GENERAL CABLE CORP /DE/
Form 10-Q
January 21, 2014
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

x QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 28, 2013

OR

¨ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from to .

Commission file number: 1-12983

GENERAL CABLE CORPORATION
(Exact name of registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation or organization)	06-1398235 (I.R.S. Employer Identification No.)
4 Tesseneer Drive Highland Heights, KY (Address of principal executive offices)	41076-9753 (Zip Code)

Registrant's telephone number, including area code: (859) 572-8000

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 ¨ No x

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 (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes x No ¨

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	x	Accelerated filer	¨
Non-accelerated filer	¨	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 ¨ No x

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date:

Class	Outstanding at January 10, 2014
Common Stock, $0.01 par value	49,598,653

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ON FORM 10-Q

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PART I. FINANCIAL STATEMENTS
ITEM 1. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
GENERAL CABLE CORPORATION AND SUBSIDIARIES
Condensed Consolidated Statements of Operations and Comprehensive Income (Loss)
(in millions, except per share data)
(unaudited)

	Three Fiscal Months Ended		Six Fiscal Months Ended	
	June 28, 2013	June 29, 2012 (as restated)[1]	June 28, 2013	June 29, 2012 (as restated)[1]
Net sales	$1,659.1	$1,475.2	$3,202.8	$2,924.7
Cost of sales	1,466.3	1,301.5	2,853.1	2,601.9
Gross profit	192.8	173.7	349.7	322.8
Selling, general and administrative expenses	122.0	106.1	246.1	200.9
Operating income	70.8	67.6	103.6	121.9
Other income (expense)	(15.6)	(13.5)	(68.3)	(6.7)
Interest income (expense):				
Interest expense	(30.6)	(25.2)	(60.1)	(49.9)
Interest income	1.5	1.6	3.0	3.3
	(29.1)	(23.6)	(57.1)	(46.6)
Income (loss) before income taxes	26.1	30.5	(21.8)	68.6
Income tax (provision) benefit	(17.5)	(11.2)	(13.7)	(23.0)
Equity in earnings of affiliated companies	0.4	0.5	0.6	0.5
Net income (loss) including non-controlling interest	9.0	19.8	(34.9)	46.1
Less: preferred stock dividends	0.1	0.1	0.2	0.2
Less: net income attributable to non-controlling interest	0.7	2.0	2.5	3.3
Net income (loss) attributable to Company common shareholders	$8.2	$17.7	$(37.6)	$42.6
Earnings (loss) per share				
Earnings (loss) per common share-basic	$0.17	$0.36	$(0.76)	$0.86
Weighted average common shares-basic	49.5	49.8	49.6	49.8
Earnings (loss) per common share-assuming dilution	$0.16	$0.35	$(0.76)	$0.84
Weighted average common shares-assuming dilution	51.0	51.1	49.6	51.1
Dividends per common share	$0.18	$—	$0.18	$—
Comprehensive income (loss):				
Net income (loss)	$9.0	$19.8	$(34.9)	$46.1
Currency translation gain (loss)	(39.7)	(58.5)	(43.3)	(16.8)
Defined benefit plan adjustments, net of $2.2 million in the three and six months ended June 28, 2013 and an immaterial tax effect in 2012	0.7	(2.1)	3.4	(2.1)
Change in fair value of derivatives, net of tax of $0.8 million and $0.4 million in the three and six months ended June 28, 2013 and $3.0 million and $0.4 million in the three and six months ended June 29, 2012	0.7	(3.4)	0.2	2.6
Comprehensive income (loss), net of tax	(29.3)	(44.2)	(74.6)	29.8
Comprehensive income (loss) attributable to non-controlling interest, net of tax	(7.0)	(0.8)	(4.5)	3.6
Comprehensive income (loss) attributable to Company common shareholders interest, net of tax	$(22.3)	$(43.4)	$(70.1)	$26.2

See accompanying Notes to Condensed Consolidated Financial Statements.
(1) See Note 23 - Restatement of Condensed Consolidated Financial Statements

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GENERAL CABLE CORPORATION AND SUBSIDIARIES
Condensed Consolidated Balance Sheets
(in millions, except share data)
(unaudited)

	June 28, 2013	December 31, 2012 (as restated) [1]
Assets		
Current assets:		
Cash and cash equivalents	$443.8	$622.3
Receivables, net of allowances of $36.1 million at June 28, 2013 and $38.3 million at December 31, 2012	1,255.2	1,182.1
Inventories, net	1,327.2	1,273.6
Deferred income taxes	40.6	39.5
Prepaid expenses and other	132.2	133.0
Total current assets	3,199.0	3,250.5
Property, plant and equipment, net	1,129.4	1,193.9
Deferred income taxes	16.2	12.8
Goodwill	188.9	187.6
Intangible assets, net	192.9	202.9
Unconsolidated affiliated companies	18.7	18.9
Other non-current assets	64.9	66.0
Total assets	$4,810.0	$4,932.6
Liabilities and Total Equity		
Current liabilities:		
Accounts payable	$958.5	$1,003.0
Accrued liabilities	448.0	496.1
Current portion of long-term debt	597.5	511.2
Total current liabilities	2,004.0	2,010.3
Long-term debt	948.0	938.9
Deferred income taxes	215.3	223.9
Other liabilities	278.3	292.7
Total liabilities	3,445.6	3,465.8
Commitments and contingencies		
Redeemable non-controlling interest	17.1	18.6
Total equity:		
Redeemable convertible preferred stock, at redemption value (liquidation preference of $50.00 per share):		
June 28, 2013 – 76,002 shares outstanding		
December 31, 2012 – 76,002 shares outstanding	3.8	3.8
Common stock, $0.01 par value, issued and outstanding shares:		
June 28, 2013 – 49,179,314 (net of 9,252,312 treasury shares)		
December 31, 2012 – 49,693,532 (net of 8,738,094 treasury shares)	0.6	0.6
Additional paid-in capital	681.5	676.7
Treasury stock	(155.8)	(137.0)
Retained earnings	845.7	892.2
Accumulated other comprehensive income (loss)	(137.3)	(104.6)
Total Company shareholders' equity	1,238.5	1,331.7
Non-controlling interest	108.8	116.5

Total equity	1,347.3	1,448.2
Total liabilities and equity	$4,810.0	$4,932.6

See accompanying Notes to Condensed Consolidated Financial Statements.
(1) See Note 23 - Restatement of Condensed Consolidated Financial Statements

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GENERAL CABLE CORPORATION AND SUBSIDIARIES
Condensed Consolidated Statements of Cash Flows
(in millions)
(unaudited)

	Six Fiscal Months Ended	
	June 28, 2013	June 29, 2012 (as restated) [1]
Cash flows of operating activities:		
Net income (loss) including non-controlling interest	$(34.9)	$46.1
Adjustments to reconcile net income (loss) to net cash flows of operating activities:		
Depreciation and amortization	66.3	53.9
Amortization of restricted stock awards	0.5	1.4
Foreign currency exchange (gain) loss	56.0	5.8
Deferred income taxes	(3.7)	7.2
Excess tax (benefits) deficiencies from stock-based compensation	(0.1)	(0.1)
Convertible debt instruments noncash interest charges	11.4	10.9
(Gain) loss on disposal of property	0.9	—
Changes in operating assets and liabilities, net of effect of acquisitions and divestitures:		
(Increase) decrease in receivables	(121.7)	(146.4)
(Increase) decrease in inventories	(83.2)	(25.6)
(Increase) decrease in other assets	(2.9)	2.3
Increase (decrease) in accounts payable, accrued and other liabilities	(56.3)	27.2
Net cash flows of operating activities	(167.7)	(17.3)
Cash flows of investing activities:		
Capital expenditures	(45.4)	(63.7)
Proceeds from properties sold	0.1	4.2
Acquisitions, net of cash acquired	(6.9)	(7.3)
Other	0.1	(0.1)
Net cash flows of investing activities	(52.1)	(66.9)
Cash flows of financing activities:		
Dividends to shareholders paid	(9.1)	(0.2)
Excess tax benefits (deficiencies) from stock-based compensation	0.1	0.1
Proceeds from other debt	611.8	877.8
Repayments of other debt	(513.9)	(790.8)
Dividends paid to non-controlling interest	(3.2)	(1.9)
Repurchase of treasury shares	(19.0)	—
Proceeds from exercise of stock options	0.6	0.1
Net cash flows of financing activities	67.3	85.1
Effect of exchange rate changes on cash and cash equivalents	(26.0)	3.8
Increase (decrease) in cash and cash equivalents	(178.5)	4.7
Cash and cash equivalents – beginning of period	622.3	434.1
Cash and cash equivalents – end of period	$443.8	$438.8
Supplemental Information		
Cash paid during the period for:		
Income tax payments, net of refunds	$26.0	$15.2
Interest paid	$48.8	$33.2

Non-cash investing and financing activities:		
Capital expenditures included in accounts payable	$14.0	$20.2

See accompanying Notes to Condensed Consolidated Financial Statements.
(1) See Note 23 - Restatement of Condensed Consolidated Financial Statements

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GENERAL CABLE CORPORATION AND SUBSIDIARIES
Notes to Condensed Consolidated Financial Statements (unaudited)
1. Basis of Presentation and Principles of Consolidation
The accompanying unaudited condensed consolidated financial statements of General Cable Corporation and Subsidiaries (“General Cable” or the “Company”) have been prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”) for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by GAAP for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Results of operations for the six fiscal months ended June 28, 2013 are not necessarily indicative of results that may be expected for the full year. The December 31, 2012 condensed consolidated balance sheet amounts are derived from the audited financial statements. These financial statements should be read in conjunction with the audited financial statements and notes thereto in General Cable’s 2012 Amended Annual Report on Form 10-K/A filed with the Securities and Exchange Commission on January 21, 2014. The Company’s fiscal quarters consist of 13-week periods ending on the Friday nearest to the end of the calendar months of March, June and September.

The condensed consolidated financial statements include the accounts of General Cable Corporation and its wholly-owned subsidiaries. Investments in 50% or less owned joint ventures in which the Company has the ability to exercise significant influence are accounted for under the equity method of accounting. All intercompany transactions and balances among the consolidated companies have been eliminated.
2. Accounting Standards
The Company’s significant accounting policies are described in Note 2 to the audited annual consolidated financial statements in the Amended Annual 2012 Form 10-K/A. In the six months ended June 28, 2013, there have been no significant changes to these policies. In the six months ended June 28, 2013, there have been no accounting pronouncements issued that are expected to have a significant effect on the condensed consolidated financial statements. The following accounting pronouncements were adopted and became effective with respect to the Company in 2013 and 2012:
In February 2013, the FASB issued Accounting Standards Update No. 2013-02 (“ASU 2013-02”), “Reporting of Amounts Reclassified Out of Accumulated Other Comprehensive Income,” which amends ASC 220, “Comprehensive Income.” The amended guidance requires an entity to report the effect of significant reclassifications out of accumulated other comprehensive income on the respective line items in net income if the amount being reclassified is required under U.S. GAAP to be reclassified in its entirety to net income. For other amounts that are not required under U.S. GAAP to be reclassified in their entirety from accumulated other comprehensive income to net income in the same reporting period, an entity is required to cross-reference other disclosures required under GAAP that provide additional detail about those amounts. ASU 2013-02 is effective for interim and annual periods beginning after December 15, 2012. The Company has adopted the provisions of ASU 2013-02 as required.
In December 2011, the FASB issued ASU No. 2011-11 ("ASU 2011-11), "Disclosures about Offsetting Assets and Liabilities." The amendments in this update require enhanced disclosures around financial instruments and derivative instruments that are either (1) offset in accordance with either ASC 210-20-45 or ASC 815-10-45 or (2) subject to an enforceable master netting arrangement or similar agreement, irrespective of whether they are offset in accordance with either ASC 210-20-45 or ASC 815-10-45. The amendments are effective during interim and annual periods beginning on or after January 1, 2013. The Company has adopted the disclosure requirements of ASU 2011-11 as of January 1, 2013 and has included the disclosures required by those amendments retrospectively for all comparative periods presented in Note 10 - Financial Instruments of this quarterly report on Form 10-Q.
3. Acquisitions and Divestitures
Alcan Cable North America
On September 4, 2012, the Company completed the acquisition of the North American business of Alcan Cable North America for $151.0 million, subject to additional customary adjustments of $20.3 million as anticipated in the purchase agreement, primarily related to estimated working capital levels at closing. The Company paid $171.3

million in cash to the sellers at closing in consideration for the North American business and expensed $3.3 million in fees and expenses related to the acquisition in the second half of 2012, reported within selling, general and administrative expenses ("SG&A").

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Alcan Cable North America employs over 750 employees in North America and is a leading supplier of aluminum strip products and a leading supplier of both electrical and mechanical rod alloys around the globe. The acquisition is expected to create synergies, expand the range of product offerings, increase production capacity and complement the Company's current investments. In 2011, the last full year before the acquisition, Alcan Cable North America reported net sales of approximately $610 million. Alcan Cable North America's sales and financial results are consolidated in the North America operating segment.

The following table represents a purchase price allocation based on the estimated fair values, or other measurements as applicable, of the assets acquired and the liabilities assumed, in millions:

	September 4, 2012
Cash	$—
Accounts receivable (1)	74.7
Inventories	70.7
Property, plant and equipment	72.7
Intangible assets	5.9
Goodwill	3.5
Other current and noncurrent assets	2.2
Total assets	$229.7
Current liabilities	$57.1
Other liabilities	1.3
Total liabilities	$58.4

(1) Accounts receivable represents gross contractual value. As of the acquisition date, the fair value of accounts receivable approximated carrying value.

The primary factors that contributed to the acquisition price in excess of the fair value of net assets acquired and the establishment of goodwill was the expansion of product lines and production capacity in the United States and Canada as well as the strategic benefit of adding additional presence in the Mexican market. The resulting goodwill is amortizable for tax purposes.

The amount of net sales included in the Company's actual consolidated results of operations from the acquisition of Alcan Cable North America were $100.5 million and $244.7 million, respectively, for the three and six months ended June 28, 2013. The amount of operating income included in the Company's actual consolidated results of operations from the acquisition of Alcan Cable North America were $8.3 million and $24.2 million, respectively, for the three and six months ended June 28, 2013.

Productora de Cables Procables S.A.S. (“Procables”)

On October 1, 2012, the Company acquired 60% of Procables from the existing shareholders (the “Seller” or “Minority Shareholder”) who maintained control of the remaining 40% of the shares for $27.4 million which was retained by the Company of which $24.0 million was used to pay down the assumed existing debt of $48.1 million. For a 36-month period commencing on the expiration of the no-transfer period of four years, the Minority Shareholder may exercise a put option to sell all of their shares, 40% of the shares, to the Company. The Company shall be irrevocably obligated to purchase the shares ("Put Option"). In addition, the Company has a call option ("Call Option") to purchase the additional 40% of the shares. For a 36-month period commencing on the expiration of the no-transfer period of four years, the Company may exercise a Call Option right to purchase all of the Sellers' shares (the remaining 40%). The consideration to be exchanged, per share in the event of a Put Option or Call Option shall be the higher of the following (1) the final per share purchase price; or (2) a price per Share based on the Company's enterprise value equal to seven times the average of its earnings before interest, taxes, depreciation and amortization (“EBITDA”) over the two most recently audited year-end financial statements immediately prior to the option being exercised, minus the 12-month average Net Indebtedness of the Company for the most recent audited fiscal year (“EBITDA average”). The Company expensed $0.6 million in fees and expenses related to the acquisition, reported within SG&A in the fourth quarter of 2012.

Procables employs over 500 employees, through its two manufacturing facilities in Bogota and Barranquilla in ROW, and offers a broad range of wire and cable products, including low and medium voltage power cables, building wire, industrial, communications, and bare aluminum conductors as well as operating copper and aluminum rod mills. The acquisition of Procables is expected to enhance the Company's presence in the Andean Region, create synergies, increase production capacity and complement the Company's current investments in ROW. In 2011, the last full year before the acquisition, Procables reported revenues of $120 million. Procables' sales and financial results are consolidated in the ROW operating segment.

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The following table represents a purchase price allocation based on the estimated fair values, or other measurements as applicable, of the assets acquired and the liabilities assumed, in millions:

	October 1, 2012
Cash	$28.8
Accounts receivable [(1)]	28.2
Inventories	19.3
Property, plant and equipment	27.0
Intangible assets	10.6
Goodwill	3.7
Other current and noncurrent assets	4.4
Total assets	$122.0
Current liabilities	$67.8
Other liabilities	8.5
Total liabilities	$76.3
Redeemable non-controlling interest	$18.3

(1) Accounts receivable is gross contractual value. As of the acquisition date, the fair value of accounts receivable approximated carrying value.

The primary factor which contributed to an acquisition price in excess of the fair value of net assets acquired and the establishment of goodwill was the strategy to enhance the Company's presence in this strategically important market in the Andean Region further solidifying the Company's geographic coverage throughout the Americas which is one of the most extensive in the wire and cable industry. The resulting goodwill is not amortizable for tax purposes.

The amount of net sales included in the Company's actual consolidated results of operations from the acquisition of Procables were $40.9 million and $70.5 million for the three and six months ended June 28, 2013. The amount of net operating income (loss) included in the Company's actual consolidated results of operations from the acquisition of Procables was immaterial for the three and six months ended June 28, 2013.

Prestolite Wire, LLC ("Prestolite")

On November 2, 2012, the Company acquired Prestolite for $59.5 million. The operations include two manufacturing locations in Paragould, Arkansas and Nogales, Mexico. The Company expensed $0.6 million in fees and expenses related to the acquisition, reported within SG&A in the fourth quarter of 2012.

Through its manufacturing facilities in the United States and Mexico, Prestolite offers a broad range of wire and cable and wire harness products serving predominately transportation OEMs, tier 1 wire harness manufacturers and distribution customers. Prestolite employs over 700 employees. In 2011, the last full year before the acquisition, Prestolite reported revenues of $170 million. Prestolite's sales and financial results are consolidated in the North American operating segment.

The following table represents a purchase price allocation based on the estimated fair values, or other measurements as applicable, of the assets acquired and the liabilities assumed, in millions:

	November 2, 2012
Cash	$0.7
Accounts receivable [(1)]	22.7
Inventories	17.3
Property, plant and equipment	24.6
Intangible assets	11.7
Goodwill	7.8
Other current and noncurrent assets	2.0
Total assets	$86.8

Current liabilities	$20.1
Other liabilities	7.2
Total liabilities	$27.3

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(1) Accounts receivable is gross contractual value. As of the acquisition date, the fair value of accounts receivable approximated carrying value.

The primary factors that contributed to the acquisition price in excess of the fair value of net assets acquired and the establishment of goodwill were the Company's ability to strategically grow its business with existing customers to capitalize on greater opportunities to offer existing products to new markets, and strengthening of its market strategies for both new and existing specialty industrial OEM and distribution customers. A portion of the goodwill is amortizable for tax purposes.

The amount of net sales included in the Company's actual consolidated results of operations from the acquisition of Prestolite were $50.7 million and $105.0 million for the three and six months ended June 28, 2013. The amount of operating income included in the Company's actual consolidated results of operations from the acquisition of Prestolite was $1.8 million and $3.8 million for the three and six months ended June 28, 2013.

Alcan Cable China

On December 3, 2012, the Company completed the acquisition of the Chinese business of Alcan Cable ("Alcan Cable China"), a related business of Alcan Cable North America, for $57.7 million. The Company expensed $1.1 million in fees and expenses related to the acquisition, reported within SG&A in the fourth quarter of 2012. The final purchase price is subject to further customary adjustments primarily related to working capital levels.

Alcan Cable China employs over 300 employees in China and is expected to create synergies, expand the range of product offerings, increase production capacity and complement the Company's current investment in China. In 2011, the last full year before the acquisition, Alcan Cable China reported net sales of approximately $65 million. Alcan Cable China's sales and financial results are consolidated in the ROW operating segment.

The following table represents a purchase price allocation based on the estimated fair values, or other measurements as applicable, of the assets acquired and the liabilities assumed, in millions:

	December 3, 2012
Cash	$8.4
Accounts receivable [1]	8.5
Inventories	20.5
Property, plant and equipment	58.8
Intangible assets	—
Goodwill	—
Other current and noncurrent assets	0.2
Total assets	$96.4
Current liabilities	$18.6
Other liabilities	20.1
Total liabilities	$38.7

(1) Accounts receivable is gross contractual value. As of the acquisition date, the fair value of accounts receivable approximated carrying value.

The amount of net sales included in the Company's actual consolidated results of operations from the acquisition of Alcan Cable China were $29.0 million and $45.4 million for the three and six months ended June 28, 2013. The amount of net operating income (loss) included in the Company's actual consolidated results of operations from the acquisition of Alcan Cable China was $3.7 million for the three and six months ended June 28, 2013.

The following table presents selected financial information, in millions, except per share data, from the actual condensed consolidated results of operations for the Company for the three and six months ended June 29, 2012 and presents selected financial information from unaudited pro forma condensed consolidated results of operations for the Company for the three and six months ended June 29, 2012, respectively, as though the aforementioned acquisitions

had been completed as of the beginning of that period. This pro forma information is intended to provide information regarding how the Company might have looked if the acquisition had occurred as of January 1, 2012. The pro forma adjustments represent management's best estimates based on information available at the time the pro forma information was prepared and may differ from the adjustments that may actually have been required. Accordingly, the pro forma financial information should not be relied upon as being indicative of the historical results that would have been realized had the acquisitions occurred as of the date indicated or that may be achieved in the future.

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	Three Fiscal Months Ended		Six Fiscal Months Ended	
	June 29, 2012 (as restated)	June 29, 2012 (pro forma)	June 29, 2012 (as restated)	June 29, 2012 (pro forma)
Net sales	$1,475.2	$1,728.1	$2,924.7	$3,422.1
Net income (loss) attributable to Company common shareholders	$17.7	$19.7	$42.6	$54.6
Earnings (loss) per common share - assuming dilution	$0.35	$0.39	$0.84	$1.07

The unaudited pro forma results are based on historical results of operations, adjusted for the allocation of purchase price and other acquisition accounting adjustments, and are not necessarily indicative of either future results of operations or results that might have been achieved had the acquisitions been completed as of January 1, 2012. The unaudited pro forma financial information does not reflect any (i) integration costs that may be incurred as a result of the acquisitions; (ii) synergies, operating efficiencies and costs savings that may result from the acquisitions; or (iii) changes in commodities prices subsequent to the dates of such unaudited pro forma financial information. In addition, the unaudited pro forma financial information does not include any transition costs, restructuring costs or recognition of compensation expenses or other one-time charges that may be incurred in connection with integrating the operations of the Company and the acquired companies.

The Company completed an acquisition in Brazil in the second quarter of 2012. The results of operations of the acquired business have been included in the condensed consolidated financial statements since the date of acquisition, and have been determined to be immaterial for disclosure purposes.

4. Other Income (Expense)

Other income (expense) includes foreign currency transaction gains or losses, which result from changes in exchange rates between the designated functional currency and the currency in which a transaction is denominated as well as gains and losses on derivative instruments that are not designated as cash flow hedges and ineffectiveness on derivatives designated as cash flow hedges. During the three months ended June 28, 2013 and June 29, 2012, the Company recorded other expense of $15.6 million and $13.5 million, respectively. During the six months ended June 28, 2013 and June 29, 2012, the Company recorded other expense of $68.3 million and $6.7 million, respectively. For the three months ended June 28, 2013, other expense was primarily attributable to $10.3 million related to losses on derivative instruments that were not designated as cash flow hedges and other expense of $3.6 million related to foreign currency transactions which included $11.7 million in foreign exchange gains related to copper imports in Venezuela that were approved at the 4.30 BsF per U.S. dollar rate prior to February 13, 2013 and paid in the second quarter of 2013. For the three months ended June 29, 2012, other expense was primarily the result of $6.5 million related to losses on derivative instruments which were not designated as cash flow hedges and other expense of $6.5 million related to foreign currency transactions. For the six months ended June 28, 2013, other expense was primarily attributable to $40.9 million related to the Venezuela currency devaluation, $20.4 million related to losses on derivative instruments that were not designated as cash flow hedges and other expense of $5.3 million related to foreign currency transaction losses which include $11.7 million in foreign exchange gains related to copper imports in Venezuela that were approved at the 4.30 BsF per U.S. dollar rate prior to currency devaluation on February 13, 2013. For the six months ended June 29, 2012, other expense was primarily the result of $0.3 million related to losses on derivative instruments which were not designated as cash flow hedges and other expense of $5.1 million related to foreign currency transactions.

On February 13, 2013 the Venezuelan government announced the devaluation of its currency from 4.30 BsF per U.S. dollar to 6.30 BsF per U.S. dollar. Due to the impact of the devaluation of its currency by the Venezuelan government, the Company recorded a pre-tax charge of $40.9 million in the six months ended June 28, 2013 primarily related to the remeasurement of the local balance sheet on the date of the devaluation at the 6.30 BsF per U.S. dollar rate. The functional currency of the Company’s subsidiary in Venezuela is the U.S. dollar. See Item 2 - Management's Discussion &Analysis - Venezuelan Operations for additional detail.

5. Inventories

Approximately 84% of the Company’s inventories are valued using the average cost method and all remaining inventories are valued using the first-in, first-out (FIFO) method. All inventories are stated at the lower of cost or market value.

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(in millions)	June 28, 2013	December 31, 2012
Raw materials	$327.6	$332.0
Work in process	226.9	211.8
Finished goods	772.7	729.8
Total	$1,327.2	$1,273.6

6. Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation. Costs assigned to property, plant and equipment related to acquisitions are based on estimated fair values on the acquisition date. Depreciation is recorded using the straight-line method over the estimated useful lives of the assets: buildings, from 15 to 50 years, and machinery, equipment and office furnishings, from 2 to 20 years. Leasehold improvements are depreciated over the shorter of the lease term or the useful life of the asset, unless acquired in a business combination, in which case the leasehold improvements are amortized over the shorter of the useful life of the asset or a term that includes the reasonably assured life of the lease.

Property, plant and equipment consisted of the following (in millions):

	June 28, 2013	December 31, 2012
Land	$120.7	$124.8
Buildings and leasehold improvements	365.2	375.3
Machinery, equipment and office furnishings	1,257.2	1,257.1
Construction in progress	70.1	77.5
Total gross book value	1,813.2	1,834.7
Less accumulated depreciation	(683.8)	(640.8)
Total net book value	$1,129.4	$1,193.9

Depreciation expense for the three and six fiscal months ended June 28, 2013 was $29.7 million and $59.3 million, respectively. Depreciation expense for the three and six fiscal months ended June 29, 2012 was $23.9 million and $47.8 million, respectively.

The Company periodically evaluates the recoverability of the carrying amount of long-lived assets (including property, plant and equipment and intangible assets with determinable lives) whenever events or changes in circumstances indicate that the carrying amount of an asset may not be fully recoverable. The Company evaluates events or changes in circumstances based mostly on actual historical operating results, but business plans, forecasts, general and industry trends, and anticipated cash flows are also considered. Impairment is assessed when the undiscounted expected future cash flows derived from an asset are less than its carrying amount. Impairment losses are measured as the amount by which the carrying value of an asset exceeds its fair value and are recognized in earnings. The Company also continually evaluates the estimated useful lives of all long-lived assets and, when warranted, revises such estimates based on current events. No impairment charges occurred during the six fiscal months ended June 28, 2013 and June 29, 2012.

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7. Goodwill and Other Intangible Assets

Goodwill and intangible assets with indefinite useful lives are not amortized, but are reviewed at least annually for impairment. If the carrying amount of goodwill or an intangible asset with an indefinite life exceeds its fair value, an impairment loss would be recognized in the amount equal to the excess. Intangible assets that are not deemed to have indefinite lives are amortized over their useful lives.

The amounts of goodwill and indefinite-lived intangible assets were as follows in millions of dollars:

	Goodwill				Indefinite-Lived Assets – Trade Names			
	North America	Europe and Mediterranean	ROW	Total	North America	Europe and Mediterranean	ROW	Total
Balance, December 31, 2012	$13.6	$ 2.2	$171.8	$187.6	$2.4	$ 0.5	$132.9	$135.8
Currency translation and other adjustments	4.1	(0.2)	(2.6)	1.3	—	—	(1.9)	(1.9)
Balance, June 28, 2013	$17.7	$ 2.0	$169.2	$188.9	$2.4	$ 0.5	$131.0	$133.9

The amounts of other intangible assets were as follows in millions of dollars:

	June 28, 2013	December 31, 2012
Amortized intangible assets:		
Amortized intangible assets	$140.1	$ 140.1
Accumulated amortization	(79.4)	(73.3)
Foreign currency translation adjustment	(1.7)	0.3
Amortized intangible assets, net	$59.0	$ 67.1

Amortized intangible assets are stated at cost less accumulated amortization as of June 28, 2013 and December 31, 2012. Other intangible assets have been determined to have a useful life in the range of 7 to 12 years. The approximate weighted average useful life of the amortized intangible assets is 10 years. For customer relationships the Company has accelerated the amortization expense to align with the historical customer attrition rates. In addition, the Company's other intangible assets include favorable lease contracts; the Company will recognize the expense over the life of the ten year lease on a straight line basis. The amortization of intangible assets for the first six fiscal months of 2013 and 2012 was $6.1 million and $5.5 million, respectively. The estimated amortization expense during the twelve month periods beginning June 28, 2013 through June 30, 2018 and thereafter, based on exchange rates as of June 28, 2013, is $12.1 million, $11.3 million, $10.2 million, $9.0 million, $4.9 million and $11.5 million thereafter.

8. Accrued Liabilities

Included within accrued liabilities were accruals related to restructuring and warranty expenses as of June 28, 2013 and December 31, 2012.

Restructuring Accrual

The Company has incurred expenses as a result of cost reduction efforts in Europe in recent years. The expenses primarily relate to employee termination benefits that are payable under local statutory requirements. In the three and six months ended June 28, 2013 the Company incurred $2.9 million and $6.0 million in charges related to actions taken at various operations in Europe to permanently reduce manufacturing personnel as well as severance expenses resulting from the recent North America acquisitions and the closure of a North American manufacturing facility. The accrual balance related to these actions was immaterial at June 28, 2013 and December 31, 2012. Other expenses related to routine employee reductions for cost savings initiatives throughout the globe, with the exception of the aforementioned severance plan, were immaterial.

Warranty Accrual

The warranty accrual balance at June 28, 2013 and December 31, 2012 was $10.3 million and $12.8 million, respectively. The Company accrues liabilities under service and warranty policies based upon specific claims and a review of historical warranty and service claims experience. Adjustments are made to the accruals as claims data and historical experience change. In addition, the Company incurs discretionary costs to service its products in connection

with product performance issues.

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Changes in the carrying amount of the service and product warranty accrual are below (in millions):

Balance, December 31, 2012	$12.8
Net provisions for warranties issued	1.3
Net benefits for warranties existing at the beginning of the year	(3.3)
Payments related to the warranty accrual	(0.3)
Foreign currency translation	(0.2)
Balance, June 28, 2013	$10.3

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9. Long-Term Debt

(in millions)	June 28, 2013	December 31, 2012
North America		
5.75% Senior Notes due 2022	$600.0	$600.0
Subordinated Convertible Notes due 2029	429.5	429.5
Debt discount on Subordinated Convertible Notes due 2029	(262.3)	(263.0)
0.875% Convertible Notes due 2013	355.0	355.0
Debt discount on 0.875% Convertible Notes due 2013	(9.7)	(20.4)
Senior Floating Rate Notes	125.0	125.0
Revolving Credit Facility	13.8	—
Other	9.0	9.0
Europe and Mediterranean		
Spanish Term Loans	5.8	14.6
Credit facilities	17.9	14.7
Uncommitted accounts receivable facilities	23.0	4.0
Other	29.4	11.7
Rest of World (“ROW”)		
Credit facilities	209.1	170.0
Total debt	1,545.5	1,450.1
Less current maturities	597.5	511.2
Long-term debt	$948.0	$938.9

At June 28, 2013, maturities of long-term debt during the twelve month periods beginning June 28, 2013 through June 30, 2018 and thereafter are $597.5 million, $151.4 million, $2.3 million, $0.9 million and $15.1 million, respectively, and $778.3 million thereafter. As of June 28, 2013 and December 31, 2012, the Company was in compliance with all material debt covenants as discussed below.

The fair value of the Company's long-term debt, as noted below, was estimated using quoted market prices where available. For long-term debt not actively traded, fair values were based on valuations from third-party banks and market quotations for similar types of borrowing arrangements.

5.75% Senior Notes due 2022

On September 25, 2012, the Company completed the issuance and sale of $600.0 million in aggregate principal amount of new senior unsecured notes (the "5.75% Senior Notes"). The 5.75% Senior Notes are jointly and severally guaranteed by each of the Company's current and future U.S. subsidiaries that is a borrower or a guarantor under the Company's Revolving Credit Facility or certain of the Company's or the guarantors' other indebtedness. The 5.75% Senior Notes were offered and sold in private transactions in accordance with Rule 144A and Regulation S under the Securities Act of 1933, as amended (the “Securities Act”). The 5.75% Senior Notes have not been registered under the Securities Act and may not be offered or sold in the United States absent registration or an applicable exemption from the registration requirements of the Securities Act.

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The Company's 5.75% Senior Notes are summarized in the table below:

	5.75% Senior Notes [1]	
(in millions)	June 28, 2013	December 31, 2012
Face Value	$600.0	$600.0
Fair Value (Level 2)	595.5	619.5
Interest Rate	5.75%	
Interest Payment	Semi-Annual: Apr 1 & Oct 1	
Maturity Date	October 2022	

		5.75% Senior Notes
	Beginning Date	Percentage
Call Option [2]	October 1, 2017	102.875%
	October 1, 2018	101.917%
	October 1, 2019	100.958%
	October 1, 2020 and thereafter	100.000%

(1) Jointly and severally guaranteed by the Company's wholly owned U.S. subsidiaries that are borrowers or guarantors under the Company's Revolving Credit Facility (as defined below).

(2) The Company may, at its option, redeem the 5.75% Senior Notes on or after the stated beginning dates at percentages noted above (plus accrued and unpaid interest). Additionally, the Company, may on or prior to October 1, 2015 redeem in the aggregate up to 35% of the aggregate principal amount of 5.75% Senior Notes issued with the cash proceeds from one or more equity offerings, at a redemption price in cash equal to 105.75% of the principal plus accrued and unpaid interest so long as (i) at least 65% of the aggregate principal amount of the 5.75% Senior Notes issued remains outstanding immediately after giving effect to any such redemption; and (ii) notice of any such redemption is given within 60 days after the date of the closing of any such equity offering. In addition, at any time prior to October 1, 2017, the Company may redeem some or all of the 5.75% Senior Notes at a redemption price equal to 100% of the principal amount plus accrued and unpaid interest, plus a make whole premium.

The 5.75% Senior Notes' indenture contains covenants that limit the ability of the Company and certain of its subsidiaries to (i) incur additional indebtedness and guarantee indebtedness; (ii) pay dividends or make other distributions or repurchase or redeem their capital stock; (iii) purchase, redeem or retire debt; (iv) issue certain preferred stock or similar equity securities; (v) make loans and investments; (vi) sell assets; (vii) incur liens; (viii) enter into transactions with affiliates; (ix) enter into agreements restricting the Company's subsidiaries' ability to pay dividends; and (x) consolidate, merge or sell all or substantially all assets. However, these covenants are subject to exceptions and qualifications.

The 5.75% Senior Notes may also be repurchased at the option of the holders in connection with a change of control (as defined in the indenture governing the 5.75% Senior Notes) or in connection with certain asset sales.

The Company used a portion of the proceeds of the 5.75% Senior Notes to redeem all of its outstanding $200.0 million of 7.125% Senior Fixed Rate Notes that were to mature in April 2017. The Company intends to use the balance of the proceeds to (i) repay its 0.875% Convertible Notes at maturity, and for (ii) general corporate purposes. In the interim, the Company used a portion of the proceeds to repay amounts outstanding under its Revolving Credit Facility. The Company capitalized $11.8 million in deferred financing costs in connection with the 5.75% Senior Notes.

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Convertible Debt Instruments

The Company's convertible debt instruments outstanding as of June 28, 2013 and December 31, 2012 are as follows:

(in millions)	Subordinated Convertible Notes		0.875% Convertible Notes	
	June 28, 2013	December 31, 2012	June 28, 2013	December 31, 2012
Face value	$429.5	$429.5	$355.0	$355.0
Debt discount	(262.3)	(263.0)	(9.7)	(20.4)
Book value	167.2	166.5	345.3	334.6
Fair value (Level 1)	471.8	464.1	354.1	349.7
Maturity date	Nov 2029		Nov 2013	
Stated annual interest rate	4.50% until Nov 2019 2.25% until Nov 2029		0.875% until Nov 2013	
Interest payments	Semi-annually: May 15 & Nov 15		Semi-annually: May 15 & Nov 15	

The 0.875% Convertible Notes are unconditionally guaranteed, jointly and severally, on a senior unsecured basis, by the Company's wholly-owned U.S. subsidiaries that are borrowers or guarantors under the Company's Revolving Credit Facility. For additional information on the convertible notes, see the Company's 2012 Amended Annual Report on Form 10-K/A.

Subordinated Convertible Notes

The Company's Subordinated Convertible Notes were issued on December 18, 2009 in the amount of $429.5 million as part of an exchange offer. The notes and the common stock issuable upon conversion were registered on a Registration Statement on Form S-4, initially filed with the SEC on October 27, 2009, as amended and as declared effective by the SEC on December 15, 2009. At issuance, the Company separately accounted for the liability and equity components of the instrument, based on the Company's nonconvertible debt borrowing rate on the instrument's issuance date of 12.5%. At issuance, the liability and equity components were $162.9 million and $266.6 million, respectively. The equity component (debt discount) is being amortized to interest expense based on the effective interest method. There were no proceeds generated from the transaction and the Company incurred issuance fees and expenses of approximately $14.5 million as a result of the exchange offer which have been proportionately allocated to the liability and equity components of the Subordinated Convertible Notes.

0.875% Convertible Notes

The Company's 0.875% Convertible Notes were issued in November of 2006 in the amount of $355.0 million. At the time of issuance, the notes and the common stock issuable upon conversion of the notes were registered on a Registration Statement on Form S-3ASR, which was renewed on September 30, 2009 when the Company filed a Renewal Registration Statement for the underlying common stock on Form S-3ASR. The Company separately accounted for the liability and equity components of the instrument, retrospectively, based on the Company's nonconvertible debt borrowing rate on the instrument's issuance date of 7.35%. At issuance, the liability and equity components were $230.9 million and $124.1 million, respectively. The equity component (debt discount) is being amortized to interest expense based on the effective interest method.

Concurrent with the sale of the 0.875% Convertible Notes, the Company purchased note hedges that are designed to mitigate potential dilution from the conversion of the 0.875% Convertible Notes in the event that the market value per share of the Company's common stock at the time of exercise is greater than approximately $50.36. Under the note hedges that cover approximately 7,048,880 shares of the Company's common stock, the counterparties are required to deliver to the Company either shares of the Company's common stock or cash in the amount that the Company delivers to the holders of the 0.875% Convertible Notes with respect to a conversion, calculated exclusive of shares deliverable by the Company by reason of any additional make whole premium relating to the 0.875% Convertible Notes or by reason of any election by the company to unilaterally increase the conversion rate as permitted by the indenture

governing the 0.875% Convertible Notes. The note hedges expire at the close of trading on November 15, 2013, which is also the maturity date of the 0.875% Convertible Notes, although the counterparties will have ongoing obligations with respect to 0.875% Convertible Notes properly converted on or prior to that date as to which the counterparties have been timely notified.

The Company issued warrants to counterparties that could require the Company to issue up to approximately 7,048,880 shares of the Company’s common stock in equal installments on each of the fifteen consecutive business days beginning on and including February 13, 2014. The strike price is $76.00 per share, which represents a 92.4% premium over the closing price of the Company’s shares of common stock on November 9, 2006. The warrants are expected to provide the Company with some protection against increases in the common stock price over the conversion price per share.

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The note hedges and warrants are separate and legally distinct instruments that bind the Company and the counterparties and have no binding effect on the holders of the 0.875% Convertible Notes. In addition, the note hedges and warrants were recorded as a charge and an increase, respectively, in additional paid-in capital in total equity as separate equity transactions. The 0.875% Convertible Notes contain restrictions including limitation on dividends.

Proceeds from the offering were used to pay down outstanding debt by $87.8 million, including accrued interest, under the Company's Terminated Credit Facility, to pay $124.5 million for the cost of the note hedges, and to pay transaction costs of approximately $9.4 million directly related to the issuance that have been allocated to the liability and equity components in proportion to the allocation of proceeds. Additionally, the Company received $80.4 million in proceeds from the issuance of the warrants. At the conclusion of these transactions, the net effect of the receipt of the funds from the 0.875% Convertible Notes and the payments and proceeds mentioned above was an increase in cash of approximately $213.7 million, which was used by the Company for general corporate purposes including acquisitions.

Senior Floating Rate Notes

The Company's $325.0 million in aggregate principal amount of senior unsecured notes, comprised of $125.0 million of Senior Floating Rate Notes due 2015 (the "Senior Floating Rate Notes") and $200.0 million of 7.125% Senior Notes due 2017, of which $200 million was repaid on October 12, 2012, (together, the "Notes") were offered and sold in private transactions in accordance with Rule 144A and Regulation S under the Securities Act on March 21, 2007. An exchange offer commenced on June 11, 2007 and was completed on July 26, 2007 to replace the unregistered Notes with registered Notes with like terms pursuant to an effective Registration Statement on Form S-4.

	Senior Floating Rate Notes [(1)]	
(in millions)	June 28, 2013	December 31, 2012
Face value	$125.0	$125.0
Fair value (Level 1)	122.8	122.7
Interest rate	2.6 %	2.7 %
Interest payment	3-month LIBOR rate plus 2.375% Quarterly: Jan 1, Apr 1, Jul 1 & Oct 1	
Maturity date	Apr 2015	

(1) Jointly and severally guaranteed by the Company's wholly-owned U.S. subsidiaries that are borrowers or guarantors under the Company's Revolving Credit Facility.

The Company may redeem the Senior Floating Rate Notes in whole or in part at a redemption price equal to 100% of the principal amount redeemed, plus accrued and unpaid interest.

The Senior Floating Rate Notes' indenture contains covenants that limit the ability of the Company and certain of its subsidiaries to (i) pay dividends on, redeem or repurchase the Company's capital stock; (ii) incur or guarantee additional indebtedness; (iii) make investments; (iv) create liens; (v) sell assets; (vi) engage in certain transactions with affiliates; (vii) create or designate unrestricted subsidiaries; and (viii) consolidate, merge or transfer all or substantially all assets. However, these covenants are subject to important exceptions and qualifications, one of which permits the Company to declare and pay dividends or distributions on the Series A preferred stock provided there is no default on the Senior Floating Rate Notes and certain financial conditions are met.

The Senior Floating Rate Notes may also be repurchased at the option of the holders in connection with a change of control (as defined in the indenture governing the Senior Floating Rate Notes) or in connection with certain asset sales.

Proceeds from the Notes of $325.0 million, less approximately $7.9 million of cash payments for fees and expenses that are being amortized over the life of the Notes, were used to pay approximately $285.0 million for 9.5% Senior

Notes, $9.3 million for accrued interest on the 9.5% Senior Notes and $20.5 million for tender fees and the inducement premium on the 9.5% Senior Notes, leaving net cash proceeds of approximately $2.3 million which were used for general corporate purposes.

Asset-Based Revolving Credit Facility (“Revolving Credit Facility”)

On July 21, 2011, the Company entered into a $400 million Revolving Credit Facility, which was subsequently amended to, among other things, increase the Revolving Credit Facility to $700 million, $630 million of which may be borrowed by the U.S. borrower under the Revolving Credit Facility and $70 million of which may be borrowed by the Canadian borrower under the Revolving Credit Facility. The Revolving Credit Facility replaced the Company's prior $400 million Senior Secured Revolving Credit Facility (“Terminated Credit Facility”), which was set to mature in July 2012. The Revolving Credit Facility contains restrictions in areas consistent with the Terminated Credit Facility, including limitations on, among other things, distributions and dividends,

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acquisitions and investments, indebtedness, liens and affiliate transactions. In the aggregate, however, the restrictions in the Revolving Credit Facility provide the Company greater flexibility than those under the Terminated Credit Facility, and generally only apply in the event that the Company's availability under the Revolving Credit Facility falls below certain specific thresholds.

The Revolving Credit Facility has a maturity date of July 21, 2017, and provides for a committed revolving credit line of up to $700 million, $630 million of which may be borrowed by the U.S. borrower under the Revolving Credit Facility and $70 million of which may be borrowed by the Canadian borrower under the Revolving Credit Facility. The Revolving Credit Facility includes a springing maturity concept which is generally applicable only if the Company's $355 million convertible notes due 2013 or the Company's $125 million Senior Floating Rate Notes due 2015 are not repaid or refinanced within 90 days of their maturity unless, if such notes are not repaid or refinanced, there is at least $100 million of availability and the fixed charge coverage ratio is not less than 1.15 to 1.00, in each case after giving pro forma effect to the repayment of such notes. Springing maturity can be as early as December 31, 2014.The commitment amount under the Revolving Credit Facility may be increased by an additional $100 million, subject to certain conditions and approvals as set forth in the credit agreement. The Company capitalized $4.8 million in deferred financing costs in connection with the Revolving Credit Facility in the third quarter of 2011. Also, in the third quarter the Company expensed $1.3 million in unamortized fees and expenses related to the Terminated Credit Facility. The Revolving Credit Facility requires maintenance of a minimum fixed charge coverage ratio of one to one if availability under the Revolving Credit Facility is less than $70 million or 10% of the then existing aggregate lender commitment under the facility. At June 28, 2013 and December 31, 2012, the Company was in compliance with all material covenants under the facility.

The Revolving Credit Facility may be used for refinancing certain existing indebtedness and will continue to be used for working capital and general corporate purposes. Indebtedness under the Revolving Credit Facility is secured by (a) for US borrowings under the facility, a first priority security interest in substantially all of the Company's domestic assets and, (b) for Canadian borrowings, a first priority security interest in substantially all of the Company's domestic and Canadian assets. In addition, the lenders under the Revolving Credit Facility have received a pledge of (i) 100% of the equity interests in substantially all of the Company's domestic subsidiaries, and (ii) 65% of the voting equity interests in and 100% of the non-voting equity interests in certain of the Company's foreign subsidiaries, including the Company's Canadian subsidiaries. Borrowings under the Revolving Credit Facility bear interest at interest rate bases elected by the Company plus an applicable margin calculated quarterly based on the Company's average availability as set forth in the credit agreement. The Revolving Credit Facility also carries a commitment fee equal to the available but unused commitments multiplied by an applicable margin of either 0.375% or 0.50% based on the average daily unused commitments.

The Company’s Revolving Credit Facility is summarized in the table below:

	Revolving Credit Facility			
(in millions)	June 28, 2013		December 31, 2012	
Outstanding borrowings	$13.8		$—	
Total credit under facility	700.0		700.0	
Undrawn availability	550.0		515.3	
Interest rate	3.8	%	1.5	%
Outstanding letters of credit	$18.3		$18.3	
Original issuance	Jul 2011			
Maturity date	Jul 2017			

Spanish Term Loans

The table below provides a summary of the Company's term loans and corresponding fixed interest rate swaps. The proceeds from the Spanish Term Loans were used to partially fund the acquisition of Enika Biskra and for general working capital purposes. There is no remaining availability under these Spanish Term Loans.

	Spanish Term Loans [1]	
(in millions)	June 28, 2013	December 31, 2012
Outstanding borrowings	$5.8	$14.6
Fair value (Level 2)	5.9	14.8
Interest rate – weighted average[2]	1.5 %	3.7 %

(1) The terms of the Spanish Term Loans are as follows:

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(in millions)	Original Amount	Issuance Date	Maturity Date	Interest Rate	Loan and Interest Payable	Interest Rate Swap (2)	
Term Loan 1	€20.0	Feb 2008	Feb 2013	Euribor +0.5%	Semi-annual: Aug and Feb	4.20	%
Term Loan 2	€10.0	Apr 2008	Apr 2013	Euribor +0.75%	Semi-annual: Apr and Oct	4.58	%
Term Loan 3	€21.0	Jun 2008	Jun 2013	Euribor +0.75%	Quarterly: Mar, Jun, Sept and Dec	4.48	%
Term Loan 4	€15.0	Sep 2009	Aug 2014	Euribor +2.0%	Quarterly: Mar, Jun, Sept and Dec Principal payments: Feb and Aug	1.54	%

(2) The Company entered into fixed interest rate swaps to coincide with the terms and conditions of the term loans that will effectively hedge the variable interest rate with a fixed interest rate.

At June 28, 2013 and December 31, 2012, the Company was in compliance with all covenants under these facilities.

Europe and Mediterranean Credit Facilities

The Company’s Europe and Mediterranean credit facilities are summarized in the table below:

	Europe and Mediterranean Credit Facilities			
(in millions)	June 28, 2013		December 31, 2012	
Outstanding borrowings	$17.9		$14.7	
Undrawn availability	105.5		82.5	
Interest rate – weighted average	4.1	%	6.4	%
Maturity date	Various			

Europe and Mediterranean Uncommitted Accounts Receivable Facilities

The Company’s Europe and Mediterranean uncommitted accounts receivable facilities are summarized in the table below:

	Uncommitted Accounts Receivable Facilities			
(in millions)	June 28, 2013		December 31, 2012	
Outstanding borrowings	$23.0		$4.0	
Undrawn availability	23.2		42.8	
Interest rate – weighted average	1.3	%	2.1	%
Maturity date	Various			

The Spanish Term Loans and certain credit facilities held by the Company’s Spain subsidiary are subject to certain financial ratios of the Company's European subsidiaries, which includes minimum net equity and net debt to EBITDA (earnings before interest, taxes, depreciation and amortization) ratios. At June 28, 2013 and December 31, 2012, the Company was in compliance with all material covenants under these facilities.

ROW Credit Facilities

The Company’s ROW credit facilities are summarized in the table below:

	ROW Credit Facilities			
(in millions)	June 28, 2013		December 31, 2012	
Outstanding borrowings	$209.1		$170.0	
Undrawn availability	360.6		336.9	
Interest rate – weighted average	4.3	%	5.5	%
Maturity date	Various			

The Company’s ROW credit facilities are short term loans utilized for working capital purposes. Certain credit facilities are subject to financial covenants. The Company was in compliance with all material covenants under these

facilities as of June 28, 2013 and December 31, 2012.

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Failure to comply with any of the covenants, financial tests and ratios required by the Company's existing or future debt obligations could result in a default under those agreements and under other agreements containing cross-default provisions, as defined in the Company's Revolving Credit Facility, 0.875% Senior Convertible Notes, Subordinated Convertible Notes, Senior Floating Rate Notes, 5.75% Senior Notes and various other credit facilities maintained by the Company's restricted subsidiaries. A default would permit lenders to cease making further extensions of credit, accelerate the maturity of the debt under these agreements and foreclose upon any collateral securing that debt. Indebtedness under the Company's Revolving Credit Facility is secured by: (a) for US borrowings under the facility, a first priority security interest in substantially all of the Company's domestic assets and, (b) for Canadian borrowings, a first priority security interest in substantially all of the Company's domestic and Canadian assets. In addition, the lenders under the Company's Revolving Credit Facility have received a pledge of (i) 100% of the equity interests in substantially all of the Company's domestic subsidiaries, and (ii) 65% of the voting equity interests in and 100% of the non-voting equity interests in certain of the Company's foreign subsidiaries, including the Company's Canadian subsidiaries. The Company also has incurred secured debt in connection with some of its European operations. The lenders under these European secured credit facilities also have liens on assets of certain of our European subsidiaries. As a result of these pledges and liens, if the Company fails to meet its payment or other obligations under any of its secured indebtedness, the lenders under the applicable credit agreement would be entitled to foreclose on substantially all of the Company's assets and liquidate these assets. Broadly, cross-default provisions, would permit lenders to cause such indebtedness to become due prior to its stated maturity in the event a default remains unremedied for a period of time under the terms of one or more financing agreements, a change in control or a fundamental change. The Company was in compliance with all material covenants under these facilities as of June 28, 2013 and December 31, 2012.

10. Financial Instruments

The Company is exposed to various market risks, including changes in interest rates, foreign currency and raw material (commodity) prices. To manage risks associated with the volatility of these natural business exposures, the Company enters into interest rate, commodity and foreign currency derivative agreements, as well as copper and aluminum forward pricing agreements. The Company does not purchase or sell derivative instruments for trading purposes. The Company does not engage in trading activities involving derivative contracts for which a lack of marketplace quotations would necessitate the use of fair value estimation techniques.

The Company utilizes interest rate swaps to manage its interest expense exposure by fixing its interest rate on a portion of the Company’s floating rate debt. The Company does not provide or receive any collateral specifically for these contracts. The fair value of these financial derivatives which are designated as and qualify as cash flow hedges are based on quoted market prices, which reflect the present values of the difference between estimated future variable-rate receipts and future fixed-rate payments.

The Company enters into commodity instruments to hedge the purchase of copper, aluminum and lead in future periods and foreign currency exchange contracts principally to hedge the currency fluctuations in certain transactions denominated in foreign currencies, thereby limiting the Company’s risk that would otherwise result from changes in exchange rates. Principal transactions hedged during the year were firm sales and purchase commitments. The fair value of foreign currency contracts represents the amount required to enter into offsetting contracts with similar remaining maturities based on quoted market prices.

We account for these commodity instruments and foreign currency exchange contracts as cash flow or economic hedges. Changes in the fair value of derivatives that are designated as cash flow hedges are recorded in other comprehensive income and reclassified to the income statement when the effects of the items being hedged are realized. Changes in the fair value of economic hedges are recognized in current period earnings.

Fair Value of Derivatives Instruments

The notional amounts and fair values of derivatives designated as cash flow hedges and derivatives not designated as cash flow hedges at June 28, 2013 and December 31, 2012 are shown below (in millions).

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	June 28, 2013			December 31, 2012		
	Notional Amount	Fair Value Asset [1]	Liability [2]	Notional Amount	Fair Value Asset [1]	Liability [2]
Derivatives designated as cash flow hedges:						
Interest rate swaps	$6.5	$—	$0.1	$15.3	$—	$0.2
Commodity futures	—	—	—	22.8	0.2	1.1
Foreign currency exchange	—	—	—	60.7	0.4	0.6
		$—	$0.1		$0.6	$1.9
Derivatives not designated as cash flow hedges:						
Commodity futures	$220.9	$0.4	$20.5	$206.0	$3.3	$4.9
Foreign currency exchange	268.1	6.8	1.2	253.7	3.2	3.3