FMC TECHNOLOGIES INC
Form 10-Q
July 26, 2013
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

x Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the quarterly period ended June 30, 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 001-16489

FMC Technologies, Inc.
(Exact name of registrant as specified in its charter)

Delaware	36-4412642
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
5875 N. Sam Houston Parkway W., Houston, Texas	77086
(Address of principal executive offices)	(Zip Code)

(281) 591-4000
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes x No o

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§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.

Large accelerated filer	x	Accelerated filer	o
Non-accelerated filer (Do not check if a smaller reporting company)	o	Smaller reporting company	o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes o No 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 July 23, 2013
Common Stock, par value $0.01 per share	236,910,137

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CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q contains “forward-looking statements” intended to qualify for the safe harbors from liability established by the Private Securities Litigation Reform Act of 1995. All statements other than statements of historical fact contained in this report are forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). Forward-looking statements usually relate to future events and anticipated revenues, earnings, cash flows or other aspects of our operations or operating results. Forward-looking statements are often identified by the words “believe,” “expect,” “anticipate,” “plan,” “intend,” “fores “should,” “would,” “could,” “may,” “estimate,” “outlook” and similar expressions, including the negative thereof. The absence these words, however, does not mean that the statements are not forward-looking. These forward-looking statements are based on our current expectations, beliefs and assumptions concerning future developments and business conditions and their potential effect on us. While management believes that these forward-looking statements are reasonable as and when made, there can be no assurance that future developments affecting us will be those that we anticipate.

All of our forward-looking statements involve significant risks and uncertainties (some of which are beyond our control) and assumptions that could cause actual results to differ materially from our historical experience and our present expectations or projections. Known material factors that could cause actual results to differ materially from those contemplated in the forward-looking statements, include those set forth in Part II, Item 1A, “Risk Factors” and elsewhere in this Quarterly Report on Form 10-Q and Part I, Item 1A, “Risk Factors” in our Annual Report on Form 10-K for the fiscal year ended December 31, 2012, as well as the following:

- Demand for our systems and services, which is affected by changes in the price of, and demand for, crude oil and natural gas in domestic and international markets;
- Potential liabilities arising out of the installation or use of our systems;
- U.S. and international laws and regulations, including environmental regulations, that may increase our costs, limit the demand for our products and services or restrict our operations;
- Disruptions in the political, regulatory, economic and social conditions of the foreign countries in which we conduct business;
- Fluctuations in currency markets worldwide;
- Cost overruns that may affect profit realized on our fixed price contracts;
- Disruptions in the timely delivery of our backlog and its effect on our future sales, profitability and our relationships with our customers;
- The cumulative loss of major contracts or alliances;
- Deterioration in future expected profitability or cash flows and its effect on our goodwill;
- Rising costs and availability of raw materials;
- Our dependence on the continuing services of key managers and employees and our ability to attract, retain and motivate additional highly-skilled employees for the operation and expansion of our business;
- A failure of our information technology infrastructure or any significant breach of security;
- Our ability to develop and implement new technologies and services, as well as our ability to protect and maintain critical intellectual property assets;
- The outcome of uninsured claims and litigation against us; and
- Downgrade in the ratings of our debt could restrict our ability to access the debt capital markets.

We wish to caution you not to place undue reliance on any forward-looking statements, which speak only as of the date hereof. We undertake no obligation to publicly update or revise any of our forward-looking statements after the date they are made, whether as a result of new information, future events or otherwise, except to the extent required by law.

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PART I—FINANCIAL INFORMATION
ITEM 1. FINANCIAL STATEMENTS
FMC Technologies, Inc. and Consolidated Subsidiaries
Condensed Consolidated Statements of Income (Unaudited)
(In millions, except per share data)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2013	2012	2013	2012
Revenue:				
Product revenue	$1,366.2	$1,274.6	$2,699.5	$2,465.7
Service and other revenue	341.7	220.3	654.4	425.8
Total revenue	1,707.9	1,494.9	3,353.9	2,891.5
Costs and expenses:				
Cost of product revenue	1,094.8	1,024.9	2,174.2	1,987.7
Cost of service and other revenue	255.3	155.4	483.1	296.3
Selling, general and administrative expense	172.1	140.2	342.9	276.4
Research and development expense	29.2	26.3	57.7	53.1
Total costs and expenses	1,551.4	1,346.8	3,057.9	2,613.5
Other income, net	0.2	16.1	1.2	20.1
Income before net interest expense and income taxes	156.7	164.2	297.2	298.1
Net interest expense	(8.8)	(6.4)	(16.9)	(9.9)
Income before income taxes	147.9	157.8	280.3	288.2
Provision for income taxes	41.4	44.6	70.2	75.3
Net income	106.5	113.2	210.1	212.9
Net income attributable to noncontrolling interests	(1.3)	(1.3)	(2.5)	(2.2)
Net income attributable to FMC Technologies, Inc.	$105.2	$111.9	$207.6	$210.7
Earnings per share attributable to FMC Technologies, Inc. (Note 3):				
Basic	$0.44	$0.47	$0.87	$0.88
Diluted	$0.44	$0.46	$0.87	$0.87
Weighted average shares outstanding (Note 3):				
Basic	238.3	240.2	238.4	240.2
Diluted	239.3	241.5	239.3	241.4

The accompanying notes are an integral part of the condensed consolidated financial statements.

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FMC Technologies, Inc. and Consolidated Subsidiaries
Condensed Consolidated Statements of Comprehensive Income (Unaudited)
(In millions)

	Three Months Ended June 30, 2013	Three Months Ended June 30, 2012	Six Months Ended June 30, 2013	Six Months Ended June 30, 2012
Net income	$106.5	$113.2	$210.1	$212.9
Other comprehensive income (loss), net of tax:				
Foreign currency translation adjustments [1]	(49.9)	(57.3)	(79.0)	(33.7)
Net gains (losses) on hedging instruments:				
Net gains (losses) arising during the period	14.9	(8.8)	(6.2)	4.6
Reclassification adjustment for net losses (gains) included in net income	2.1	2.1	(1.1)	1.0
Net gains (losses) on hedging instruments [2]	17.0	(6.7)	(7.3)	5.6
Pension and other post-retirement benefits:				
Reclassification adjustment for amortization of prior service credit included in net income	(0.1)	(0.2)	(0.2)	(0.4)
Reclassification adjustment for amortization of net actuarial loss included in net income	5.0	5.4	10.2	10.2
Net pension and other post-retirement benefits [3]	4.9	5.2	10.0	9.8
Other comprehensive loss, net of tax	(28.0)	(58.8)	(76.3)	(18.3)
Comprehensive income	78.5	54.4	133.8	194.6
Comprehensive income attributable to noncontrolling interest	(1.3)	(1.3)	(2.5)	(2.2)
Comprehensive income attributable to FMC Technologies, Inc.	$77.2	$53.1	$131.3	$192.4

(1) Net of income tax (expense) benefit of $(0.5) and $1.3 for the three months ended June 30, 2013 and 2012, respectively, and $2.0 and $0.9 for the six months ended June 30, 2013 and 2012, respectively.

(2) Net of income tax (expense) benefit of $8.4 and $2.6 for the three months ended June 30, 2013 and 2012, respectively, and $14.0 and $(4.2) for the six months ended June 30, 2013 and 2012, respectively.

(3) Net of income tax (expense) benefit of $(2.7) and $(2.8) for the three months ended June 30, 2013 and 2012, respectively, and $(5.4) and $(5.2) for the six months ended June 30, 2013 and 2012, respectively.

The accompanying notes are an integral part of the condensed consolidated financial statements.

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FMC Technologies, Inc. and Consolidated Subsidiaries
Condensed Consolidated Balance Sheets
(In millions, except par value data)

	June 30, 2013	December 31, 2012
	(Unaudited)	
Assets		
Cash and cash equivalents	$267.6	$342.1
Trade receivables, net of allowances of $5.1 in 2013 and $6.1 in 2012	1,760.5	1,765.5
Inventories, net (Note 4)	1,032.0	965.1
Derivative financial instruments (Note 11)	168.9	73.4
Prepaid expenses	55.8	31.7
Deferred income taxes	45.5	55.9
Income taxes receivable	65.9	17.6
Other current assets	270.1	237.0
Total current assets	3,666.3	3,488.3
Investments	39.3	37.4
Property, plant and equipment, net of accumulated depreciation of $695.4 in 2013 and $643.7 in 2012	1,277.3	1,243.5
Goodwill	585.1	597.7
Intangible assets, net of accumulated amortization of $84.0 in 2013 and $71.1 in 2012	329.2	347.4
Deferred income taxes	64.8	60.0
Derivative financial instruments (Note 11)	25.5	9.2
Other assets	129.0	119.4
Total assets	$6,116.5	$5,902.9
Liabilities and equity		
Short-term debt and current portion of long-term debt	$34.9	$60.4
Accounts payable, trade	646.2	664.2
Advance payments and progress billings	687.8	501.6
Accrued payroll	191.8	202.0
Derivative financial instruments (Note 11)	174.9	50.4
Income taxes payable	17.3	40.2
Current portion of accrued pension and other post-retirement benefits	12.5	20.9
Deferred income taxes	99.5	67.5
Other current liabilities	332.4	363.2
Total current liabilities	2,197.3	1,970.4
Long-term debt, less current portion (Note 5)	1,498.4	1,580.4
Accrued pension and other post-retirement benefits, less current portion	254.4	266.5
Derivative financial instruments (Note 11)	39.2	11.1
Deferred income taxes	55.6	57.9
Other liabilities	115.9	163.4
Commitments and contingent liabilities (Note 13)		
Stockholders’ equity (Note 10):		
Preferred stock, $0.01 par value, 12.0 shares authorized in 2013 and 2012; no shares issued in 2013 or 2012	—	—
Common stock, $0.01 par value, 600.0 shares authorized in 2013 and 2012; 286.3 shares issued in 2013 and 2012; 237.0 and 237.1 shares outstanding in 2013 and 2012, respectively	1.4	1.4

Common stock held in employee benefit trust, at cost; 0.2 shares in 2013 and 2012	(6.8)	(7.8)
Common stock held in treasury, at cost; 49.1 and 49.0 shares in 2013 and 2012, respectively	(1,132.1)	(1,102.6)
Capital in excess of par value of common stock	696.8	697.2
Retained earnings	2,852.3	2,644.7
Accumulated other comprehensive loss	(472.3)	(396.0)
Total FMC Technologies, Inc. stockholders’ equity	1,939.3	1,836.9
Noncontrolling interests	16.4	16.3
Total equity	1,955.7	1,853.2
Total liabilities and equity	$6,116.5	$5,902.9

The accompanying notes are an integral part of the condensed consolidated financial statements.

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FMC Technologies, Inc. and Consolidated Subsidiaries
Condensed Consolidated Statements of Cash Flows (Unaudited)
(In millions)

	Six Months Ended June 30,	
	2013	2012
Cash provided (required) by operating activities:		
Net income	$210.1	$212.9
Adjustments to reconcile net income to cash provided (required) by operating activities:		
Depreciation	76.7	51.8
Amortization	24.4	13.7
Employee benefit plan and stock-based compensation costs	48.9	46.6
Deferred income tax provision	58.4	31.5
Unrealized loss on derivative instruments	2.3	14.5
Other	13.4	(4.4)
Changes in operating assets and liabilities, net of effects of acquisitions:		
Trade receivables, net	(68.7)	(221.9)
Inventories, net	(90.1)	(127.7)
Accounts payable, trade	0.4	(5.4)
Advance payments and progress billings	206.5	(19.0)
Income taxes	(77.2)	(36.5)
Payment of Multi Phase Meters earn-out consideration	(32.2)	—
Accrued pension and other post-retirement benefits, net	(30.0)	(30.2)
Other assets and liabilities, net	(71.3)	(35.4)
Cash provided (required) by operating activities	271.6	(109.5)
Cash provided (required) by investing activities:		
Capital expenditures	(156.7)	(191.1)
Acquisitions, net of cash and cash equivalents acquired	—	(328.6)
Other	2.7	1.4
Cash required by investing activities	(154.0)	(518.3)
Cash provided (required) by financing activities:		
Net increase (decrease) in short-term debt	(24.1)	68.9
Net increase (decrease) in commercial paper	(19.1)	252.1
Proceeds from the issuance of long-term debt	0.5	275.0
Repayments of long-term debt	(62.8)	(0.2)
Purchase of treasury stock	(49.0)	(21.0)
Payment of Multi Phase Meters earn-out consideration	(25.1)	—
Payments related to taxes withheld on stock-based compensation	(16.1)	(34.1)
Excess tax benefits	7.4	21.9
Other	(0.9)	(3.3)
Cash provided (required) by financing activities	(189.2)	559.3
Effect of exchange rate changes on cash and cash equivalents	(2.9)	(0.2)
Decrease in cash and cash equivalents	(74.5)	(68.7)
Cash and cash equivalents, beginning of period	342.1	344.0
Cash and cash equivalents, end of period	$267.6	$275.3

The accompanying notes are an integral part of the condensed consolidated financial statements.

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FMC Technologies, Inc. and Consolidated Subsidiaries
Notes to Condensed Consolidated Financial Statements (Unaudited)
Note 1: Basis of Presentation
The accompanying unaudited condensed consolidated financial statements of FMC Technologies, Inc. and its consolidated subsidiaries ("FMC Technologies") have been prepared in accordance with United States generally accepted accounting principles ("GAAP") and rules and regulations of the Securities and Exchange Commission ("SEC") pertaining to interim financial information. As permitted under those rules, certain footnotes or other financial information that are normally required by GAAP have been condensed or omitted. Therefore, these statements should be read in conjunction with the audited consolidated financial statements, and notes thereto, which are included in our Annual Report on Form 10-K for the year ended December 31, 2012.
Our accounting policies are in accordance with GAAP. The preparation of financial statements in conformity with these accounting principles requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Ultimate results could differ from our estimates.
In the opinion of management, the statements reflect all adjustments (consisting of normal recurring adjustments) necessary for a fair presentation of our financial condition and operating results as of and for the periods presented. Revenue, expenses, assets and liabilities can vary during each quarter of the year. Therefore, the results and trends in these statements may not be representative of the results that may be expected for the year ending December 31, 2013.
Note 2: Recently Adopted Accounting Standards
Effective January 1, 2013, we adopted Accounting Standards Update ("ASU") No. 2011-11, "Balance Sheet (Topic 210): Disclosures about Offsetting Assets and Liabilities" and ASU No. 2013-01, "Balance Sheet (Topic 210): Clarifying the Scope of Disclosures about Offsetting Assets and Liabilities" issued by the Financial Accounting Standards Board ("FASB"). These updates require management to disclose both gross information and net information of recognized derivative instruments, repurchase agreements and securities borrowing and lending transactions offset in the consolidated balance sheet or subject to an agreement similar to an enforceable master netting arrangement. The updated guidance is to be applied retrospectively, effective January 1, 2013. The adoption of these updates concern disclosure only and did not have any financial impact on our condensed consolidated financial statements.
Effective January 1, 2013, we adopted ASU No. 2013-02, "Comprehensive Income (Topic 220): Reporting of Amounts Reclassified Out of Accumulated Other Comprehensive Income" issued by the FASB. This update requires management 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 GAAP to be reclassified in its entirety to net income. For other amounts that are not required under GAAP to be reclassified in their entirety to net income in the same reporting period, we are required to cross-reference other disclosures required under GAAP that provide additional detail about those amounts. The updated guidance is to be applied prospectively, effective January 1, 2013. The adoption of this update concerns disclosure only and did not have any financial impact on our condensed consolidated financial statements.
Note 3: Earnings per Share
A reconciliation of the number of shares used for the basic and diluted earnings per share calculation was as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
(In millions, except per share data)	2013	2012	2013	2012
Net income attributable to FMC Technologies, Inc.	$105.2	$111.9	$207.6	$210.7
Weighted average number of shares outstanding	238.3	240.2	238.4	240.2
Dilutive effect of restricted stock units and stock options	1.0	1.3	0.9	1.2
Total shares and dilutive securities	239.3	241.5	239.3	241.4
Basic earnings per share attributable to FMC Technologies, Inc.	$0.44	$0.47	$0.87	$0.88
Diluted earnings per share attributable to FMC Technologies, Inc.	$0.44	$0.46	$0.87	$0.87

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Note 4: Inventories

Inventories consisted of the following:

(In millions)	June 30, 2013	December 31, 2012
Raw materials	$187.5	$188.4
Work in process	171.6	146.4
Finished goods	842.1	788.8
	1,201.2	1,123.6
LIFO and valuation adjustments	(169.2)	(158.5)
Inventories, net	$1,032.0	$965.1

Note 5: Debt

Long-term debt consisted of the following:

(In millions)	June 30, 2013	December 31, 2012
Revolving credit facility	$—	$100.0
Commercial paper [(1)]	688.9	669.8
2.00% Notes due 2017	299.4	299.3
3.45% Notes due 2022	499.6	499.6
Term loan	—	26.8
Property financing	15.3	16.7
Total long-term debt	1,503.2	1,612.2
Less: current portion	(4.8)	(31.8)
Long-term debt, less current portion	$1,498.4	$1,580.4

(1) At June 30, 2013, committed credit available under our revolving credit facility provided the ability to refinance our commercial paper obligations on a long-term basis. As we have both the ability and intent to refinance these obligations on a long-term basis, our commercial paper borrowings were classified as long-term in the condensed consolidated balance sheet at June 30, 2013. As of June 30, 2013, our commercial paper borrowings had a weighted average interest rate of 0.36%.

Note 6: Income Taxes

Our income tax provisions for the three months ended June 30, 2013 and 2012, reflected effective tax rates of 28.2% and 28.5%, respectively. The decrease in the effective tax rate year-over-year was primarily due to lower charges related to unrecognized tax benefits. This reduction in the effective tax rate was partially offset by an unfavorable change in the forecasted country mix of earnings.

Our income tax provisions for the six months ended June 30, 2013 and 2012, reflected effective tax rates of 25.3% and 26.3%, respectively. The decrease in the effective tax rate year-over-year was primarily due to the American Taxpayer Relief Act of 2012, which was signed into law on January 2, 2013, and which retroactively reinstated and extended certain provisions of U.S. tax law. This reduction in the effective tax rate was partially offset by an unfavorable change in the forecasted country mix of earnings.

Our effective tax rate can fluctuate depending on our country mix of earnings, since our foreign earnings are generally subject to lower tax rates than in the United States. In certain jurisdictions, primarily Singapore and Malaysia, our tax rate is significantly less than the relevant statutory rate due to tax holidays.

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Note 7: Warranty Obligations

Warranty cost and accrual information was as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
(In millions)	2013	2012	2013	2012
Balance at beginning of period	$13.5	$20.1	$15.4	$25.7
Expense for new warranties	8.5	7.8	13.9	15.6
Adjustments to existing accruals	1.9	7.5	0.6	5.9
Claims paid	(8.0)	(11.6)	(14.0)	(23.4)
Balance at end of period	$15.9	$23.8	$15.9	$23.8

Note 8: Pension and Other Post-retirement Benefits

The components of net periodic benefit cost were as follows:

	Pension Benefits							
	Three Months Ended June 30,				Six Months Ended June 30,			
	2013		2012		2013		2012	
(In millions)	U.S.	Int'l	U.S.	Int'l	U.S.	Int'l	U.S.	Int'l
Service cost	$4.0	$3.6	$3.6	$9.2	$8.3	$7.4	$7.3	$18.6
Interest cost	6.4	4.0	6.9	5.3	12.9	8.1	13.4	10.7
Expected return on plan assets	(9.8)	(5.8)	(10.0)	(6.5)	(20.8)	(11.8)	(19.9)	(13.1)
Amortization of transition asset	—	—	—	—	—	—	—	(0.1)
Amortization of actuarial loss (gain), net	6.7	1.3	6.4	2.0	13.4	2.6	11.8	4.0
Net periodic benefit cost	$7.3	$3.1	$6.9	$10.0	$13.8	$6.3	$12.6	$20.1

	Other Post-retirement Benefits			
	Three Months Ended June 30,		Six Months Ended June 30,	
(In millions)	2013	2012	2013	2012
Service cost	$—	$0.1	$—	$0.1
Interest cost	—	0.1	0.1	0.2
Expected return on plan assets	—	—	—	—
Amortization of prior service cost (credit)	—	(0.3)	(0.2)	(0.6)
Amortization of actuarial loss (gain), net	(0.1)	(0.1)	(0.1)	(0.1)
Net periodic benefit cost	$(0.1)	$(0.2)	$(0.2)	$(0.4)

During the six months ended June 30, 2013, we contributed $24.4 million to our international benefit plans.

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Note 9: Stock-Based Compensation

Under the Amended and Restated FMC Technologies, Inc. Incentive Compensation and Stock Plan (the “Plan”), we have granted awards primarily in the form of nonvested stock units (also known as restricted stock in the plan document). We recognize compensation expense for awards under the Plan and the corresponding income tax benefits related to the expense. Stock-based compensation expense for nonvested stock awards was $13.2 million and $9.5 million for the three months ended June 30, 2013 and 2012, respectively, and $26.5 million and $16.8 million for the six months ended June 30, 2013 and 2012, respectively.

In the six months ended June 30, 2013, we granted the following restricted stock awards to employees:

(Number of restricted stock shares in thousands)	Shares		Weighted-Average Grant Date Fair Value (per share)
Time-based	432		
Performance-based	172	*	
Market-based	86	*	
Total granted	690		$53.32

* Assumes grant date expected payout

For current-year performance-based awards, actual payouts may vary from zero to 344 thousand shares, contingent upon our performance relative to a peer group of companies with respect to earnings growth and return on investment for the year ending December 31, 2013. Compensation cost is measured based on the current expected outcome of the performance conditions and may be adjusted until the performance period ends.

For current-year market-based awards, actual payouts may vary from zero to 172 thousand shares, contingent upon our performance relative to the same peer group of companies with respect to total shareholder return (“TSR”) for the year ending December 31, 2013. The payout for the TSR metric is determined based on our performance relative to the peer group, however a payout is possible regardless of whether our TSR for the year is positive or negative. If our TSR for the year is not positive, the payout with respect to TSR is limited to the target previously established by the Compensation Committee of the Board of Directors. Compensation cost for these awards is calculated using the grant date fair market value, as estimated using a Monte Carlo simulation, and is not subject to change based on future events.

Note 10: Stockholders’ Equity

There were no cash dividends declared during the three and six months ended June 30, 2013 and 2012.

Repurchases of shares of common stock under our share repurchase program were as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
(In millions, except share data)	2013	2012	2013	2012
Shares of common stock repurchased	404,096	511,000	974,096	521,000
Value of common stock repurchased	$22.0	$20.5	$49.0	$21.0

As of June 30, 2013, our Board of Directors had authorized 75.0 million shares of common stock under our share repurchase program, and approximately 14.2 million shares of common stock remained available for purchase, which may be executed from time to time in the open market. We intend to hold repurchased shares in treasury for general corporate purposes, including issuances under our stock-based compensation plan. Treasury shares are accounted for using the cost method.

During the six months ended June 30, 2013, 0.9 million shares of common stock were issued from treasury stock in connection with our stock-based compensation plan. During the year ended December 31, 2012, 1.4 million shares of common stock were issued from treasury stock.

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Accumulated other comprehensive loss consisted of the following:

(In millions)	Foreign Currency Translation	Hedging	Defined Pension and Other Post-retirement Benefits	Accumulated Other Comprehensive Loss
December 31, 2012	$(104.6)	$10.0	$ (301.4)	$ (396.0)
Other comprehensive income (loss) before reclassifications, net of tax	(79.0)	(6.2)	—	(85.2)
Reclassification adjustment for net (gains) losses included in net income, net of tax	—	(1.1)	10.0	8.9
Net current-period other comprehensive income (loss), net of tax	(79.0)	(7.3)	10.0	(76.3)
June 30, 2013	$(183.6)	$2.7	$ (291.4)	$ (472.3)

Reclassifications out of accumulated other comprehensive loss consisted of the following:

(In millions)	Three Months Ended	Six Months Ended	
	June 30, 2013		
Details about Accumulated Other Comprehensive Loss Components	Amount Reclassified out of Accumulated Other Comprehensive Loss		Affected Line Item in the Condensed Consolidated Statement of Income
Gains (losses) on hedging instruments			
Foreign exchange contracts:	$(3.8)	$(1.5)	Revenue
	1.5	3.0	Costs of sales
	—	0.1	Selling, general and administrative expense
	$(2.3)	$1.6	Income before income taxes
	0.2	(0.5)	Income tax (expense) benefit
	$(2.1)	$1.1	Net income
Defined pension and other post-retirement benefits			
Amortization of actuarial loss	$(7.7)	$(15.7)	(a)
Amortization of prior service credit	0.1	0.3	(a)
Amortization of transition asset	—	—	(a)
	$(7.6)	$(15.4)	Income before income taxes
	2.7	5.4	Income tax (expense) benefit
	$(4.9)	$(10.0)	Net income

(a) These accumulated other comprehensive income components are included in the computation of net periodic pension cost (see Note 8 for additional details).

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Note 11: Derivative Financial Instruments

We hold derivative financial instruments for the purpose of hedging the risks of certain identifiable and anticipated transactions. The types of risks hedged are those relating to the variability of future earnings and cash flows caused by movements in foreign currency exchange rates. We hold the following types of derivative instruments:

Foreign exchange rate forward contracts—The purpose of these instruments is to hedge the risk of changes in future cash flows of anticipated purchase or sale commitments denominated in foreign currencies. At June 30, 2013, we held the following material positions:

(In millions)	Notional Amount Bought (Sold)	USD Equivalent
Brazilian real	(79.8)	(36.5)
British pound	109.9	167.6
Canadian dollar	55.5	52.9
Chinese renminbi	140.8	22.9
Euro	55.1	72.0
Kuwaiti dinar	(7.1)	(24.8)
Malaysian ringgit	50.2	15.9
Norwegian krone	3,611.8	596.9
Russian ruble	(798.0)	(24.3)
Singapore dollar	145.0	114.5
Swedish krona	117.4	17.5
Swiss franc	20.2	21.5
U.S. dollar	(1,012.6)	(1,012.6)

Foreign exchange rate instruments embedded in purchase and sale contracts—The purpose of these instruments is to match offsetting currency payments and receipts for particular projects, or comply with government restrictions on the currency used to purchase goods in certain countries. At June 30, 2013, our portfolio of these instruments included the following material positions:

(In millions)	Notional Amount Bought (Sold)	USD Equivalent
Australian dollar	(18.5)	(17.1)
British pound	8.6	13.1
Euro	16.5	21.6
Norwegian krone	(178.0)	(29.4)

The purpose of our foreign currency hedging activities is to manage the volatility associated with anticipated foreign currency purchases and sales created in the normal course of business. We primarily utilize forward exchange contracts with maturities of less than three years.

Our policy is to hold derivatives only for the purpose of hedging risks and not for trading purposes where the objective is solely to generate profit. Generally, we enter into hedging relationships such that changes in the fair values or cash flows of the transactions being hedged are expected to be offset by corresponding changes in the fair value of the derivatives. For derivative instruments that qualify as a cash flow hedge, the effective portion of the gain or loss of the derivative, which does not include the time value component of a forward currency rate, is reported as a component of other comprehensive income ("OCI") and reclassified into earnings in the same period or periods during which the hedged transaction affects earnings.

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The following table of all outstanding derivative instruments is based on estimated fair value amounts that have been determined using available market information and commonly accepted valuation methodologies. Refer to Note 12 for further disclosures related to the fair value measurement process. Accordingly, the estimates presented may not be indicative of the amounts that we would realize in a current market exchange and may not be indicative of the gains or losses we may ultimately incur when these contracts settle or mature.

	June 30, 2013		December 31, 2012	
(In millions)	Assets	Liabilities	Assets	Liabilities
Derivatives designated as hedging instruments:				
Foreign exchange contracts:				
Current – Derivative financial instruments	$140.0	$148.6	$29.2	$23.2
Long-term – Derivative financial instruments	24.3	37.6	5.7	8.3
Total derivatives designated as hedging instruments	164.3	186.2	34.9	31.5
Derivatives not designated as hedging instruments:				
Foreign exchange contracts:				
Current – Derivative financial instruments	28.9	26.3	44.2	27.2
Long-term – Derivative financial instruments	1.2	1.6	3.5	2.8
Total derivatives not designated as hedging instruments	30.1	27.9	47.7	30.0
Total derivatives	$194.4	$214.1	$82.6	$61.5

We recognized losses of $0.3 million and gains of $1.2 million on cash flow hedges for the three months ended June 30, 2013 and 2012, respectively, and gains of nil and $1.4 million for the six months ended June 30, 2013 and 2012, respectively, due to hedge ineffectiveness as it was probable that the original forecasted transaction would not occur. Cash flow hedges of forecasted transactions, net of tax, resulted in accumulated other comprehensive gains of $2.7 million and $10.0 million at June 30, 2013, and December 31, 2012, respectively. We expect to transfer an approximate $1.4 million gain from accumulated OCI to earnings during the next 12 months when the anticipated transactions actually occur. All anticipated transactions currently being hedged are expected to occur by the end of 2016.

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The following tables present the impact of derivative instruments in cash flow hedging relationships and their location within the accompanying condensed consolidated statements of income.

	Gain (Loss) Recognized in OCI (Effective Portion)			
	Three Months Ended June 30,		Six Months Ended June 30,	
(In millions)	2013	2012	2013	2012
Interest rate contracts	$—	$0.5	$—	$0.8
Foreign exchange contracts	6.3	(12.8)	(19.7)	7.7
Total	$6.3	$(12.3)	$(19.7)	$8.5

Location of Gain (Loss) Reclassified from Accumulated OCI into Income	Gain (Loss) Reclassified from Accumulated OCI into Income (Effective Portion)			
	Three Months Ended June 30,		Six Months Ended June 30,	
(In millions)	2013	2012	2013	2012
Foreign exchange contracts:				
Revenue	$(3.8)	$(1.6)	$(1.5)	$2.8
Cost of sales	1.5	(1.3)	3.0	(3.9)
Selling, general and administrative expense	—	(0.1)	0.1	(0.1)
Total	$(2.3)	$(3.0)	$1.6	$(1.2)

Location of Gain (Loss) Recognized in Income	Gain (Loss) Recognized in Income (Ineffective Portion and Amount Excluded from Effectiveness Testing)			
	Three Months Ended June 30,		Six Months Ended June 30,	
(In millions)	2013	2012	2013	2012
Foreign exchange contracts:				
Revenue	$(4.4)	$4.8	$0.5	$7.8
Cost of sales	(1.3)	(5.2)	(4.2)	(8.1)
Total	$(5.7)	$(0.4)	$	