenditures were $67.0 million and $57.0 million for the six months ended June 30, 2014 and 2013, respectively. Capital expenditures associated with the implementation of SAP were $9.3 million and $11.8 million for the six months ended June 30, 2014 and 2013, respectively.

Aggregate dividends paid were $89.8 million and $88.1 million for the six months ended June 30, 2014 and 2013, respectively.

In February 2014, the Company announced an extension and expansion of the Company's ongoing share repurchase program (the "SRP"). As extended and expanded, the Company may repurchase up to $300.0 million of its shares from February 2014 through the end of 2016. During the six months ended June 30, 2014, the Company repurchased and retired 5.3 million shares pursuant to the SRP for $158.7 million, compared to 2.9 million shares repurchased and retired for $72.4 million during the six months ended June 30, 2013.

Cash paid for restructuring activities was $49.5 million and $39.5 million for the six months ended June 30, 2014 and 2013, respectively, and is included in the net cash provided by (used in) operating activities. These payments primarily relate to employee severance, termination benefits and relocation costs, and exited contractual commitments and other charges.

**Cash Conversion Cycle**

The Company defines its cash conversion cycle as the sum of inventory and accounts receivable days outstanding (based on cost of products sold and net sales, respectively, for the most recent three-month period, including discontinued operations) minus accounts payable days outstanding (based on cost of products sold for the most recent three-month period, including discontinued operations) at the end of the quarter.

The following table depicts the Company's cash conversion cycle for the periods presented (*in number of days*):

| | June 30, 2014 | December 31, 2013 | June 30, 2013 |
|---|---|---|---|
| Accounts receivable | 74 | 68 | 72 |
| Inventory | 81 | 67 | 85 |
| Accounts payable | (59) | (55) | (63) |
| Cash conversion cycle | 96 | 80 | 94 |

The Company's cash conversion cycle is impacted by the seasonality of its businesses and generally tends to be longer in the first and second quarters due to inventory build-ups early in the year for seasonal sales activity and credit terms provided to customers.

**Financial Position**

The Company is committed to maintaining a strong financial position through maintaining sufficient levels of available liquidity, managing working capital, and monitoring the Company's overall capitalization.

- Cash and cash equivalents at June 30, 2014 were $142.7 million, and the Company had $764.9 million of total available borrowing capacity under the $800.0 million unsecured syndicated revolving credit facility and the $350.0 million receivables financing facility.

- Working capital at June 30, 2014 was $472.2 million compared to $681.1 million at December 31, 2013, and the current ratio at June 30, 2014 was 1.24:1 compared to 1.42:1 at December 31, 2013. The decline in working capital and current ratio is attributable to the classification of the $250.0 medium-term notes due June 2015 as a current liability at June 30, 2014, whereas the amount was classified as long-term debt at December 31, 2013.

- The Company monitors its overall capitalization by evaluating net debt to total capitalization. Net debt to total capitalization is defined as the sum of short- and long-term debt, less cash, divided by the sum of total debt and stockholders' equity, less cash. Net debt to total capitalization was 0.48:1 at June 30, 2014 and 0.44:1 at December 31, 2013, as the Company increased its short-term borrowings during the first half of 2014 due to seasonal inventory builds, customer payment terms and annual cash payments for the paydown of customer accruals and annual incentive compensation.

The Company has from time to time refinanced, redeemed or repurchased its debt and taken other steps to reduce its debt or lease obligations or otherwise improve its overall financial position and balance sheet. Going forward, depending on market conditions, its cash positions and other considerations, the Company may continue to take such actions.

Cash and cash equivalents at June 30, 2014 includes $51.1 million subject to currency exchange controls in Venezuela, which limits the total amount of cash and cash equivalents held by the Company that can be used at any particular point in time to support its worldwide operations.

**Borrowing Arrangements**

In December 2011, the Company entered into a five-year credit agreement (the "Credit Agreement") with a syndicate of banks. As extended, the Credit Agreement provides for an unsecured syndicated revolving credit facility with a maturity date of December 2, 2018, and an aggregate commitment at any time outstanding of up to $800.0 million (the "Facility"). The Facility is intended to be used for general corporate purposes and, in addition, 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. The Facility also provides for the issuance of up to $100.0 million of letters of credit, so long as there is a sufficient amount available for borrowing under the Facility. As of June 30, 2014, there were no borrowings or standby letters of credit issued or outstanding under the Facility, and the Company had commercial paper obligations outstanding of $135.1 million, resulting in $664.9 million of borrowing capacity available under the Facility.

In addition to the committed portion of the Facility, the Credit Agreement provides for extensions of competitive bid loans from one or more lenders (at the lenders' discretion) of up to $500.0 million, which is not a utilization of the amount available for borrowing under the Facility.

The Company's receivables financing facility provides for available borrowings of up to $350.0 million and expires in September 2015. As of June 30, 2014, the Company had $250.0 million of outstanding borrowings under the receivables financing facility.

The following table presents the maximum and average daily borrowings outstanding under the Company's short-term borrowing arrangements during the six months ended June 30, (*in millions*):

| | 2014 | | 2013 | |
|---|---|---|---|---|
| **Short-term Borrowing Arrangement** | **Maximum** | **Average** | **Maximum** | **Average** |
| Commercial paper | $ 203.2 | $ 101.3 | $ 249.6 | $ 155.4 |
| Receivables financing facility | 250.0 | 174.4 | 200.0 | 200.0 |

The indentures governing the Company's medium-term notes contain usual and customary nonfinancial covenants. The Company's borrowing arrangements other than the medium-term notes contain usual and customary nonfinancial covenants and certain financial covenants, including minimum interest coverage and maximum debt-to-total-capitalization ratios. As defined by the agreements governing the borrowing arrangements, minimum interest coverage ratio is computed as adjusted Earnings before Interest, Taxes, Depreciation and Amortization ("EBITDA") divided by adjusted interest expense for the four most recent quarterly

periods. Generally, maximum debt-to-total-capitalization is calculated as the sum of short-term and long-term debt divided by the sum of (i) total debt, (ii) total stockholders' equity and (iii) $750.0 million related to impairment charges incurred by the Company. As of June 30, 2014, the Company had complied with all covenants under the indentures and its other borrowing arrangements, and the Company could access the full borrowing capacity available under the Facility and receivables financing facility, and utilize the $764.9 million for general corporate purposes without exceeding the debt-to-total-capitalization limit in its financial covenants. A failure to maintain the financial covenants would impair the Company's ability to borrow under the Facility and the receivables financing facility and may result in the acceleration of the repayment of certain indebtedness.

**Debt**

The Company has varying needs for short-term working capital financing as a result of the seasonal nature of its business. The volume and timing of production impacts the Company's cash flows and has historically involved increased production in the first quarter of the year to meet increased customer demand through the remainder of the year. Working capital fluctuations have historically been financed through short-term financing arrangements, such as commercial paper or borrowings under the Facility or the receivables financing facility.

Total debt was $2.1 billion as of June 30, 2014 and $1.8 billion as of December 31, 2013, an increase of $228.5 million due to increased borrowings under the Company's short-term borrowing arrangements, including its receivables financing facility and commercial paper, for working capital investments and payments of customer program and annual incentive compensation liabilities.

As of June 30, 2014, the current portion of long-term debt and short-term debt totaled $640.7 million, including $135.1 million of commercial paper obligations, $250.0 million of borrowings under the receivables financing facility and $250.0 million of medium-term notes due June 2015.

The following table presents the average outstanding debt and weighted average interest rates (*in millions, except percentages*):

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|---|---|---|---|
| | 2014 | 2013 | 2014 | 2013 |
| Average outstanding debt | $ 2,040.8 | $ 2,080.4 | $ 1,952.2 | $ 2,039.8 |
| Average interest rate [(1)] | 2.9% | 2.9% | 3.0% | 2.9% |

(1) The average interest rate includes the impacts of outstanding fixed-for-floating interest rate swaps.

The Company's floating-rate debt, which includes medium-term notes that are subject to fixed-for-floating interest rate swaps, was 55.2% and 50.4% of total debt as of June 30, 2014 and December 31, 2013, respectively. The increase in floating-rate debt is primarily due to an increase of $215.4 million in short-term, floating-rate debt at June 30, 2014 compared to December 31, 2013. See Footnote 6 of the Notes to Condensed Consolidated Financial Statements for further information.

**Pension and Other Obligations**

The Company has adopted and sponsors pension plans in the U.S. and in various other countries. The Company's ongoing funding requirements for its pension plans are largely dependent on the value of each of the plan's assets and the investment returns realized on plan assets as well as prevailing market rates of interest.

Future increases or decreases in pension liabilities and required cash contributions are highly dependent on changes in interest rates and the actual return on plan assets. The Company determines its plan asset investment mix, in part, on the duration of each plan's liabilities. To the extent each plan's assets decline in value or do not generate the returns expected by the Company or interest rates decline further, the Company may be required to make contributions to the pension plans to ensure the pension obligations are adequately funded as required by law or mandate.

**Dividends**

The Company's Board of Directors has approved a 13% increase in the quarterly dividend from $0.15 per share to $0.17 per share, effective with the quarterly dividend paid in June 2014. The Company intends to maintain dividends at a level such that operating cash flows can be used to fund growth initiatives and restructuring activities, and at the Company's discretion, to repay outstanding debt. The payment of dividends to holders of the Company's common stock remains at the discretion of the Board of Directors and will depend upon many factors, including the Company's financial condition, earnings, legal requirements, payout ratio and other factors the Board of Directors deems relevant.

**Share Repurchase Program**

In August 2011, the Company announced a $300.0 million 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. In February 2014, the SRP was expanded and extended such that the Company may repurchase up to $300.0 million of its own shares through the end of 2016. Prior to its expansion and extension in February 2014, the Company had repurchased and retired 12.9 million shares for $257.1 million under the SRP. During the six months ended June 30, 2014, the Company repurchased 5.3 million shares pursuant to the SRP for $158.7 million, and such shares were immediately retired. Since the inception of the SRP through June 30, 2014, the Company has repurchased and retired a total of 18.3 million shares for $415.7 million and had $141.3 million available under the SRP for future repurchases as of June 30, 2014. The Company has repurchased an additional 3.0 million shares under the SRP at an aggregate cost of $94.6 million during July 2014. The repurchase of additional shares is at the Company’s discretion and will depend upon many factors, including the Company’s financial condition, liquidity and legal requirements. Although the SRP authorizes the Company to repurchase shares through the end of 2016, the Company may execute such repurchases at any time and from time to time and may accelerate and complete authorized repurchases under the SRP sooner than the scheduled expiration.

**Accelerated Share Repurchase Plan**

In October 2013, the Company entered into agreements with Goldman, Sachs & Co. (“Goldman Sachs”) for an accelerated stock buyback of $350.0 million of the Company’s common shares (the “ASB”). Under the ASB, the Company paid Goldman Sachs an initial purchase price of $350.0 million, and Goldman Sachs delivered to the Company 9.4 million shares of the Company’s common stock, representing a substantial majority of the shares expected to be purchased under the ASB. Based on the average of the daily volume-weighted average share prices of the Company’s common stock over the course of a calculation period, in March 2014, the ASB was completed and Goldman Sachs delivered 2.0 million shares of the Company’s common stock to the Company. Such shares were immediately retired.

**Credit Ratings**

The Company’s credit ratings are periodically reviewed by rating agencies. The Company’s current senior and short-term debt credit ratings from three major credit rating agencies are listed below:

| | Senior Debt Credit Rating | Short-term Debt Credit Rating | Outlook |
|---|---|---|---|
| Moody’s Investors Service | Baa3 | P-3 | Stable |
| Standard & Poor’s | BBB- | A-3 | Positive |
| Fitch Ratings | BBB | F-2 | Positive |

**Outlook**

For the year ending December 31, 2014, the Company expects to generate cash flows from operations of $600 to $650 million after restructuring and restructuring-related cash payments of $100 to $120 million. The Company plans to fund capital expenditures of approximately $150 to $175 million, which includes expenditures associated with the implementation of SAP in Latin America. The purchase price of Ignite of $308 million, which is subject to customary purchase price adjustments, is expected to be financed through a combination of operating cash flow and available borrowings and is expected to close during the third quarter of 2014.

Overall, the Company believes that available cash and cash equivalents, cash flows generated from future operations, access to capital markets, and availability under the Facility and receivables financing facility will be adequate to support the cash needs of existing businesses, including cash needed to fund the purchase price for the acquisition of Ignite. The Company plans to use available cash, borrowing capacity, cash flows from future operations and alternative financing arrangements to pay for the acquisition of Ignite and to repay debt maturities as they come due, including short-term debt of $389.4 million, which includes the Company’s outstanding commercial paper obligations and borrowings under the receivables financing facility, and current portion of long-term debt of $251.3 million, which includes $250.0 million of medium-term notes due June 2015.

**Non-GAAP Financial Measures**

The Management’s Discussion and Analysis of Financial Condition and Results of Operations in this Form 10-Q contains non-GAAP financial measures. The Company uses certain non-GAAP financial measures in explaining its results and in its internal evaluation and management of its businesses. The Company’s management believes these non-GAAP financial measures are useful since these measures (a) permit users of the financial information to view the Company’s performance using the same tools that management uses to evaluate the Company’s past performance, reportable business segments and prospects for future performance and (b) determine certain elements of management’s incentive compensation.

The Company's management believes that core sales is useful because it demonstrates the effect of foreign currency on reported sales. Core sales is determined by applying a fixed exchange rate, calculated as the 12-month average in the prior year, to the current and prior year local currency sales amounts, with the difference equal to changes in core sales, and the difference between the changes in reported sales and the changes in core sales being attributable to currency. The Company uses core sales as one of the three performance criteria in its management cash bonus plan.

While the Company believes that non-GAAP financial measures are useful in evaluating performance, this information should be considered as supplemental in nature and not as a substitute for or superior to the related financial information prepared in accordance with GAAP. Additionally, non-GAAP financial measures may differ from similar measures presented by other companies.

The following table provides a reconciliation of changes in core sales to changes in reported net sales by geographic region:

| | Three Months Ended June 30, 2014 | | | | | |
|---|---|---|---|---|---|---|
| | North America | Europe, Middle East and Africa | Latin America | Asia Pacific | Total International | Total Company |
| Core sales | 3.4 % | (0.8)% | 48.6 % | (7.9)% | 8.0 % | 4.6 % |
| Foreign currency | (0.5) | 4.9 | (26.5) | (2.7) | (4.2) | (1.5) |
| Total change in net sales | 2.9 % | 4.1 % | 22.1 % | (10.6)% | 3.8 % | 3.1 % |

| | Six Months Ended June 30, 2014 | | | | | |
|---|---|---|---|---|---|---|
| | North America | Europe, Middle East and Africa | Latin America | Asia Pacific | Total International | Total Company |
| Core sales | 2.3 % | (2.8)% | 28.7 % | (4.4)% | 4.2 % | 2.8 % |
| Foreign currency | (0.5) | 4.1 | (18.9) | (5.0) | (3.9) | (1.4) |
| Total change in net sales | 1.8 % | 1.3 % | 9.8 % | (9.4)% | 0.3 % | 1.4 % |

Reconciliations of changes in core sales to changes in reported net sales on a consolidated basis and by segment are provided earlier in the Management's Discussion and Analysis of Financial Condition and Results of Operations.

## Critical Accounting Policies

There have been no significant changes to the Company's critical accounting policies since the filing of its Annual Report on Form 10-K for the year ended December 31, 2013 (the "2013 Form 10-K").

## Forward-Looking Statements

Forward-looking statements in this Report are made in reliance upon the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements may relate to, but are not limited to, information or assumptions about the effects of sales (including pricing), income/(loss), earnings per share, return on equity, return on invested capital, operating income, operating margin or gross margin improvements or declines, Project Renewal, capital and other expenditures, working capital, cash flow, dividends, capital structure, debt to capitalization ratios, debt ratings, availability of financing, interest rates, restructuring, restructuring-related and organizational change implementation costs, impairment and other charges, potential losses on divestitures, impacts of changes in accounting standards, pending legal proceedings and claims (including environmental matters), future economic performance, costs and cost savings, inflation or deflation with respect to raw materials and sourced products, productivity and streamlining, synergies, changes in foreign exchange rates, product recalls, management's plans, goals and objectives for future operations, performance and growth or the assumptions relating to any of the forward-looking statements. These statements generally are accompanied by words such as "intend," "anticipate," "believe," "estimate," "project," "target," "plan," "expect," "will," "should," "would" or similar statements. The Company cautions that forward-looking statements are not guarantees because there are inherent difficulties in predicting future results. Actual results could differ materially from those expressed or implied in the forward-looking statements. Important factors that could cause actual results to differ materially from those suggested by the forward-looking statements include, but are not limited to, the Company's dependence on the strength of retail, commercial and industrial sectors of the economy in light of the continuation or escalation of the global economic slowdown or regional sovereign debt issues; currency fluctuations; competition with other manufacturers and distributors of consumer products; major retailers' strong bargaining power; changes in the prices of raw materials and sourced products and the Company's ability to obtain raw materials and sourced products in a timely manner from suppliers; the Company's ability to develop innovative new products and to develop, maintain and strengthen its end-user brands; product liability, product recalls or regulatory actions (including any fines or penalties resulting from governmental investigations into the circumstances related thereto); the Company's ability to expeditiously close facilities and move operations while managing foreign regulations and other impediments; a failure

of one of the Company's key information technology systems or related controls; the potential inability to attract, retain and motivate key employees; future events that could adversely affect the value of the Company's assets and require impairment charges; the Company's ability to improve productivity and streamline operations; changes to the Company's credit ratings; significant increases in the funding obligations related to the Company's pension plans due to declining asset values, declining interest rates or otherwise; the imposition of tax liabilities greater than the Company's provisions for such matters; the risks inherent in the Company's foreign operations; with respect to the Ignite Holdings, LLC transaction, whether and when the required regulatory approvals will be obtained, whether and when the transaction closes, as well as the Company's ability to realize the expected financial results of the transaction; and those matters set forth in this Report generally and Exhibit 99.1 to this Report. In addition, there can be no assurance that the Company has correctly identified and assessed all of the factors affecting the Company or that the publicly available and other information the Company receives with respect to these factors is complete or correct.

**Item 3. Quantitative and Qualitative Disclosures about Market Risk**

The Company has no material changes to the disclosure on this matter made in its 2013 Form 10-K.

**Item 4. Controls and Procedures**

As of June 30, 2014, an evaluation was performed by the Company's management, under the supervision and with the participation of the Company's chief executive officer and chief financial officer, of the effectiveness of the Company's disclosure controls and procedures. Based on that evaluation, the chief executive officer and the chief financial officer concluded that the Company's disclosure controls and procedures were effective.

There were no changes in the Company's internal control over financial reporting that occurred during the quarter ended June 30, 2014 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting. The Company is in the process of replacing various business information systems worldwide with an enterprise resource planning system from SAP. Implementation will continue to occur in phases, primarily focused on geographic region and segment. This activity involves the migration of multiple legacy systems and users to a common SAP information platform. In addition, this conversion will impact certain interfaces with the Company's customers and suppliers, resulting in changes to the tools the Company uses to take orders, procure materials, schedule production, remit billings, make payments and perform other business functions.

## PART II. OTHER INFORMATION

### Item 1. Legal Proceedings

Information required under this Item is contained above in Part I. Financial Information, Item 1 and is incorporated herein by reference.

### Item 1A. Risk Factors

The information presented below supplements the risk factors set forth in Part I, “Item 1A. Risk Factors,” of the 2013 Form 10-K. Except as set forth below, for additional risk factors that could cause actual results to differ materially from those anticipated, please refer to Part I, “Item 1A. Risk Factors,” of the 2013 Form 10-K.

**The Company is subject to risks related to its international operations and sourcing model.**

International operations are important to the Company’s business, and the Company’s strategy emphasizes international growth. In addition, as the Company sources products in low-cost countries, particularly in Asia, it is exposed to additional risks and uncertainties. Foreign operations can be affected by factors such as currency devaluation; other currency fluctuations; tariffs; nationalization; exchange controls; labor inflation; interest rates; limitations on foreign investment in local business; compliance with U.S. laws affecting operations outside the United States, such as the Foreign Corrupt Practices Act; and other political, economic and regulatory risks and difficulties. The Company also faces risks due to the transportation and logistical complexities inherent in reliance on foreign sourcing.

Venezuela was designated as a highly inflationary economy effective January 1, 2010, and, accordingly, gains and losses resulting from the translation of the net assets (excluding nonmonetary assets) of operations in Venezuela into U.S. Dollars are recorded in earnings. During the six months ended June 30, 2014, Venezuela’s exchange rate applicable to the settlement of certain transactions, including payments of dividends and royalties, changed to the Complementary System of Foreign Currency Administration ("SICAD I") auction rate. The SICAD I auction rate was 10.6 Bolivar Fuertes (“Bolivars”) to the U.S. Dollar on June 30, 2014. Prior to 2014, the Company had used the official exchange rate of 6.3 Bolivars per U.S. dollar. The Company adopted the SICAD I rate for its Venezuela operations effective March 31, 2014 at which time the SICAD I auction rate was 10.7. As a result of the Company using the SICAD I auction rate for remeasuring its monetary assets denominated in Bolivars, the Company has recorded foreign exchange losses of $38.3 million during the six months ended June 30, 2014, which includes a $38.7 million charge upon adoption of the SICAD I rate. The Company is unable to predict with certainty whether future devaluations will occur. The current state of the Venezuelan economy could lead to further devaluation of its currency, volatility of exchange rates and disruption of the economy. In the first quarter of 2014, the Venezuelan government also issued a Law on Fair Pricing which establishes a maximum profit margin of 30%. It is unclear how this law may ultimately affect the pricing structure of the Company’s Venezuelan operations and its ability to respond to the effects of inflation and additional currency devaluations. The law may limit the Company’s ability to implement future price increases, could result in the reduction of prices with respect to certain products or product categories and result in fines for practices deemed to be in violation of the law. The future results of the Company’s Venezuelan operations will be affected by many factors, including actions by the Venezuelan government such as further currency devaluations, implementation and enforcement of profit margin or price controls or changes in import controls, economic conditions in Venezuela such as inflation and consumer spending, labor relations, political and social unrest, and the availability of raw materials, utilities and energy. The Company’s Venezuelan operations contribute a significant portion of the sales and operating income of the Company’s Latin America region. As a result, any disruption of the Company’s Venezuelan operations or of the Company’s ability to pay suppliers or repatriate funds from Venezuela, or restrictions or limitations imposed on its pricing structure, could have a material adverse impact on the future performance of the Company’s Latin America region and could adversely affect the Company’s results of operations, financial condition and liquidity.

See Footnote 1 of the Notes to Condensed Consolidated Financial Statements and Management’s Discussion and Analysis of Financial Condition and Results of Operations for further information.

**Product liability claims or regulatory actions could adversely affect the Company’s financial results or harm its reputation or the value of its end-user brands.**

Claims for losses or injuries purportedly caused by some of the Company’s products arise in the ordinary course of the Company’s business. In addition to the risk of substantial monetary judgments or fines or penalties that may result from any governmental investigations, product liability claims or regulatory actions could result in negative publicity that could harm the Company’s reputation in the marketplace, adversely impact the value of its end-user brands, or result in an increase in the cost of producing the Company’s products. The Company could also be required to recall possibly defective products, which could result in adverse publicity and significant expenses. For example, in February 2014, the Company initiated a voluntary recall on harness buckles

used on certain Graco-branded convertible and harnessed booster toddler car seats. In July 2014, the Company announced that it would expand the recall to include harness buckles used on certain infant car seats manufactured between July 2010 and May 2013. The Company's results for the six months ended June 30, 2014 included an $11.4 million charge reflecting the cost of the recall of the harness buckles used on certain toddler and infant car seats. The amount of the charge does not include any fines or penalties that may result from governmental investigations into the circumstances related to the recall. Although the Company maintains product liability insurance coverage, potential product liability claims are subject to a self-insured retention, may exceed the amount of insurance coverage or could be excluded under the terms of the policy.

The following risk factor has been removed from the risk factors set forth in the Company's 2013 Form 10-K:

**Actions by the Company's counterparty to the accelerated share repurchase plan may affect the market for the Company's common stock.**

**Item 2. Unregistered Sales of Equity Securities and Use of Proceeds**

**ISSUER PURCHASES OF EQUITY SECURITIES**

The following table provides information about the Company's purchases of equity securities during the quarter ended June 30, 2014:

| Calendar Month | Total Number of Shares Purchased | | Average Price Paid per Share | Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs (1) | Maximum Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs (1) |
|---|---|---|---|---|---|
| April | 312,240 | (2) | $ 29.62 | 312,000 | $ 246,372,827 |
| May | 2,203,611 | (2) | 29.26 | 2,176,000 | 182,711,673 |
| June | 1,414,288 | (2) | 29.54 | 1,400,000 | 141,354,473 |
| Total | 3,930,139 | | $ 29.39 | 3,888,000 | |

(1) In August 2011, the Company announced a $300.0 million 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. In February 2014, the SRP was expanded and extended such that the Company may repurchase up to $300.0 million of its own shares from February 2014 through the end of 2016. Prior to its expansion and extension in February 2014, the Company had repurchased and retired 12.9 million shares for $257.1 million under the SRP. The average per share purchase price for shares purchased under the SRP in April, May and June 2014 were $29.62, $29.26 and $29.54, respectively.

(2) All shares purchased by the Company during the quarter ended June 30, 2014 other than those purchased under the SRP were acquired to satisfy employees' tax withholding and payment obligations in connection with the vesting of awards of restricted stock units, which are repurchased by the Company based on their fair market value on the vesting date. In April, May and June 2014, in addition to the shares purchased under the SRP, the Company purchased 240 shares (average price: $28.90), 27,611 shares (average price: $29.42) and 14,288 shares (average price: $29.26), respectively, in connection with the vesting of employees' stock-based awards.

**Item 6. Exhibits**

| | |
|---|---|
| 10.1 | Non-Employee Director Restricted Stock Unit Award Agreement for use for awards beginning May 2014. |
| 10.2 | Newell Rubbermaid Inc. Severance Plan -- Summary Plan Description for Executives in Bands 10 and above, effective July 1, 2014. |
| 31.1 | Certification of Chief Executive Officer Pursuant to Rule 13a-14(a) or Rule 15d-14(a), as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. |
| 31.2 | Certification of Chief Financial Officer Pursuant to Rule 13a-14(a) or Rule 15d-14(a), as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. |
| 32.1 | Certification of Chief Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. |
| 32.2 | Certification of Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. |
| 99.1 | Safe Harbor Statement. |
| 101.INS | XBRL Instance Document |
| 101.SCH | XBRL Taxonomy Extension Schema |
| 101.CAL | XBRL Taxonomy Extension Calculation Linkbase |
| 101.DEF | XBRL Taxonomy Extension Definition Linkbase |
| 101.LAB | XBRL Taxonomy Extension Label Linkbase |
| 101.PRE | XBRL Taxonomy Extension Presentation Linkbase |

## SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

NEWELL RUBBERMAID INC.
Registrant

Date: August 8, 2014

/s/ Douglas L. Martin
Douglas L. Martin
Executive Vice President and Chief Financial Officer

Date: August 8, 2014

/s/ John B. Ellis
John B. Ellis
Vice President – Corporate Controller and
Chief Accounting Officer

**Exhibit 10.1**

**NEWELL RUBBERMAID INC. 2013 INCENTIVE PLAN**

**NON-EMPLOYEE DIRECTOR RESTRICTED STOCK UNIT AWARD AGREEMENT**

A Restricted Stock Unit ("RSU") Award (the "Award") granted by Newell Rubbermaid Inc., a Delaware corporation (the "Company"), to the non-employee director named in the attached Award letter (the "Grantee") relating to the common stock, par value $1.00 per share (the "Common Stock"), of the Company, shall be subject to the following terms and conditions and the provisions of the Newell Rubbermaid Inc. 2013 Incentive Plan (the "Plan"), a copy of which is attached hereto and the terms of which are hereby incorporated by reference.

1. Acceptance by Grantee. The receipt of the Award is conditioned upon its acceptance by the Grantee in the space provided therefor at the end of the attached Award letter and the return of an executed copy of such Award letter to the Secretary of the Company no later than 60 days after the Award Date set forth therein or, if later, 30 days after the Grantee receives this Agreement.

2. Grant of RSUs. The Company hereby grants to the Grantee the Award of RSUs, as set forth in the Award letter. An RSU is the right, subject to the terms and conditions of the Plan and this Agreement, to receive a distribution of a share of Common Stock for each RSU as described in Section 6 of this Agreement.

3. RSU Account. The Company shall maintain an account ("RSU Account") on its books in the name of the Grantee which shall reflect the number of RSUs awarded to the Grantee.

4. Dividend Equivalents. Upon the payment of any dividend on Common Stock occurring during the period preceding the earlier of the date of vesting of the Grantee's Award or the date the Grantee's Award is forfeited as described with Section 5, the Company shall promptly pay to each Grantee an amount in cash equal in value to the dividends that the Grantee would have received had the Grantee been the actual owner of the number of shares of Common Stock represented by the RSUs in the Grantee's RSU Account on that date. Any such payment shall be payments of dividend equivalents, and shall not constitute the payments of dividends to the Grantee that would violate the provisions of Section 8 of this Agreement.

5. Vesting.

(a) Except as described in (b) below, the Grantee shall become vested in his Award upon the earlier of: (i) the first anniversary of the date of the grant of the Award (the "Award Date"); or (ii) the date immediately preceding the date of the Company's annual meeting of shareholders in the calendar year following the calendar year of the Award Date, provided he remains in continuous service on the Board until such date.

(b) If the Grantee's service on the Board terminates prior to the first anniversary of the Award Date due to his death, disability or retirement, the Grantee shall become vested in his Award. For this purpose (i) "disability" means (as determined by the Committee in its sole discretion) the inability of the Grantee to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which is expected to result in death or disability or which has lasted or can be expected to last for a continuous period of not less than 12 months; and (ii) "retirement" means the Grantee's retirement in accordance with the Company's retirement policy for Directors.

(c) If the Grantee's service on the Board terminates prior to the first anniversary of the Award Date for any reason other than death, disability or retirement, the entire Award shall be forfeited to the Company, and no portion of the Award shall vest.

6. Settlement of Award. If a Grantee becomes vested in his Award in accordance with Section 5, the Company shall distribute to him, or his personal representative, beneficiary or estate, as applicable, a number of shares of Common Stock equal to the number of vested RSUs subject to the Award. Such shares shall be delivered within 30 days following the date of vesting.

7. Withholding Taxes. If applicable, the Company shall withhold from any distribution made to the Grantee in cash an amount sufficient to satisfy all minimum Federal, state and local withholding tax requirements. Payment of such taxes may be made by a method specified in the Plan and approved by the Committee.

8. Rights as Stockholder. The Grantee shall not be entitled to any of the rights of a stockholder of the Company with respect to the Award, including the right to vote and to receive dividends and other distributions, until and to the extent the Award is settled in shares of Common Stock.

9. Share Delivery. Delivery of any shares in connection with settlement of the Award will be by book-entry credit to an account in the Grantee's name established by the Company with the Company's transfer agent, or upon written request from the Grantee (or his personal representative, beneficiary or estate, as the case may be), in certificates in the name of the Grantee (or his personal representative, beneficiary or estate).

10. Award Not Transferable. The Award may not be transferred other than by will or the applicable laws of descent or distribution or pursuant to a qualified domestic relations order. The Award shall not otherwise be assigned, transferred, or pledged for any purpose whatsoever and is not subject, in whole or in part, to attachment, execution or levy of any kind. Any attempted assignment, transfer, pledge, or encumbrance of the Award, other than in accordance with its terms, shall be void and of no effect.

11. Administration. The Award shall be administered in accordance with such regulations as the Organizational Development and Compensation Committee of the Board of Directors of the Company (the "Committee") shall from time to time adopt.

12. Governing Law. This Agreement, and the Award, shall be construed, administered and governed in all respects under and by the laws of the State of Delaware.

**NEWELL RUBBERMAID INC.**

John K. Stipancich
Senior Vice President, General Counsel and Corporate Secretary

**EXHIBIT 10.2**

# NEWELL RUBBERMAID
# SEVERANCE PLAN

**A Part of the Newell Rubbermaid**
**Health and Welfare Program 506**

**Summary Plan Description for Executives in Bands 10 and Above**

**July 1, 2014**

# NEWELL RUBBERMAID
# SEVERANCE PLAN

## Summary Plan Description for Executives in Bands 10 and Above

## INTRODUCTION

### *THIS SUMMARY*

Newell Operating Company, a Delaware corporation and wholly-owned subsidiary of Newell Rubbermaid Inc., maintains the Newell Rubbermaid Severance Plan (the “**Plan**”) as part of the Newell Rubbermaid Health and Welfare Program 506. This document is both part of the Plan document and is the Summary Plan Description, as required by the Employee Retirement Income Security Act of 1974, as amended (“**ERISA**”) (collectively, the “**Summary**”).

This Plan is effective for employees who terminate employment on or after July 1, 2014. This Plan supersedes the Newell Rubbermaid Excess Severance Pay Plan (amended and restated effective January 1, 2009) and the Newell Rubbermaid Supplemental Unemployment Pay Plan (amended and restated January 1, 2009) (collectively, the “**Prior Severance Plans**”). However, employees who terminated employment prior to July 1, 2014 and are entitled to benefits under the Prior Severance Plans will continue to receive those benefits under the terms of the Prior Severance Plans. Employees, who terminate employment on or after July 1, 2014, are no longer eligible to receive benefits under the Prior Severance Plans.

This Summary describes the Plan’s provisions regarding eligibility and benefits and other important information about the Plan. Please read this Summary and keep it for ready reference. If you have any questions, please contact Newell Rubbermaid Inc., Attn: Human Resources Service Center (“**HRSC**”), 29 East Stephenson Street, Freeport, IL, 61032, (877) 467-4772. Newell Operating Company is the “**Plan Administrator**” as used throughout this Summary.

### *THE PLAN*

The purpose of this Plan is to provide severance pay, continuation of certain group health care benefits at favorable rates, and other benefits to certain eligible employees of Newell Operating Company and Participating Employers (as listed in the Supplement to this Summary) (collectively, the “**Company**”). Eligibility for Plan benefits is conditioned on an employee incurring an involuntary termination of employment under certain circumstances covered by the Plan, and agreeing to sign the General Release described in Section D. The Plan provides for a continuation of base compensation and health care benefits for a period of time, to help the former employee transition to new employment.

Notwithstanding the adoption of this Plan, the Company retains discretion to offer post-employment severance pay and benefits to other employees who are not eligible for benefits under this Plan, under terms and conditions that are determined within the sole discretion of the Company. Any such benefits are subject to the written approval of Newell Rubbermaid Inc.’s Chief Human Resources Officer or any Senior Vice President or Vice President level Human Resources employee expressly designated by the Chief Human Resources Officer to approve provision of severance benefits to otherwise ineligible employees.

**NEWELL RUBBERMAID**
**SEVERANCE PLAN**

**Summary Plan Description for Executives in Bands 10 and Above**

**Table Of Contents**


| | Page |
|---|---|
| Summary Plan Description for Executives in Bands 10 and Above | 1 |
| A. ELIGIBILITY | 1 |
| B. Plan benefits | 3 |
| C. Payment of Plan Benefits | 5 |
| D. REQUIREMENT OF General RELEASE | 6 |
| E. PLAN ADMINISTRATION | 7 |
| F. CLAIMS PROCEDURES | 8 |
| G. PLAN INFORMATION | 10 |
| H. YOUR RIGHTS UNDER ERISA | 11 |
| SUPPLEMENT - PARTICIPATING EMPLOYERS | 12 |

**Summary Plan Description for Executives in Bands 10 and Above**

## A. <u>ELIGIBILITY</u>

You are eligible for the benefits under this Summary of the Plan only if you are an Executive of the Company in Bands 10 and above. Benefits are payable under this Summary only upon your involuntary termination of employment by the Company due to an elimination of your position as a result of a plant closing, layoff, or reduction-in-force. In addition, benefits may be payable under this Summary upon an involuntary termination of employment by the Company for any similar reason approved by the Company. Your eligibility is contingent upon the Company's receipt of the General Release described in Section D, duly executed by you and the Company. The following are examples of situations in which you will <u>not be eligible</u> to receive benefits under the Plan (or will cease receiving benefits under the Plan):

a. You voluntarily terminate your employment or your employment is involuntarily terminated for poor performance or Cause. Cause includes termination due to unsatisfactory performance or conduct detrimental to the Company.

b. You are covered by a separate agreement that provides compensation and/or benefits for periods following your termination of employment ("**Separate Agreement**"), except where the Separate Agreement expressly provides that you shall remain eligible for benefits under this Plan. The Separate Agreement may cover you individually or as a member of a specific group of Executives.

c. Your employment (i) is scheduled to be involuntarily terminated due to a downsizing or reorganization, and you decline an offer to stay with the Company in another position, or (ii) is terminated with the Company due to the sale of a business unit or the transfer of a group of Executives to a new employer as a result of outsourcing and you decline employment with the new employer. Under these circumstances, if your employment is terminated after declining an offer of employment with the Company or new employer, you will only be eligible for benefits under this Summary if the offer:

    i. Required transferring to a location beyond a fifty (50) mile radius of your work location immediately prior to the termination; provided, however, that Newell Operating Company, in its sole discretion, may expand or contract the fifty (50) mile guideline to take into account the presence or absence of commuting burdens;

    ii. Would have had a more than a fifteen percent (15%) reduction in your total cash compensation opportunities, which includes both base and target incentive pay, as solely determined by Newell Operating Company; or

    iii. Was not for a "comparable" position in terms of scope and responsibility, as solely determined by Newell Operating Company.

d. You accept employment with a buyer involved in an asset or stock sale of a business unit and you are later terminated by the buyer.

e. You receive and accept an offer of employment from the Company after Plan benefits have commenced.

f. You begin employment with another employer prior to payment of all benefits under the Plan. You are obligated to notify the Company as soon as practicable after accepting employment from another employer. Failure to provide such notice will constitute a breach of your obligations under the Plan; and any benefits provided to you under the Plan after accepting the new offer of employment, will be subject to a right of recoupment by the Company.

g. You breach any provision of the General Release described in Section D, or a Separate Agreement during the period in which you are receiving Plan benefits. If that happens, all payments and benefits under the Plan will immediately cease. In addition, you will be obligated to immediately repay to the Company all Plan benefits previously paid to you pursuant to the terms of this Plan and/or the General Release.

## B. Plan benefits

If you meet the eligibility requirements described above, you will receive benefits of a specific amount for a specific duration as described below.

a. Severance Pay. You will receive severance pay in an amount equal to the greater of (i) three (3) weeks of your Weekly Base Compensation per Year of Service, or (ii) fifty-two (52) weeks of your Weekly Base Compensation, subject to the maximum payment limit described below.

As used in this Summary, your "**Weekly Base Compensation**" is equal to one fifty-second (1/52nd) of your annual base salary, exclusive of all special adjustments or increments, such as incentive compensation and the cash value of any and all non-cash benefits, in effect immediately prior to your termination date.

As used in this Summary, a "**Year of Service**" is each fully completed year of employment with the Company and its affiliates. Years of Service will include all employment with the Company and its affiliates, including credit for any service which occurred prior to any break in service. In addition, Years of Service do not include any periods of employment with an acquired company prior to the time it became an affiliate of the Company, except to the extent that the Company previously agreed to provide credit for such years of employment with the acquired company.

In general, a Year of Service is based on your hire date and each anniversary thereof. For example, if you are hired June 1, 2013, you will have one (1) whole Year of Service if you are continuously employed by the Company through May 31, 2014. You will not earn an additional Year of Service if you terminate your employment mid-year. For example, if you were hired June 1, 2010 and terminate employment on November 30, 2014, you will have three (3) Years of Service. If you terminate employment and are later rehired, your periods of employment will be aggregated together to determine how many whole Years of Service you have.

In no event will the total severance pay benefits paid exceed two (2) times the lesser of:

i. Your annual compensation for the calendar year prior to the year of your termination of employment with the Company; or

ii. The maximum amount that may be taken into account under a qualified retirement plan pursuant to Internal Revenue Code Section 401(a)(17) for the year of your termination of employment with the Company. This amount is subject to change each year by the Internal Revenue Service ("**IRS**"). For 2014, this amount is $260,000.

b. COBRA Benefits. If you are enrolled in the Company's group medical plan at the time of termination, you will also be eligible to continue that coverage pursuant to the federal law (commonly called "**COBRA**"). Such coverage will be subsidized by the Company at the then existing active employee rates for the lesser of (i) nine (9) months after your termination of employment with the Company or (ii) the date you are no longer eligible to participate in the group medical plan.

c. Outplacement Benefits. If you are entitled to benefits under this Summary, in its sole discretion, the Company may also offer to provide you with outplacement services as an additional benefit under this Plan.

d. Company Equipment. As a condition to receiving benefits under the Plan, you are required to cooperate with the Company's usual and customary separation/termination process, including, to the extent required by the Company, surrender and delivery of all Company property, such as identification cards, vehicles, company credit cards, computer equipment, etc.

Benefits under this Plan are in addition to any pay you are entitled to for accrued but unused vacation. Benefits under this Plan will not be considered “compensation” for purposes of determining any benefits provided under any pension, savings or other benefit or bonus plan maintained by the Company.

## C. Payment of Plan Benefits

Severance pay provided under this Summary will be paid in substantially equal installments, on regular Company periodic pay cycles, over a period corresponding to the total number of weeks of pay you are entitled to. Payments will begin after the date the General Release is effective and any revocation period has expired.

For example, if you are entitled to fifty-two (52) weeks of Weekly Base Compensation, you will be paid this benefit in substantially equal installments over a fifty-two (52) week period. Payments will be made in accordance with the Company's regular periodic pay cycles (such as every two weeks). All payments are subject to tax and any other any applicable withholdings.

## D. <u>REQUIREMENT OF General RELEASE</u>

As a condition of eligibility for Plan benefits, you are required to sign and return an Agreement and General Release ("**General Release**") within a timeframe specified by the Company, but not to exceed sixty (60) days following your involuntary termination of employment. If you do not timely sign the General Release, or you revoke it, you will not be entitled to any benefits under the Plan.

The General Release will require you to (i) release and waive any and all legal claims you may have against the Company, its affiliates, any predecessor or successor thereto, and their assigns, employee benefit plans, present or former directors, officers, employees, representatives, agents, and attorneys and (ii) abide by certain non-compete, non-solicitation and confidentiality requirements. The Company, in its sole discretion, will prescribe the terms of the General Release.

If you file a lawsuit, charge, complaint or other claim asserting any claim or demand within the scope of the General Release, the Company, whether or not such claim is valid, will retain all rights and benefits of the General Release, and also will be entitled to cancel any and all future obligations of the General Release, together with the recovery of the Company's costs and attorneys' fees.

## E. PLAN ADMINISTRATION

- Administration. Newell Operating Company is the Plan Administrator and is responsible for the administration of the Plan. The Newell Rubbermaid Inc. Benefit Plans Administrative Committee (the "**Committee**") is authorized to take action on behalf of Newell Operating Company as the Plan Administrator. The Plan Administrator will make all benefit determinations, file governmental reports, etc.

- Authority to Interpret Plan. Under the terms of the Plan, the Plan Administrator possesses the sole and absolute discretionary authority to interpret and construe the provisions of the Plan, as well as to make all determinations under the Plan, such as eligibility and benefits.

- Employer Unfunded Plan. Under ERISA, the Plan is administered as an unfunded employer health and welfare plan. Benefits are not paid from a trust. The Plan is administered as an employer-funded plan. All benefits are paid from the Company's general assets.

- Plan Amendment and Termination. Newell Operating Company has the right to amend and/or terminate the Plan, in whole or in part, at any time and for any reason, including, but not limited to discontinuing future benefits or eliminating, reducing or modifying existing benefits to the extent permitted by law.

- Summary Electronic Delivery. This Summary and other important Plan information may be delivered to you through electronic means. In this case, you are entitled to request a paper copy, free of charge, from the Company. The electronic version of this Summary will contain substantially the same style and format, and the same content, as the paper version.

- No Employment Guarantee. The establishment of the Plan does not give any individual the legal right to be continued as an employee. The Company, any Participating Employer or affiliated employer shall retain their rights to terminate the employment of any employee, without those rights being subject to or restricted by the terms of this Plan.

## F. CLAIMS PROCEDURES

Initial claims for benefits under this Plan must be submitted to the HRSC and are subject to review by the Director of Global Benefits, and (2) appeals must be submitted to the Senior Vice President, Global Total Rewards, HRIS, Shared Services. Questions regarding eligibility should be directed to the HRSC either by telephone at (877) 467-4772 or in writing at Newell Rubbermaid Inc., Attn: Human Resources Service Center, 29 East Stephenson Street, Freeport, IL 61032.

**If Your Claim Is Denied**

If a claim for a Plan benefit is denied or reduced, in whole or in part, you will receive written notice of the denial within ninety (90) days after your benefit claim is received. If special circumstances require an extension of time for processing the claim, you will be notified in writing of the extension before the end of the initial ninety (90) day period. The extension of time will not exceed ninety (90) days.

Any notice of a denial of benefits will advise you of:

a. the specific reason or reasons for the denial;

b. the specific provisions of the Plan on which the denial was based;

c. any additional material or information necessary for you to process your claim and an explanation of why such material or information is necessary; and

d. the steps which you must take to have your claim for benefits reviewed, including a statement of your right to bring a civil action under Section 502(a) of the ERISA if your claim is denied on review.

If your claim for benefits has been denied, you will have the opportunity to file a written request for a full and fair review of your claim, to review all documents relating to your claim and receive copies of them, free of charge, and to submit a written statement regarding issues relating to your claim.

**Your Appeal Rights**

You must file this written request for review of your claim within sixty (60) days after you receive written notification of the denial of your claim.

The appeal decision will be made within sixty (60) days after receiving your request for review. If there are special circumstances (such as the need to hold a hearing) which require an extension of time for completing the review, the appeal decision will be rendered not later than one hundred twenty (120) days after receipt of a request for review. The appeal decision will be given to you in writing. If your claim is denied on appeal, notification of such determination will contain the following:

a. The specific reason for the denial on appeal;

b. A reference to the specific Plan provisions on which the denial on appeal is based;

c. A statement that you are entitled to receive, upon request and free of charge, reasonable access to, and copies of, all documents, records, and other information relevant to your claim for benefits; and

d. A statement of your right to bring an action under Section 502(a) of ERISA.

If you choose to initiate such a lawsuit in order to obtain a benefit from the Plan, you must file and argue your claim in Fulton County state court in Georgia or in the United States District Court for the Northern District of Georgia.

## G. PLAN INFORMATION

| | |
|---|---|
| *Plan Name, Number* | Newell Rubbermaid Severance Plan, which is part of the Newell Rubbermaid Health and Welfare Program 506. Plan Number 506. |
| *Plan Sponsor* | Newell Operating Company<br>3 Glenlake Parkway<br>Atlanta, GA 30328<br>(770) 418-7000<br>EIN: 36-1953130 |
| *Plan Year* | January 1 through December 31. |
| *Named Fiduciary* | Newell Operating Company. The named fiduciary under ERISA has the authority to control and manage the operation and administration of the Plan, including designating the administrator for the Plan. |
| *Plan Administrator* | Newell Operating Company. The administrator under ERISA is responsible for the operation and administration of the Plan, including making benefit decisions. See Part E-Plan Administration. |
| *Agent for Service of Legal Process* | Newell Rubbermaid Inc., 3 Glenlake Parkway, Atlanta, GA 30328. Service may also be made on the Plan Administrator. |

## H. <u>YOUR RIGHTS UNDER ERISA</u>

As a participant in the Plan, you are entitled to certain rights and protections under ERISA. ERISA provides that all Plan participants will be entitled to:

**Receive Information About Your Plan and Benefits**

- Examine, without charge, at the Plan Administrator's office and at other specified locations, such as work sites and union halls, all Plan documents, including insurance contracts and collective bargaining agreements, and a copy of the latest annual report (Form 5500 series) filed by the Plan Administrator with the U.S. Department of Labor and available at the Public Disclosure Room of the Employee Benefits Security Administration.

- Obtain, upon written request to the Plan Administrator, copies of all Plan documents, including insurance contracts and collective bargaining agreements, and copies of the latest annual report (Form 5500 Series) and updated summary plan description. The Plan Administrator may make a reasonable charge for the copies.

**Prudent Actions by Plan Fiduciaries**

In addition to creating rights for Plan participants, ERISA imposes duties upon the people who are responsible for the operation of the Plan. The people who operate your Plan, called "fiduciaries" of the Plan, have a duty to do so prudently and in the interest of you and the other Plan participants and beneficiaries. No one, including your employer, your union, or any other person, may fire you or otherwise discriminate against you in any way to prevent you from obtaining a Plan benefit or exercising your rights under ERISA.

**Enforce Your Rights**

If your claim for a benefit is denied or ignored, in whole or in part, you have a right to know why this was done, to obtain copies of documents relating to the decision without charge, and to appeal any denial, all within certain time schedules.

Under ERISA, there are steps you can take to enforce the above rights. For instance, if you request a copy of Plan documents or the latest annual report from the Plan and do not receive them within thirty (30) days, you may file suit in a Federal court. In such a case, the court may require the Plan Administrator to provide the materials and pay you up to $110 a day until you receive the materials, unless the materials were not sent because of reasons beyond the control of the administrator. If you have a claim for benefits which is denied or ignored, in whole or in part, you may file suit in a state or Federal court. In addition, if you disagree with the Plan's decision or lack thereof concerning the qualified status of a domestic relations order, you may file suit in Federal court. If it should happen that Plan fiduciaries misuse the Plan's money, or if you are discriminated against for asserting your rights, you may seek assistance from the U.S. Department of Labor, or you may file suit in a Federal court. The court will decide who should pay court costs and legal fees. If you are successful the court may order the person you have sued to pay these costs and fees. If you lose, the court may order you to pay these costs and fees, for example, if it finds your claim is frivolous.

**Assistance with Your Questions**

If you have any questions about your Plan, you should contact the Plan Administrator. If you have any questions about this statement or your rights under ERISA, or if you need assistance in obtaining documents from the Plan Administrator, you should contact the nearest office of the Employee Benefits Security Administration, U.S. Department of Labor, listed in your telephone directory or contact the Division of Technical Assistance and Inquiries, Employee Benefits Security Administration, U.S. Department of Labor, 200 Constitution Avenue, N.W., Washington, DC 20210. You may also obtain certain publications about your rights and responsibilities under ERISA by calling the publications hotline of the Employee Benefits Security Administration.

**SUPPLEMENT - PARTICIPATING EMPLOYERS**

For purposes of this document, the term “Participating Employer” includes the following companies, divisions and locations:

- Calphalon Corporation
- Goody Products, Inc.
- Graco Children’s Products, Inc.
- Irwin Industrial Tool Company
- Newell Operating Company
- Newell Rubbermaid company Store, LLC
- Newell Rubbermaid Inc.
- Newell Rubbermaid Development LLC
- Newell Rubbermaid Distribution LLC
- Newell Sales & Marketing Group, Inc.
- Newell Window Furnishings, Inc.
- PSI Systems, Inc.
- Rubbermaid Commercial Products, LLC
- Rubbermaid Incorporated
- Sanford, L.P.

EXHIBIT 31.1

**CERTIFICATION**

I, Michael B. Polk, certify that:

1. I have reviewed this report on Form 10-Q for the quarterly period ended June 30, 2014 of Newell Rubbermaid Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 8, 2014

/s/ Michael B. Polk

Michael B. Polk
Chief Executive Officer

EXHIBIT 31.2

**CERTIFICATION**

I, Douglas L. Martin, certify that:

1. I have reviewed this report on Form 10-Q for the quarterly period ended June 30, 2014 of Newell Rubbermaid Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant’s other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant’s other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: August 8, 2014

/s/ Douglas L. Martin

Douglas L. Martin

Executive Vice President and Chief Financial Officer

EXHIBIT 32.1

**CERTIFICATION PURSUANT TO**
**18 U.S.C. SECTION 1350,**
**AS ADOPTED PURSUANT TO**
**SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Newell Rubbermaid Inc. (the "Company") on Form 10-Q for the period ending June 30, 2014 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Michael B. Polk, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Michael B. Polk

Michael B. Polk
Chief Executive Officer
August 8, 2014

EXHIBIT 32.2

**CERTIFICATION PURSUANT TO**
**18 U.S.C. SECTION 1350,**
**AS ADOPTED PURSUANT TO**
**SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Newell Rubbermaid Inc. (the “Company”) on Form 10-Q for the period ending June 30, 2014 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Douglas L. Martin, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Douglas L. Martin

Douglas L. Martin
Executive Vice President and Chief Financial Officer
August 8, 2014

EXHIBIT 99.1

**NEWELL RUBBERMAID INC. SAFE HARBOR STATEMENT**

The Company has made statements in its Annual Report on Form 10-K for the year ended December 31, 2013, as well as in its Quarterly Report on Form 10-Q for the quarter ended June 30, 2014, and the documents incorporated by reference therein that constitute forward-looking statements, as defined by the Private Securities Litigation Reform Act of 1995. These statements are subject to risks and uncertainties. The statements relate to, and other forward-looking statements that may be made by the Company may relate to, but are not limited to, information or assumptions about the effects of sales (including pricing), income/(loss), earnings per share, return on equity, return on invested capital, operating income, operating margin or gross margin improvements or declines, Project Renewal, capital and other expenditures, working capital, cash flow, dividends, capital structure, debt to capitalization ratios, debt ratings, availability of financing, interest rates, restructuring, restructuring-related and organizational change implementation costs, impairment and other charges, potential losses on divestitures, impacts of changes in accounting standards, pending legal proceedings and claims (including environmental matters), future economic performance, costs and cost savings (including raw material and sourced product inflation, productivity and streamlining), synergies, changes in exchange rates, product recalls, management’s plans, goals and objectives for future operations, performance and growth or the assumptions relating to any of the forward-looking statements. These statements generally are accompanied by words such as “intend,” “anticipate,” “believe,” “estimate,” “project,” “target,” “plan,” “expect,” “will,” “should,” “would” or similar statements. Forward-looking statements are not guarantees because there are inherent difficulties in predicting future results. Actual results could differ materially from those expressed or implied in the forward-looking statements. The factors that are discussed below, as well as the matters that are set forth generally in the 2013 Form 10-K and the second quarter 2014 Form 10-Q and the documents incorporated by reference therein could cause actual results to differ. Some of these factors are described as criteria for success. The Company's failure to achieve, or limited success in achieving, these objectives could result in actual results differing materially from those expressed or implied in the forward-looking statements. In addition, there can be no assurance that the Company has correctly identified and assessed all of the factors affecting the Company or that the publicly available and other information the Company receives with respect to these factors is complete or correct.

**The Company is subject to risks related to its dependence on the strength of retail, commercial and industrial sectors of the economy in various parts of the world.**

The Company’s business depends on the strength of the retail, commercial and industrial sectors of the economy in various parts of the world, primarily in North America, and to a lesser extent Europe, Central and South America, and Asia. These sectors of the economy are affected primarily by factors such as consumer demand and the condition of the retail industry, which, in turn, are affected by general economic conditions. With continuing challenging economic conditions in the U.S., Western Europe and elsewhere, there has been considerable pressure on consumer demand, and the resulting impact on consumer spending has had and may continue to have an adverse effect on demand for the Company’s products, as well as its financial condition and results of operations. The Company could also be negatively impacted by economic crises in specific countries or regions, including the deterioration in the creditworthiness of, or a default by, the issuers of sovereign debt. Such events could negatively impact the Company’s overall liquidity and/or create significant credit risks relative to its local customers and depository institutions. Consumer demand and the condition of these sectors of the economy may also be impacted by other external factors such as war, terrorism, geopolitical uncertainties, public health issues, natural disasters and other business interruptions. The impact of these external factors is difficult to predict, and one or more of these factors could adversely impact the Company’s business.

**The Company is subject to intense competition in a marketplace dominated by large retailers and e-commerce companies.**

The Company competes with numerous other manufacturers and distributors of consumer and commercial products, many of which are large and well-established. The Company’s principal customers are large mass merchandisers, such as discount stores, home centers, warehouse clubs, office superstores, commercial distributors and e-commerce companies. The dominant share of the market represented by these large mass merchandisers, together with changes in consumer shopping patterns, has contributed to the formation of dominant multi-category retailers and e-commerce companies that have strong negotiating power with suppliers. Current trends among retailers and e-commerce companies include fostering high levels of competition among suppliers, demanding innovative new products, requiring suppliers to maintain or reduce product prices, and requiring product delivery with shorter lead times. Other trends are for retailers and e-commerce companies to import products directly from foreign sources and to source and sell products under their own private label brands, typically at lower prices, that compete with the Company’s products.

The combination of these market influences and retailer consolidation has created an intensely competitive environment in which the Company’s principal customers continuously evaluate which product suppliers to use, resulting in downward pricing pressures and the need for big, consumer-meaningful brands, the ongoing introduction and commercialization of innovative new products, continuing improvements in category management and customer service, and the maintenance of strong relationships with large,

high-volume purchasers. The Company also faces the risk of changes in the strategy or structure of its major customers, such as overall store and inventory reductions and consolidation with other customers. The intense competition in the retail and e-commerce sectors, combined with the overall economic environment, may result in a number of customers experiencing financial difficulty, or failing in the future. In particular, a loss of, or a failure by, one of the Company's large customers would adversely impact the Company's sales and operating cash flows. To address these challenges, the Company must be able to respond to competitive factors, and the failure to respond effectively could result in a loss of sales, reduced profitability and a limited ability to recover cost increases through price increases.

**The Company's plans to continue to improve productivity and reduce complexity and costs may not be successful, which would adversely affect its ability to compete.**

The Company's success depends on its ability to continuously improve its manufacturing operations to gain efficiencies, reduce supply chain costs and streamline or redeploy nonstrategic selling, general and administrative expenses in order to produce products at a best-cost position and allow the Company to invest in innovation and brand building. The Company is currently in the process of implementing Project Renewal, a global initiative designed to reduce the complexity of the organization, increase investment in the Company's most significant growth platforms and align the business around two key activities - Brand & Category Development and Market Execution & Delivery. Project Renewal may not be completed substantially as planned, may be more costly to implement than expected, or may not result in, in full or in part, the positive effects anticipated. In addition, such initiatives require the Company to implement a significant amount of organizational change, which could have a negative impact on employee engagement, divert management's attention from other concerns, and if not properly managed, impact the Company's ability to retain key employees, cause disruptions in the Company's day-to-day operations and have a negative impact on the Company's financial results. It is also possible that other major productivity and streamlining programs may be required in the future.

**If the Company is unable to commercialize a continuing stream of new products that create demand, the Company's ability to compete in the marketplace may be adversely impacted.**

The Company's strategy includes investment in new product development and a focus on innovation. Its long-term success in the competitive retail environment and the industrial and commercial markets depends on its ability to develop and commercialize a continuing stream of innovative new products and line extensions that create demand. New product development and commercialization efforts, including efforts to enter markets or product categories in which the Company has limited or no prior experience, have inherent risks. These risks include the considerable costs involved, such as development and commercialization, product development or launch delays, and the failure of new products and line extensions to achieve anticipated levels of market acceptance or growth in sales or operating income. The Company also faces the risk that its competitors will introduce innovative new products that compete with the Company's products. In addition, sales generated by new products or line extensions could cause a decline in sales of the Company's existing products. If new product development and commercialization efforts are not successful, the Company's financial results could be adversely affected.

**If the Company does not continue to develop and maintain consumer-meaningful brands, its operating results may suffer.**

The Company's ability to compete successfully also depends increasingly on its ability to develop and maintain consumer-meaningful brands so that the Company's retailer and other customers will need the Company's products to meet consumer demand. Consumer-meaningful brands allow the Company to realize economies of scale in its operations. The development and maintenance of such brands require significant investment in brand-building and marketing initiatives. While the Company plans to continue to increase its expenditures for advertising and other brand-building and marketing initiatives over the long term, the initiatives may not deliver the anticipated results and the results of such initiatives may not cover the costs of the increased investment.

**Price increases in raw materials and sourced products could harm the Company's financial results.**

The Company purchases raw materials, including resin, principally polyethylene and polypropylene, corrugate, steel, gold, zinc, brass and aluminum, which are subject to price volatility and inflationary pressures. The Company's success is dependent, in part, on its continued ability to reduce its exposure to increases in those costs through a variety of programs, including periodic purchases, future delivery purchases, long-term contracts, sales price adjustments and certain derivative instruments, while maintaining and improving margins and market share. Also, the Company relies on third-party manufacturers as a source for its products. These manufacturers are also subject to price volatility and labor cost and other inflationary pressures, which may, in turn, result in an increase in the amount the Company pays for sourced products. Raw material and sourced product price increases may more than offset the Company's productivity gains and price increases and adversely impact the Company's financial results.

**If the Company is unable to make strategic acquisitions and to integrate its acquired businesses, the Company's future growth and profitability could be adversely impacted.**

The Company's ability to continue to make strategic acquisitions and to integrate the acquired businesses successfully remain important factors in the Company's future growth. The Company's ability to successfully integrate any acquired business is dependent upon its ability to identify suitable acquisition candidates, integrate and manage product lines that have been acquired, obtain anticipated cost savings and operating income improvements within a reasonable period of time, assume unknown liabilities, known contingent liabilities that become realized or known liabilities that prove greater than anticipated, and manage unanticipated demands on the Company's management, operational resources and financial and internal control systems. Furthermore, the Company's ability to finance major acquisitions may be adversely affected by the Company's financial position and access to credit markets. In addition, significant additional borrowings would increase the Company's borrowing costs and could adversely affect its credit rating and could constrain the Company's future access to capital. The Company may not successfully manage these or other risks it may encounter in acquiring a business or product line, which could have a material adverse effect on its business.

**Circumstances associated with divestitures and product line exits could adversely affect the Company's results of operations and financial condition.**

The Company continues to evaluate the performance and strategic fit of its businesses and products and may decide to sell or discontinue a business or product based on such an evaluation. A decision to divest or discontinue a business or product may result in asset impairments, including those related to goodwill and other intangible assets, and losses upon disposition, both of which could have an adverse effect on the Company's results of operations and financial condition. In addition, the Company may encounter difficulty in finding buyers or executing alternative exit strategies at acceptable prices and terms and in a timely manner. In addition, prospective buyers may have difficulty obtaining financing. Divestitures and business discontinuations could involve additional risks, including the following:

- difficulties in the separation of operations, services, products and personnel;
- the diversion of management's attention from other business concerns;
- the retention of certain current or future liabilities in order to induce a buyer to complete a divestiture;
- the disruption of the Company's business; and
- the potential loss of key employees.

The Company may not be successful in managing these or any other significant risks that it may encounter in divesting or discontinuing a business or exiting product lines, which could have a material adverse effect on its business.

**The Company is subject to risks related to its international operations and sourcing model.**

International operations are important to the Company's business, and the Company's strategy emphasizes international growth. In addition, as the Company sources products in low-cost countries, particularly in Asia, it is exposed to additional risks and uncertainties. Foreign operations can be affected by factors such as currency devaluation; other currency fluctuations; tariffs; nationalization; exchange controls; labor inflation; interest rates; limitations on foreign investment in local business; compliance with U.S. laws affecting operations outside the United States, such as the Foreign Corrupt Practices Act; and other political, economic and regulatory risks and difficulties. The Company also faces risks due to the transportation and logistical complexities inherent in reliance on foreign sourcing.

Venezuela was designated as a highly inflationary economy effective January 1, 2010, and, accordingly, gains and losses resulting from the translation of the net assets (excluding nonmonetary assets) of operations in Venezuela into U.S. Dollars are recorded in earnings. During the six months ended June 30, 2014, Venezuela's exchange rate applicable to the settlement of certain transactions, including payments of dividends and royalties, changed to the Complementary System of Foreign Currency Administration ("SICAD I") auction rate. The SICAD I auction rate was 10.6 Bolivar Fuertes ("Bolivars") to the U.S. Dollar on June 30, 2014. Prior to 2014, the Company had used the official exchange rate of 6.3 Bolivars per U.S. dollar. The Company adopted the SICAD I rate for its Venezuela operations effective March 31, 2014 at which time the SICAD I auction rate was 10.7. As a result of the Company using the SICAD I auction rate for remeasuring its monetary assets denominated in Bolivars, the Company has recorded foreign exchange losses of $38.3 million during the six months ended June 30, 2014, which includes a $38.7 million charge upon adoption of the SICAD I rate. The Company is unable to predict with certainty whether future devaluations will occur. The current state of the Venezuelan economy could lead to further devaluation of its currency, volatility of exchange rates and disruption of the economy. In the first quarter of 2014, the Venezuelan government also issued a Law on Fair Pricing which establishes a maximum profit margin of 30%. It is unclear how this law may ultimately affect the pricing structure of the Company's Venezuelan operations and its ability to respond to the effects of inflation and additional currency devaluations. The law may limit the Company's ability to implement future price increases, could result in the reduction of prices with respect to certain products or product categories and result in fines for practices deemed to be in violation of the law. The future results of the Company's Venezue

lan operations will be affected by many factors, including actions by the Venezuelan government such as further currency devaluations, implementation and enforcement of profit margin or price controls or changes in import controls, economic conditions in Venezuela such as inflation and consumer spending, labor relations, political and social unrest, and the availability of raw materials, utilities and energy. The Company's Venezuelan operations contribute a significant portion of the sales and operating income of the Company's Latin America region. As a result, any disruption of the Company's Venezuelan operations or of the Company's ability to pay suppliers or repatriate funds from Venezuela, or restrictions or limitations imposed on its pricing structure, could have a material adverse impact on the future performance of the Company's Latin America region and could adversely affect the Company's results of operations, financial condition and liquidity.

See Footnote 1 of the Notes to Condensed Consolidated Financial Statements and Management's Discussion and Analysis of Financial Condition and Results of Operations for further information.

**The inability to obtain raw materials and finished goods in a timely manner from suppliers would adversely affect the Company's ability to manufacture and market its products.**

The Company purchases raw materials to be used in manufacturing its products. In addition, the Company relies on third-party manufacturers as a source for finished goods. The Company typically does not enter into long-term contracts with its suppliers or sourcing partners. Most raw materials and sourced goods are obtained on a "purchase order" basis; however, in limited cases where the Company has supply contracts with fixed prices, the Company may be required to purchase raw materials at above-market prices, which could adversely impact gross margins. In addition, in some instances the Company maintains single-source or limited-source sourcing relationships, either because multiple sources are not available or the relationship is advantageous due to performance, quality, support, delivery, capacity or price considerations. In particular, the Company's Baby & Parenting business has a single source of supply for products that comprise a majority of Baby & Parenting's sales and which owns the intellectual property for many of those products. Financial, operating or other difficulties encountered by the Company's suppliers and/or sourcing partners or changes in the Company's relationships with them could result in manufacturing or sourcing interruptions, delays and inefficiencies, and prevent the Company from manufacturing or obtaining the finished goods necessary to manufacture and market its products, which could have a material adverse effect on its business.

**A failure of one or more key information technology systems, networks, processes, associated sites or service providers could have a material adverse impact on the Company's business or reputation.**

The Company relies extensively on information technology (IT) systems, networks and services, including Internet sites, data hosting and processing facilities and tools and other hardware, software and technical applications and platforms, some of which are managed, hosted, provided and/or used by third parties or their vendors, to assist in conducting business. The various uses of these IT systems, networks and services include, but are not limited to:

- ordering and managing materials from suppliers;
- converting materials to finished products;
- shipping products to customers;
- marketing and selling products to consumers;
- collecting and storing customer, consumer, employee, investor and other stakeholder information and personal data;
- processing transactions;
- summarizing and reporting results of operations;
- hosting, processing and sharing confidential and proprietary research, business plans and financial information;
- complying with regulatory, legal or tax requirements;
- providing data security; and
- handling other processes necessary to manage the Company's business.

Increased IT security threats and more sophisticated computer crime, including advanced persistent threats, pose a potential risk to the security of the Company's IT systems, networks and services, as well as the confidentiality, availability and integrity of the Company's data. If the IT systems, networks or service providers relied upon fail to function properly, or if the Company suffers a loss or disclosure of business or stakeholder information, due to any number of causes, ranging from catastrophic events to power outages to security breaches, and business continuity plans do not effectively address these failures on a timely basis, the Company may suffer interruptions in its ability to manage operations and reputational, competitive and/or business harm, which may adversely impact the Company's results of operations and/or financial condition.

**Impairment charges could have a material adverse effect on the Company’s financial results.**

Future events may occur that would adversely affect the reported value of the Company’s assets and require impairment charges. Such events may include, but are not limited to, strategic decisions made in response to changes in economic and competitive conditions, the impact of the economic environment on the Company’s sales and customer base, the unfavorable resolution of litigation, a material adverse change in the Company’s relationship with significant customers or business partners, or a sustained decline in the Company’s stock price. The Company continues to evaluate the impact of economic and other developments on the Company and its business units to assess whether impairment indicators are present. Accordingly, the Company may be required to perform impairment tests based on changes in the economic environment and other factors, and these tests could result in impairment charges in the future.

**The Company’s businesses are subject to regulation in the U.S. and abroad.**

Changes in laws, regulations and related interpretations may alter the environment in which the Company does business. This includes changes in environmental, competitive and product-related laws, as well as changes in accounting standards, taxation and other regulations. Accordingly, the Company’s ability to manage regulatory, tax and legal matters (including environmental, human resource, product liability, patent and intellectual property matters), and to resolve pending legal matters without significant liability could require the Company to record significant reserves in excess of amounts accrued to date or pay significant fines during a reporting period, which could materially impact the Company’s results. In addition, new regulations may be enacted in the U.S. or abroad that may require the Company to incur additional personnel-related, environmental or other costs on an ongoing basis, significantly restrict the Company’s ability to sell certain products, or incur fines or penalties for noncompliance, any of which could adversely affect the Company’s results of operations. For example, the United States Consumer Product Safety Commission and Health Canada are advocating for more strict design standards for window blinds that if implemented, would require the Company to redesign all window blinds sold in the U.S. and Canada. For certain products, redesign may not be possible or practical, and as a result, the Company would lose revenues from the sales of such products.

As a U.S.-based multinational company, the Company is also subject to tax regulations in the U.S. and multiple foreign jurisdictions, some of which are interdependent. For example, certain income that is earned and taxed in countries outside the U.S. is not taxed in the U.S., provided those earnings are indefinitely reinvested outside the U.S. If these or other tax regulations should change, the Company’s financial results could be impacted.

**The Company may not be able to attract, retain and develop key personnel.**

The Company’s success at implementing Project Renewal and the Growth Game Plan and its future performance depends in significant part upon the continued service of its executive officers and other key personnel. The loss of the services of one or more executive officers or other key employees could have a material adverse effect on the Company’s business, prospects, financial condition and results of operations. The Company’s success also depends, in part, on its continuing ability to attract, retain and develop highly qualified personnel. Competition for such personnel is intense, and there can be no assurance that the Company can retain its key employees or attract, assimilate and retain other highly qualified personnel in the future.

**The resolution of the Company’s tax contingencies may result in additional tax liabilities, which could adversely impact the Company’s cash flows and results of operations.**

The Company is subject to income tax in the U.S. and numerous jurisdictions outside the U.S. Significant estimation and judgment are required in determining the Company’s worldwide provision for income taxes. In the ordinary course of the Company’s business, there are many transactions and calculations where the ultimate tax determination is uncertain. The Company is regularly under audit by various worldwide tax authorities. Although the Company believes its tax estimates are reasonable, the final outcome of tax audits and related litigation could be materially different than that reflected in its historical income tax provisions and accruals. There can be no assurance that the resolution of any audits or litigation will not have an adverse effect on future operating results.

**Product liability claims or regulatory actions could adversely affect the Company’s financial results or harm its reputation or the value of its end-user brands.**

Claims for losses or injuries purportedly caused by some of the Company’s products arise in the ordinary course of the Company’s business. In addition to the risk of substantial monetary judgments or fines or penalties that may result from any governmental investigations, product liability claims or regulatory actions could result in negative publicity that could harm the Company’s reputation in the marketplace, adversely impact the value of its end-user brands, or result in an increase in the cost of producing the Company’s products. The Company could also be required to recall possibly defective products, which could result in adverse publicity and significant expenses. For example, in February 2014, the Company initiated a voluntary recall on harness buckles used on certain Graco-branded convertible and harnessed booster toddler car seats. In July 2014, the Company announced that it

would expand the recall to include harness buckles used on certain infant car seats manufactured between July 2010 and May 2013. The Company's results for the six months ended June 30, 2014 included an $11.4 million charge reflecting the cost of the recall of the harness buckles used on certain toddler and infant car seats. The amount of the charge does not include any fines or penalties that may result from governmental investigations into the circumstances related to the recall. Although the Company maintains product liability insurance coverage, potential product liability claims are subject to a self-insured retention, may exceed the amount of insurance coverage or could be excluded under the terms of the policy.

**A reduction in the Company's credit ratings could materially and adversely affect its business, financial condition and results of operations.**

The Company's current senior debt credit ratings from Moody's Investors Service, Standard & Poor's and Fitch Ratings are Baa3, BBB- and BBB, respectively. Its current short-term debt credit ratings from Moody's Investors Service, Standard & Poor's and Fitch Ratings are P-3, A-3 and F-2, respectively. Moody's has a stable outlook on its ratings, and Fitch and Standard & Poor's have positive outlooks on their ratings. The Company cannot be sure that any of its current ratings will remain in effect for any given period of time or that a rating will not be lowered by a rating agency if, in its judgment, circumstances in the future so warrant. A downgrade by Moody's or Standard & Poor's, which would reduce the Company's senior debt below investment-grade, could increase the Company's borrowing costs, which would adversely affect the Company's financial results. The Company would likely be required to pay a higher interest rate in future financings, and its potential pool of investors and funding sources could decrease. If the Company's short-term ratings were to be lowered, it would limit, or eliminate entirely, the Company's access to the commercial paper market. The ratings from credit agencies are not recommendations to buy, sell or hold the Company's securities, and each rating should be evaluated independently of any other rating.

**The level of returns on pension and postretirement plan assets and the actuarial assumptions used for valuation purposes could affect the Company's earnings and cash flows in future periods. Changes in government regulations could also affect the Company's pension and postretirement plan expenses and funding requirements.**

The funding obligations for the Company's pension plans are impacted by the performance of the financial markets, particularly the equity markets, and interest rates. Funding obligations are determined under government regulations and are measured each year based on the value of assets and liabilities on a specific date. If the financial markets do not provide the long-term returns that are expected under the governmental funding calculations, the Company could be required to make larger contributions. The equity markets can be, and recently have been, very volatile, and therefore the Company's estimate of future contribution requirements can change dramatically in relatively short periods of time. Similarly, changes in interest rates and legislation enacted by governmental authorities can impact the timing and amounts of contribution requirements. An adverse change in the funded status of the plans could significantly increase the Company's required contributions in the future and adversely impact its liquidity.

Assumptions used in determining projected benefit obligations and the fair value of plan assets for the Company's pension and other postretirement benefit plans are determined by the Company in consultation with outside actuaries. In the event that the Company determines that changes are warranted in the assumptions used, such as the discount rate, expected long-term rate of return on assets, or expected health care costs, the Company's future pension and postretirement benefit expenses could increase or decrease. Due to changing market conditions or changes in the participant population, the assumptions that the Company uses may differ from actual results, which could have a significant impact on the Company's pension and postretirement liabilities and related costs and funding requirements.