NEWELL RUBBERMAID INC
Form 10-Q
November 10, 2008

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-Q
Quarterly Report Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934
for the Quarterly Period Ended September 30, 2008
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)
Newell Rubbermaid Inc.
10B Glenlake Parkway, Suite 300
Atlanta, Georgia 30328
(Former address)

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 þ 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. (Check one):

Large accelerated filer þ	Accelerated filer o	Non-accelerated filer o	Smaller reporting company o

(Do not check if a smaller reporting company)

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

Number of shares of common stock outstanding (net of treasury shares) as of September 30, 2008: 277.2 million.

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PART I. FINANCIAL INFORMATION
Item 1. Financial Statements
NEWELL RUBBERMAID INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF INCOME (Unaudited)
(Amounts in millions, except per share data)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2008	2007	2008	2007
Net sales	$1,760.3	$1,687.3	$5,019.1	$4,764.8
Cost of products sold	1,185.6	1,086.3	3,330.7	3,083.5
GROSS MARGIN	574.7	601.0	1,688.4	1,681.3
Selling, general and administrative expenses	394.3	364.5	1,148.2	1,060.2
Restructuring costs	13.5	22.7	101.3	53.7
OPERATING INCOME	166.9	213.8	438.9	567.4
Nonoperating expenses:				
Interest expense, net	38.8	28.0	103.3	82.9
Other expense, net	55.4	2.1	56.4	4.4
Net nonoperating expenses	94.2	30.1	159.7	87.3
INCOME BEFORE INCOME TAXES	72.7	183.7	279.2	480.1
Income taxes	17.7	13.8	74.3	101.9
INCOME FROM CONTINUING OPERATIONS	55.0	169.9	204.9	378.2
Gain (loss) from discontinued operations, net of tax		0.3	(0.5)	(16.5)
NET INCOME	$ 55.0	$ 170.2	$ 204.4	$ 361.7
Weighted average shares outstanding:				
Basic	277.1	276.0	277.0	276.0
Diluted	278.4	286.1	278.2	286.1
Earnings (loss) per share:				
Basic				
Income from continuing operations	$ 0.20	$ 0.62	$ 0.74	$ 1.37
Loss from discontinued operations				(0.06)
Earnings per common share	$ 0.20	$ 0.62	$ 0.74	$ 1.31
Diluted				
Income from continuing operations	$ 0.20	$ 0.61	$ 0.74	$ 1.36
Loss from discontinued operations				(0.06)
Earnings per common share	$ 0.20	$ 0.61	$ 0.73	$ 1.30

Dividends per share	$ 0.21	$ 0.21	$ 0.63	$ 0.63

See Notes to Condensed Consolidated Financial Statements (Unaudited).

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

	September 30, 2008	December 31, 2007
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 220.6	$ 329.2
Accounts receivable, net	1,144.8	1,166.4
Inventories, net	1,060.7	940.4
Deferred income taxes	129.6	102.0
Prepaid expenses and other	122.3	113.7
TOTAL CURRENT ASSETS	2,678.0	2,651.7
PROPERTY, PLANT AND EQUIPMENT, NET	656.0	688.6
DEFERRED INCOME TAXES		29.4
GOODWILL	3,034.8	2,608.7
OTHER INTANGIBLE ASSETS, NET	656.8	501.8
OTHER ASSETS	232.7	202.7
TOTAL ASSETS	$7,258.3	$6,682.9

See Notes to Condensed Consolidated Financial Statements (Unaudited).

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

	September 30, 2008	December 31, 2007
LIABILITIES AND STOCKHOLDERS EQUITY		
CURRENT LIABILITIES:		
Accounts payable	$ 608.1	$ 616.9
Accrued compensation	112.3	170.7
Other accrued liabilities	797.7	744.7
Income taxes payable	36.1	44.0
Notes payable	27.3	15.3
Current portion of long-term debt	542.4	972.2
TOTAL CURRENT LIABILITIES	2,123.9	2,563.8
DEFERRED INCOME TAXES	38.7	
LONG-TERM DEBT	2,296.7	1,197.4
OTHER NONCURRENT LIABILITIES	566.9	674.4
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	293.1	292.6
Outstanding shares, before treasury:		
2008 - 293.1		
2007 - 292.6		
Treasury stock, at cost:	(418.0)	(415.1)
Shares held:		
2008 - 15.9		
2007 - 15.9		
Additional paid-in capital	599.7	570.3
Retained earnings	1,949.9	1,922.7
Accumulated other comprehensive loss	(192.6)	(123.2)
TOTAL STOCKHOLDERS EQUITY	2,232.1	2,247.3
TOTAL LIABILITIES AND STOCKHOLDERS EQUITY	$7,258.3	$6,682.9

See Notes to Condensed Consolidated Financial Statements (Unaudited).

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

	Nine Months Ended September 30,	
	2008	**2007**
OPERATING ACTIVITIES:		
Net income	$ 204.4	$ 361.7
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	137.5	134.4
Deferred income taxes	23.8	64.4
Non-cash restructuring costs	45.3	10.1
Gain on sale of assets		(0.8)
Stock-based compensation expense	27.5	27.9
Loss on disposal of discontinued operations	0.5	16.3
Income tax benefits	(3.5)	(41.3)
Other	53.9	(2.9)
Changes in operating assets and liabilities, excluding the effects of acquisitions:		
Accounts receivable	36.9	23.9
Inventories	(85.4)	(119.1)
Accounts payable	(44.5)	59.0
Accrued liabilities and other	(151.2)	(77.4)
Discontinued operations	(2.2)	
NET CASH PROVIDED BY OPERATING ACTIVITIES	243.0	456.2
INVESTING ACTIVITIES:		
Acquisitions, net of cash acquired	(660.4)	(101.5)
Capital expenditures	(122.1)	(110.0)
Disposals of noncurrent assets and sales of businesses	6.4	(3.1)
NET CASH USED IN INVESTING ACTIVITIES	(776.1)	(214.6)
FINANCING ACTIVITIES:		
Proceeds from issuance of debt, net of debt issuance costs	1,317.6	354.9
Payments on notes payable and long-term debt	(711.0)	(474.3)
Cash dividends	(176.1)	(176.0)
Proceeds from exercised stock options and other	(2.5)	18.0
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	428.0	(277.4)
Currency rate effect on cash and cash equivalents	(3.5)	4.3
DECREASE IN CASH AND CASH EQUIVALENTS	(108.6)	(31.5)
Cash and cash equivalents at beginning of period	329.2	201.0

CASH AND CASH EQUIVALENTS AT END OF PERIOD	$ 220.6	$ 169.5

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 and do not include all the information and footnotes required by U.S. generally accepted accounting principles for complete financial statements. In the opinion of management, the unaudited condensed consolidated financial statements include all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation of the financial position and the results of operations. It is recommended that these unaudited condensed consolidated financial statements be read in conjunction with the financial statements and the footnotes thereto included in the Company s latest Annual Report on Form 10-K.

Seasonal Variations: The Company s sales and operating income in the first quarter are generally lower than any other quarter during the year, driven principally by reduced volume and the mix of products sold in the quarter.

New Accounting Pronouncements: In September 2006, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards (SFAS) No. 157, Fair Value Measurements (SFAS 157). SFAS 157 defines fair value, establishes a framework for measuring fair value under generally accepted accounting principles, and requires expanded disclosures about fair value measurements. The Company prospectively adopted the effective provisions of SFAS 157 on January 1, 2008, as required for financial assets and liabilities. The adoption did not have a material impact on the consolidated financial statements. In accordance with SFAS 157, the Company expanded its disclosures regarding the fair values of financial assets and liabilities. See Note 12. The FASB deferred the effective date of SFAS 157 for one year as it relates to fair value measurement requirements for nonfinancial assets and nonfinancial liabilities that are not recognized or disclosed at fair value on a recurring basis. The implementation of SFAS 157 for the Company s nonfinancial assets and nonfinancial liabilities is not expected to have a material impact on the Company s consolidated financial statements.

In December 2007, the FASB issued SFAS No. 141 (Revised 2007), Business Combinations (SFAS 141(R)). SFAS 141(R) significantly changes the accounting for business combination transactions by requiring an acquiring entity to recognize all the assets acquired and liabilities assumed in a transaction at the acquisition-date fair value. Additionally, SFAS 141(R) modifies the accounting treatment for certain specified items related to business combinations and requires a substantial number of new disclosures. SFAS 141(R) is effective for business combinations with an acquisition date in fiscal years beginning on or after December 15, 2008, and earlier adoption is prohibited. The Company will prospectively adopt SFAS 141(R) on January 1, 2009. The implementation of SFAS 141(R) could have a material effect on the way the Company accounts for future acquisitions.

In December 2007, the FASB issued SFAS No. 160, Noncontrolling Interests in Consolidated Financial Statements An Amendment of ARB No. 51 (SFAS 160). SFAS 160 establishes accounting and reporting standards for ownership interests in subsidiaries held by parties other than the parent, the amount of consolidated net income attributable to the parent and to the noncontrolling interest, changes in a parent s ownership interest and the valuation of retained noncontrolling equity investments when a subsidiary is deconsolidated. SFAS 160 also establishes reporting requirements that require sufficient disclosures that clearly identify and distinguish between the interests of the parent and the interests of the noncontrolling owners. SFAS 160 is effective for fiscal years beginning on or after December 15, 2008, and earlier adoption is prohibited. SFAS 160 is effective for the Company on January 1, 2009. The Company is still in the process of evaluating the impact SFAS 160 will have on the Company s consolidated financial statements. The Company will prospectively adopt SFAS 160 on January 1, 2009.

In March 2008, the FASB issued SFAS No. 161, Disclosures about Derivative Instruments and Hedging Activities, an amendment to FASB Statement No. 133 (SFAS 161). SFAS 161 is intended to improve financial reporting by requiring enhanced disclosures for derivative instruments and hedging activities to enable investors to better understand how derivative instruments are accounted for under SFAS No. 133, Accounting for Derivative Instruments and Hedging Activities (SFAS 133) and their effects on an entity s financial position, financial performance and cash flows. SFAS 161 is effective for the Company beginning January 1, 2009. The adoption of SFAS 161 is not expected to have a significant impact on the Company s consolidated financial statements.

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In April 2008, the FASB issued Staff Position No. 142-3, Determination of the Useful Life of Intangible Assets (FSP SFAS 142-3). FSP SFAS 142-3 amends the factors an entity should consider when developing renewal or extension assumptions for determining the useful lives of recognized intangible assets under SFAS No. 142, Goodwill and Other Intangible Assets (SFAS 142). FSP SFAS 142-3 is intended to improve the consistency between the useful lives of recognized intangible assets under SFAS 142 and the period of expected cash flows used to measure the fair value of acquired assets. The guidance also requires expanded disclosure related to an entity s intangible assets. The guidance for determining the useful life of a recognized intangible asset shall be applied prospectively to intangible assets acquired after the effective date and the disclosure requirements shall be applied prospectively to all intangible assets recognized as of, and subsequent to, the effective date. FSP SFAS 142-3 is effective for fiscal years beginning after December 15, 2008 and interim periods within those fiscal years. FSP SFAS 142-3 is effective for the Company on January 1, 2009. The adoption of FSP SFAS 142-3 is not expected to have a significant impact on the Company s consolidated financial statements.

In May 2008, the FASB issued SFAS No. 162, The Hierarchy of Generally Accepted Accounting Principles (SFAS 162). SFAS 162 identifies the sources of accounting principles and the framework for selecting the principles to be used in the preparation of financial statements of nongovernmental entities that are presented in conformity with U.S. generally accepted accounting principles. SFAS 162 is effective 60 days following the Securities and Exchange Commission s approval of the Public Company Accounting Oversight Board amendments to remove the hierarchy of generally accepted accounting principles from the auditing standards. The adoption of SFAS 162 is not expected to have a material effect on the Company s financial statements.

In June 2008, the FASB issued Staff Position EITF 03-06-1, Determining Whether Instruments Granted in Share-Based Payment Transactions Are Participating Securities (FSP EITF 03-06-1). This Staff Position provides that unvested share-based payment awards that contain nonforfeitable rights to dividends or dividend equivalents (whether paid or unpaid) are participating securities and shall be included in the computation of earnings per share pursuant to the two-class method in SFAS No. 128, Earnings per Share . FSP EITF 03-06-1 is effective for fiscal years beginning after December 15, 2008 and interim periods within those years and requires all prior-period earnings per share data to be adjusted retrospectively. FSP EITF 03-06-1 is effective for the Company on January 1, 2009. The adoption of FSP EITF 03-06-1 is not expected to have a material impact on the Company s consolidated financial statements.

Footnote 2 Acquisitions

Technical Concepts

On April 1, 2008, the Company acquired 100% of the outstanding limited liability company interests of Technical Concepts Holdings, LLC (Technical Concepts) for $452.5 million, which includes transaction costs and the repayment of Technical Concepts outstanding debt obligations at closing. Technical Concepts provides innovative touch-free and automated restroom hygiene systems in the away-from-home washroom category. The Technical Concepts acquisition gives the Company s Commercial Products business an entry into the away-from-home washroom market and fits within the Company s strategy of leveraging its existing sales and marketing capabilities across additional product categories. In addition, with approximately 40% of its sales outside the U.S., Technical Concepts increases the global footprint of the Company s Commercial Products business. For the year ended December 31, 2007, Technical Concepts reported net sales of approximately $137 million.

This acquisition was accounted for using the purchase method of accounting and accordingly, the Company allocated the total purchase price to the identifiable tangible and intangible assets acquired and liabilities assumed based on their estimated fair values on the date of acquisition. Based on the preliminary purchase price allocation, the Company allocated $51.6 million of the purchase price to identified tangible net assets and $93.5 million of the purchase price to identified intangible assets. The Company recorded the excess of the purchase price over the aggregate fair values of $307.4 million as goodwill, which is included in the Condensed Consolidated Balance Sheet at September 30, 2008. Technical Concepts results of operations are included in the Company s Condensed Consolidated Financial Statements since the acquisition date. Pro forma results of operations would not be materially different as a result of the acquisition and therefore are not presented.

Aprica

On April 1, 2008, the Company acquired substantially all of the assets of Aprica Childcare Institute Aprica Kassai, Inc. (Aprica), a maker of strollers, car seats and other children s products, headquartered in Osaka, Japan. The Company acquired Aprica s assets for $154.2 million, which includes transaction costs and the repayment of Aprica s outstanding debt obligations at closing. Aprica is a Japanese brand of premium strollers, car seats and other related juvenile products. The acquisition provides the opportunity for the

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Company s Baby & Parenting Essentials business to broaden its presence worldwide, including expanding the scope of Aprica s sales outside of Asia. For the fiscal year ended July 31, 2007, Aprica reported net sales of approximately $122 million.

This acquisition was accounted for using the purchase method of accounting and accordingly, the Company allocated the total purchase price to the identifiable tangible and intangible assets acquired and liabilities assumed based on their estimated fair values on the date of acquisition. Based on the preliminary purchase price allocation, the Company allocated $(28.0) million of the purchase price to identified tangible net liabilities and $57.0 million of the purchase price to identified intangible assets. The Company recorded the excess of purchase price over the aggregate fair values of $125.2 million as goodwill, which is included in the Condensed Consolidated Balance Sheet at September 30, 2008. Aprica s results of operations are included in the Company s Condensed Consolidated Financial Statements since the acquisition date. Pro forma results of operations would not be materially different as a result of the acquisition and therefore are not presented. The closing of the purchase of Aprica s operations in China occurred in October 2008 and impacts the amount of net liabilities acquired and goodwill recorded in the Aprica acquisition; however, the impact of the acquisition of Aprica s China operations is not expected to materially impact the overall Aprica purchase price allocation.

Footnote 3 Discontinued Operations

The following table summarizes the results of businesses reported as discontinued operations for the three and nine months ended September 30, *(in millions)*:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2008	2007	2008	2007
Net sales	$	$	$	$ 3.6
Loss from operations of discontinued operations, net of income tax expense of $ million for all periods presented	$	$	$	$ (0.2)
Gain (loss) on disposal of discontinued operations, net of income tax benefit of $ million and $0.5 million for the three and nine months ended September 30, 2008, respectively, and income tax expense of $0.1 million and income tax benefit of $3.8 million for the three and nine months ended September 30, 2007, respectively		0.3	(0.5)	(16.3)
Gain (loss) from discontinued operations, net of tax	$	$0.3	$(0.5)	$(16.5)

No amounts related to interest expense have been allocated to discontinued operations.

Home Décor Europe

The Home Décor Europe business designed, manufactured and sold drapery hardware and window treatments in Europe under Gardinia® and other local brands. In September 2006, the Company entered into an agreement for the sale of portions of the Home Décor Europe business to a global manufacturer and marketer of window treatments and furnishings. The Central and Eastern European, Nordic and Portuguese operations of this business were sold on December 1, 2006. The sale of the operations in Poland and the Ukraine closed on February 1, 2007. In October 2006, the Company received a binding offer for the sale of the Southern European region of the Home Décor Europe business to another party. The sale of the operations in France and Spain closed on January 1, 2007 and in Italy on January 31, 2007.

In connection with these transactions, the Company recorded a loss of $14.6 million, net of tax, in the nine months ended September 30, 2007 to complete the divestiture of Home Décor Europe. The loss is reported in the table above

as part of the loss on disposal of discontinued operations. The remainder of the loss on disposal of discontinued operations for the nine months ended September 30, 2007, approximately $1.7 million, net of tax, related to contingencies associated with other prior divestitures.

Footnote 4 Restructuring Costs

Project Acceleration Restructuring Activities

In the third quarter of 2005, the Company announced a global initiative referred to as Project Acceleration aimed at strengthening and transforming the Company s portfolio. Project Acceleration was designed to reduce manufacturing overhead, better align the Company s distribution and transportation processes to achieve logistical excellence, and reorganize the Company s overall business structure to align with the Company s core organizing concept, the global business unit, to achieve best total cost (the Plan).

On July 15, 2008, the Company announced an expansion of Project Acceleration so that, in addition to the Plan s original objectives, it provides for divesting, downsizing or exiting certain product categories (the Plan Expansion). As a result of the Plan Expansion, the Company expects to create a more focused and more profitable platform for growth by eliminating selected low margin, commodity like, mostly resin intensive product categories, which represent approximately $500 million in annual sales. In addition the Plan Expansion will reduce the Company s exposure to volatile commodity markets, particularly resin. The Plan Expansion is expected to be substantially complete by the middle of 2009, and is expected to result in cumulative pre-tax restructuring charges (including asset impairments) totaling between $80 and $100 million.

Project Acceleration includes the anticipated closures of certain of the Company s manufacturing and distribution facilities to optimize the Company s geographic footprint and is expected to result in cumulative restructuring costs over the life of the initiative totaling between $475 and $500 million ($405 and $425 million after-tax), which includes the expected $80 to $100 million of charges associated with the Plan Expansion. Specifically, in connection with Project Acceleration, the Company expects to incur approximately $250 to $270 million in employee-related costs, including severance, pension costs and other termination benefits and employee relocation; approximately $155 to $175 million in non-cash asset related costs; and approximately $50 to $70 million in other associated costs, including contract termination fees. Approximately 67% of the Project Acceleration restructuring costs are expected to be cash charges. The Company expects to incur between $150 and $200 million ($110 and $150 million after-tax) of Project Acceleration restructuring costs in 2008.

The savings generated from the Plan will allow the Company to increase investment in new product development, brand building and marketing. Annual savings from the Plan are projected to be between $175 and $200 million once fully implemented in 2010.

In total through September 30, 2008, the Company has recorded $303.6 million of costs related to the Plan, including the Plan Expansion, of which $139.2 million related to facility and other exit costs, $122.6 million related to employee severance, termination benefits and employee relocation costs, and $41.8 million related to exited contractual commitments and other restructuring costs.

The table below shows the restructuring (benefits) costs recognized for Project Acceleration restructuring activities for the three and nine months ended September 30, (*in millions*):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2008	2007	2008	2007
Facility and other exit costs	$ (1.1)	$ 5.7	$45.3	$14.1
Employee severance, termination benefits and relocation costs	11.2	4.0	41.5	23.8
Exited contractual commitments and other	3.4	13.0	13.1	15.8
	$13.5	$22.7	$99.9	$53.7

Restructuring provisions were determined based on estimates prepared at the time the restructuring actions were approved by management, are periodically updated for changes and also include amounts recognized as incurred. Costs incurred include cash payments and the impairment of assets associated with vacated facilities. A summary of the Company s accrued restructuring reserves for continuing operations as of and for the nine months ended September 30, 2008 is as follows (*in millions*):

	12/31/07 Balance	Provision	Costs Incurred	9/30/08 Balance
Facility and other exit costs	$	$45.3	$(45.3)	$

Employee severance, termination benefits and relocation costs	22.5	41.5	(39.4)	24.6
Exited contractual commitments and other	16.2	13.1	(7.3)	22.0
	$38.7	$99.9	$(92.0)	$46.6

The table below shows restructuring costs (benefits) recognized for Project Acceleration restructuring activities for the three and nine months ended September 30, aggregated by reportable business segment *(in millions)*:

	Three Months Ended September 30,		Nine Months Ended September 30,	
Segment	2008	2007	2008	2007
Cleaning, Organization & Décor	$ (4.6)	$ 1.0	$36.0	$ 3.6
Office Products	7.9	6.4	30.0	22.7
Tools & Hardware	6.3	14.1	19.6	23.3
Other (Home & Family)	2.2	0.1	3.0	1.1
Corporate	1.7	1.1	11.3	3.0
	$13.5	$22.7	$99.9	$53.7

The following table depicts the changes in accrued restructuring reserves for the Plan for the nine months ended September 30, 2008 aggregated by reportable business segment *(in millions)*:

Segment	12/31/07 Balance	Provision	Costs Incurred	9/30/08 Balance
Cleaning, Organization & Décor	$ 0.8	$36.0	$(35.2)	$ 1.6
Office Products	23.1	30.0	(35.9)	17.2
Tools & Hardware	13.9	19.6	(14.1)	19.4
Other (Home & Family)		3.0	(1.7)	1.3
Corporate	0.9	11.3	(5.1)	7.1
	$38.7	$99.9	$(92.0)	$46.6

The table below shows total restructuring costs for the Plan since inception through September 30, 2008, aggregated by reportable business segment *(in millions)*:

Segment	Provision
Cleaning, Organization & Décor	$ 91.8
Office Products	122.3
Tools & Hardware	59.7
Other (Home & Family)	12.6
Corporate	17.2
	$ 303.6

Pre-Project Acceleration Restructuring Activities

The Company announced a restructuring plan in 2001 (the 2001 Plan). The specific objectives of the 2001 Plan were to streamline the Company s supply chain to become the best-cost global provider throughout the Company s portfolio by reducing worldwide headcount and consolidating duplicative manufacturing facilities. During the first quarter of 2008, the Company recorded an additional provision relating to the 2001 Plan of $1.4 million, which is included in total restructuring costs for the nine months ended September 30, 2008. Approximately $1.9 million of pre-Acceleration restructuring reserves remain as of September 30, 2008.

Cash paid for all restructuring activities was $11.6 million and $46.7 million for the three and nine months ended September 30, 2008, respectively, and $9.5 million and $37.8 million for the three and nine months ended September 30, 2007, respectively.

Footnote 5 Inventories, Net

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

	September 30, 2008	December 31, 2007
Materials and supplies	$ 174.1	$ 178.8
Work in process	210.5	179.8
Finished products	676.1	581.8

	$1,060.7	$ 940.4

Footnote 6 Long-Term Debt

The following is a summary of long-term debt *(in millions)*:

	September 30, 2008	December 31, 2007
Medium-term notes	$1,900.4	$1,075.0
Commercial paper	39.1	197.0
Floating rate note	448.0	448.0
Junior convertible subordinated debentures	436.7	436.7
Other long-term debt	14.9	12.9
Total Debt	2,839.1	2,169.6
Current portion of long-term debt	(542.4)	(972.2)
Long-Term Debt	$2,296.7	$1,197.4

In September 2008, the Company entered into a $400.0 million credit agreement (the Agreement), under which the Company received an unsecured three-year term loan in the amount of $400.0 million (the Loan). The Company is required to repay the outstanding principal amount of the Loan according to the following schedule: $50.0 million in September 2009; $100.0 million in September 2010; and $250.0 million in September 2011, the maturity date. Borrowings under the Agreement bear interest at a rate of LIBOR plus a spread that is determined based on the credit rating of the Company, and interest is payable quarterly. The $400 million of outstanding borrowings under the Agreement at September 30, 2008 bear interest at a weighted average interest rate of 4.7%. The Agreement has covenants similar to those in the Company s $750.0 million five-year syndicated revolving credit facility, including, among other things, the maintenance of interest coverage and total indebtedness to total capital ratios and a limitation on the amount of indebtedness subsidiaries may incur. Net proceeds from the Loan were used to repay outstanding commercial paper and for general corporate purposes.

In September 2006, in accordance with the terms of the Company s 2001 receivables facility with a financial institution, the Company s financing entity caused its $450.0 million outstanding preferred debt securities to be exchanged for a two year floating rate note in an aggregate principal amount of $448.0 million (the Note) and other consideration. The Note must be repaid before the Company can have access to the financing entity s receivables. In September 2008, the Company s wholly owned and consolidated financing entity obtained an extension of the maturity of the Note from September 2008 to September 2009. The receivables and the Note are recorded in the Condensed Consolidated Balance Sheets of the Company at December 31, 2007 and September 30, 2008, and the Note is classified as current portion of long-term debt in the Company s Condensed Consolidated Balance Sheets at September 30, 2008 based on its September 2009 maturity date.

In July 2008, the Company redeemed its $250.0 million of Reset notes due July 2028, and recorded a loss on the extinguishment of the Reset notes of $52.2 million associated with the purchase of the remarketing option embedded in the Reset notes. The Company utilized its commercial paper program to fund the redemption of the Reset notes and the purchase of the remarketing option in order to pursue more favorable financing terms. The loss on extinguishment of $52.2 million is included in other expense, net in the Condensed Consolidated Statements of Income for the three and nine months ended September 30, 2008. The $302.2 million aggregate amount paid to redeem the Reset notes is included as payments on notes payable and long-term debt in the Condensed Consolidated Statement of Cash Flows for the nine months ended September 30, 2008.

In July 2008, note holders owning $65.0 million of the Company s $75.0 million of outstanding medium-term notes due July 2028 exercised their put option, which entitled the holders of the notes to require the Company to repay the notes at par. As a result, the Company repaid $65.0 million of the outstanding notes in July 2008. The remaining

$10.0 million were not put to the Company and will continue to bear interest at 6.11% through maturity in July 2028. The Company utilized its commercial paper program to fund the redemption of the medium-term notes.

In March 2008, the Company completed the offering and sale of senior unsecured notes, consisting of $500 million in 5.50% senior unsecured notes with a maturity of April 15, 2013 and $250 million in 6.25% senior unsecured notes with a maturity of April 15, 2018 (collectively, the Senior Unsecured Notes). Interest on the Senior Unsecured Notes is payable semi-annually on April 15 and October 15 beginning October 15, 2008. Net proceeds from this offering were used to fund acquisitions, repay debt, and for general corporate purposes. The Senior Unsecured Notes are unsecured and unsubordinated obligations of the Company and equally ranked with all of its existing and future senior unsecured debt. The Senior Unsecured Notes may be redeemed by the Company at any time, in whole or in part, at a redemption price plus accrued interest to the date of redemption. The redemption price is equal to the greater of (1) 100% of the principal amount of the Senior Unsecured Notes being redeemed or (2) the sum of the present values of the remaining scheduled payments of principal and interest thereon (not including any portion of any payments of interest accrued through

the date of the redemption), discounted to the date of redemption on a semi-annual basis at a specified rate. The Senior Unsecured Notes also contain a provision that allows holders of the Senior Unsecured Notes to require the Company to repurchase all or any part of the Senior Unsecured Notes if a change of control triggering event occurs. Under this provision, the repurchase of the Senior Unsecured Notes will occur at a purchase price of 101% of the outstanding principal amount, plus accrued and unpaid interest, if any, on such Senior Unsecured Notes to the date of purchase.

In 1997, a 100% owned finance subsidiary (the Subsidiary) of the Company issued 10.0 million shares of 5.25% convertible preferred securities (the Preferred Securities). Each of these Preferred Securities is convertible into 0.9865 of a share of the Company s common stock. As of September 30, 2008, the Company fully and unconditionally guarantees the 8.4 million shares of the Preferred Securities issued by the Subsidiary that were outstanding at September 30, 2008, which are callable at 100% of the liquidation preference. The proceeds received by the Subsidiary from the issuance of the Preferred Securities were invested in the Company s 5.25% Junior Convertible Subordinated Debentures (the Debentures), which mature on December 1, 2027. The Preferred Securities are mandatorily redeemable upon the repayment of the Debentures at maturity or upon acceleration of the Debentures. As of September 30, 2008, the Company has not elected to defer interest payments on the $436.7 million of outstanding Debentures.

Footnote 7 Employee Benefit and Retirement Plans

Effective January 1, 2008, the Company prospectively adopted the measurement date provisions of SFAS No. 158, Employers Accounting for Defined Benefit Pension and Other Postretirement Plans an amendment of FASB Statements No. 87, 88, 106 and 132(R) (SFAS 158). Beginning with the year ended December 31, 2008, SFAS 158 requires the measurement date for defined benefit plan assets and obligations to coincide with the date of the employer s fiscal year end statement of financial position, which for the Company is December 31. The Company has historically measured defined benefit plan assets and liabilities for the majority of its plans on September 30 for its year-end statement of financial position. The impact on the Condensed Consolidated Financial Statements of the adoption of the change in measurement date for the Company s defined benefit and postretirement plans with September 30 plan year-ends resulted in an adjustment to decrease retained earnings at January 1, 2008 by $1.1 million.

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

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