Avery Dennison Corp
Form 10-Q
July 31, 2014
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UNITED STATES SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, DC 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, 2014.

OR

o **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 1-7685

AVERY DENNISON CORPORATION

(Exact name of registrant as specified in its charter)

Delaware	**95-1492269**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

207 Goode Avenue Glendale, California	**91203**
(Address of Principal Executive Offices)	(Zip Code)

Registrant s telephone number, including area code: (626) 304-2000

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 o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

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

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

Number of shares of $1 par value common stock outstanding as of July 26, 2014: 93,729,991

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AVERY DENNISON CORPORATION

FISCAL SECOND QUARTER 2014 QUARTERLY REPORT ON FORM 10-Q

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SAFE HARBOR STATEMENT

The matters discussed in this Quarterly Report contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements, which are not statements of historical fact, contain estimates, assumptions, projections and/or expectations regarding future events, which may or may not occur. Words such as aim, anticipate, assume, believe, continue, could, esti expect, foresee, guidance, intend, may, might, objective, plan, potential, project, seek, shall, should, target, will, other expressions that refer to future events and trends, identify forward-looking statements. These forward-looking statements, and financial or other business targets, are subject to certain risks and uncertainties, which could cause our actual results to differ materially from the expected results, performance or achievements expressed or implied by such forward-looking statements.

Certain risks and uncertainties are discussed in more detail under Risk Factors and Management s Discussion and Analysis of Financial Condition and Results of Operations in our Annual Report on Form 10-K for the fiscal year ended December 28, 2013 and include, but are not limited to, risks and uncertainties relating to the following: fluctuations in demand affecting sales to customers; the financial condition and inventory strategies of customers; changes in customer order patterns; worldwide and local economic conditions; fluctuations in cost and availability of raw materials; our ability to generate sustained productivity improvement; our ability to achieve and sustain targeted cost reductions; impact of competitive products and pricing; loss of significant contracts or customers; collection of receivables from customers; selling prices; business mix shift; changes in tax laws and regulations, and uncertainties associated with interpretations of such laws and regulations; outcome of tax audits; timely development and market acceptance of new products, including sustainable or sustainably-sourced products; investment in development activities and new production facilities; fluctuations in currency exchange rates and other risks associated with foreign operations; integration of acquisitions and completion of potential dispositions; amounts of future dividends and share repurchases; customer and supplier concentrations; successful implementation of new manufacturing technologies and installation of manufacturing equipment; disruptions in information technology systems; successful installation of new or upgraded information technology systems; data security breaches; volatility of financial markets; impairment of capitalized assets, including goodwill and other intangibles; credit risks; our ability to obtain adequate financing arrangements and maintain access to capital; fluctuations in interest and tax rates; fluctuations in pension, insurance, and employee benefit costs; impact of legal and regulatory proceedings, including with respect to environmental, health and safety; changes in governmental laws and regulations; changes in political conditions; impact of epidemiological events on the economy and our customers and suppliers; acts of war, terrorism, and natural disasters; and other factors.

We believe that the most significant risk factors that could affect our financial performance in the near-term include: (1) the impact of economic conditions on underlying demand for our products; (2) competitors actions, including pricing, expansion in key markets, and product offerings; and (3) the degree to which higher costs can be offset with productivity measures and/or passed on to customers through selling price increases, without a significant loss of volume.

Our forward-looking statements are made only as of the date hereof. We assume no duty to update these forward-looking statements to reflect new, changed or unanticipated events or circumstances, other than as may be required by law.

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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

CONDENSED CONSOLIDATED BALANCE SHEETS

(*Unaudited*)

(Dollars in millions)	June 28, 2014	December 28, 2013
Assets		
Current assets:		
Cash and cash equivalents	$ 221.9	$ 351.6
Trade accounts receivable, less allowances of $31.6 at June 28, 2014 and December 28, 2013	1,114.6	1,016.5
Inventories, net	560.4	494.1
Current deferred and refundable income taxes	103.8	103.4
Assets held for sale	2.2	1.3
Other current assets	127.0	124.9
Total current assets	2,129.9	2,091.8
Property, plant and equipment	2,725.4	2,700.8
Accumulated depreciation	(1,820.1)	(1,778.3)
Property, plant and equipment, net	905.3	922.5
Goodwill	758.6	751.1
Other intangibles resulting from business acquisitions, net	83.4	96.0
Non-current deferred income taxes	250.7	263.4
Other assets	488.7	485.8
	$ 4,616.6	$ 4,610.6
Liabilities and Shareholders Equity		
Current liabilities:		
Short-term borrowings and current portion of long-term debt and capital leases	$ 227.5	$ 76.9
Accounts payable	871.4	889.5
Current deferred and payable income taxes	18.8	49.3
Other current liabilities	505.0	538.4
Total current liabilities	1,622.7	1,554.1
Long-term debt and capital leases	945.2	950.6
Long-term retirement benefits and other liabilities	475.7	476.4
Non-current deferred and payable income taxes	143.9	137.3
Commitments and contingencies (see Note 15)		
Shareholders equity:		
Common stock, $1 par value per share, authorized 400,000,000 shares at June 28, 2014 and December 28, 2013; issued 124,126,624 shares at June 28, 2014 and December 28, 2013; outstanding 94,113,941 shares and 96,178,411 shares at June 28, 2014 and December 28, 2013, respectively	124.1	124.1
Capital in excess of par value	811.7	812.3

Retained earnings	2,063.4	2,009.1
Treasury stock at cost, 30,012,683 shares and 27,948,213 shares at June 28, 2014 and December 28, 2013, respectively	(1,291.5)	(1,172.2)
Accumulated other comprehensive loss	(278.6)	(281.1)
Total shareholders equity	1,429.1	1,492.2
	$ 4,616.6	$ 4,610.6

See Notes to Unaudited Condensed Consolidated Financial Statements

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CONSOLIDATED STATEMENTS OF INCOME

(*Unaudited*)

(In millions, except per share amounts)	Three Months Ended June 28, 2014	Three Months Ended June 29, 2013	Six Months Ended June 28, 2014	Six Months Ended June 29, 2013
Net sales	$ 1,615.8	$ 1,552.3	$ 3,165.9	$ 3,051.2
Cost of products sold	1,187.6	1,134.8	2,330.5	2,232.0
Gross profit	428.2	417.5	835.4	819.2
Marketing, general and administrative expense	297.0	293.5	593.7	594.4
Interest expense	15.6	14.8	31.0	27.0
Other expense (income), net	38.5	(.3)	45.8	7.2
Income from continuing operations before taxes	77.1	109.5	164.9	190.6
Provision for income taxes	32.7	38.7	48.9	53.0
Income from continuing operations	44.4	70.8	116.0	137.6
Loss from discontinued operations, net of tax	(1.9)	(2.0)	(2.3)	(11.0)
Net income	$ 42.5	$ 68.8	$ 113.7	$ 126.6
Per share amounts:				
Net income (loss) per common share:				
Continuing operations	$ .47	$ .71	$ 1.22	$ 1.38
Discontinued operations	(.02)	(.02)	(.03)	(.11)
Net income per common share	$ .45	$ .69	$ 1.19	$ 1.27
Net income (loss) per common share, assuming dilution:				
Continuing operations	$ .46	$ .70	$ 1.19	$ 1.36
Discontinued operations	(.02)	(.02)	(.02)	(.11)
Net income per common share, assuming dilution	$ .44	$ .68	$ 1.17	$ 1.25
Dividends per common share	$ .35	$ .29	$ .64	$ .56
Average shares outstanding:				
Common shares	94.9	99.3	95.4	99.7
Common shares, assuming dilution	96.7	100.8	97.3	101.3

See Notes to Unaudited Condensed Consolidated Financial Statements

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CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(*Unaudited*)

	Three Months Ended		Six Months Ended	
(In millions)	**June 28, 2014**	**June 29, 2013**	**June 28, 2014**	**June 29, 2013**
Net income	$ 42.5	$ 68.8	$ 113.7	$ 126.6
Other comprehensive income (loss), before tax:				
Foreign currency translation	(3.1)	(38.5)	(4.0)	(56.5)
Pension and other postretirement benefits	5.4	6.8	10.9	12.9
Cash flow hedges	(.5)	.6	(.6)	1.5
Other comprehensive income (loss), before tax	1.8	(31.1)	6.3	(42.1)
Income tax expense related to components of other comprehensive income (loss)	2.6	2.6	3.8	4.9
Other comprehensive (loss) income, net of tax	(.8)	(33.7)	2.5	(47.0)
Total comprehensive income, net of tax	$ 41.7	$ 35.1	$ 116.2	$ 79.6

See Notes to Unaudited Condensed Consolidated Financial Statements

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CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(*Unaudited*)

(In millions)	Six Months Ended June 28, 2014	Six Months Ended June 29, 2013
Operating Activities		
Net income	$ 113.7	$ 126.6
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	66.0	69.5
Amortization	33.4	33.8
Provision for doubtful accounts and sales returns	9.8	9.5
Net loss (gain) from asset impairments and sale/disposal of assets	3.8	(9.2)
Stock-based compensation	14.5	17.6
Other non-cash expense and loss	25.9	28.2
Changes in assets and liabilities and other adjustments	(257.3)	(229.3)
Net cash provided by operating activities	9.8	46.7
Investing Activities		
Purchases of property, plant and equipment	(67.5)	(49.9)
Purchases of software and other deferred charges	(14.4)	(24.6)
Proceeds from sale of property, plant and equipment	.6	25.8
Sales of investments, net	.1	.1
Other		.8
Net cash used in investing activities	(81.2)	(47.8)
Financing Activities		
Net increase (decrease) in borrowings (maturities of 90 days or less)	145.0	(77.3)
Additional borrowings (maturities longer than 90 days)		250.0
Payments of debt (maturities longer than 90 days)	(.8)	(.8)
Dividends paid	(60.9)	(55.7)
Share repurchases	(153.4)	(148.9)
Proceeds from exercise of stock options, net	18.4	32.4
Other	(2.7)	(8.1)
Net cash used in financing activities	(54.4)	(8.4)
Effect of foreign currency translation on cash balances	(3.9)	1.9
Cash and cash equivalents classified as held for sale		(16.2)
Decrease in cash and cash equivalents	(129.7)	(23.8)
Cash and cash equivalents, beginning of year	351.6	235.4
Cash and cash equivalents, end of period	$ 221.9	$ 211.6

See Notes to Unaudited Condensed Consolidated Financial Statements

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NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Note 1. General

The unaudited Condensed Consolidated Financial Statements and notes in this Quarterly Report on Form 10-Q are presented as permitted by Article 10 of Regulation S-X and do not contain certain information included in the audited Consolidated Financial Statements and notes thereto in our 2013 Annual Report on Form 10-K, which should be read in conjunction with this Quarterly Report on Form 10-Q. The accompanying unaudited Condensed Consolidated Financial Statements include normal recurring adjustments necessary for a fair statement of our interim results.

Fiscal Period

The second quarters of 2014 and 2013 consisted of thirteen-week periods ending June 28, 2014 and June 29, 2013, respectively. The six months ended June 28, 2014 and June 29, 2013 consisted of twenty-six-week periods. The interim results of operations are not necessarily indicative of future results.

Financial Presentation

As discussed further in Note 2, Discontinued Operations, Assets Held for Sale and Sale of Assets, we have classified the operating results of our former Office and Consumer Products (OCP) and Designed and Engineered Solutions (DES) businesses, together with certain costs associated with their divestiture, as discontinued operations in the unaudited Consolidated Statements of Income for all periods presented. Unless otherwise noted, the results of discontinued operations have been excluded from the notes to our unaudited Condensed Consolidated Financial Statements.

In the first quarter of 2014, we began reporting Vancive Medical Technologies as a reportable segment. This business was previously reported within a category entitled other specialty converting businesses and was the only business that comprised that category in the prior periods presented. Vancive Medical Technologies manufactures an array of pressure-sensitive adhesive products for surgical, wound care, ostomy, and electromedical applications. See Note 16, Segment Information, for more information.

Note 2. Discontinued Operations, Assets Held for Sale and Sale of Assets

Discontinued Operations

In July 2013, we completed the sale of our former OCP and DES businesses and entered into an amendment to the purchase agreement, which, among other things, increased the target net working capital amount and amended provisions related to employee matters and indemnification.

We continue to be subject to certain indemnification provisions under the terms of the purchase agreement. In addition, the tax liability associated with the sale is subject to completion of tax return filings in the jurisdictions in which the OCP and DES businesses operated.

The results of these discontinued operations and loss on sale were as follows:

	Three Months Ended		Six Months Ended	
(In millions)	**June 28, 2014**	**June 29, 2013**	**June 28, 2014**	**June 29, 2013**
Net sales	$	$ 218.7	$	$ 380.6
Loss before taxes, including divestiture-related and restructuring costs	$	$ (4.1)	$	$ (14.7)
Benefit from income taxes		2.1		3.7
Loss from discontinued operations, net of tax before loss on sale		(2.0)		(11.0)
Loss on sale before taxes	(1.9)		(2.6)	
Tax benefit from loss on sale			.3	
Loss from discontinued operations, net of tax	$ (1.9)	$ (2.0)	$ (2.3)	$ (11.0)

Loss from discontinued operations, net of tax, in both the second quarter and first six months of 2014 included costs related to the resolution of certain post-closing adjustments.

Loss from discontinued operations, net of tax, in both the second quarter and first six months of 2013 included curtailment and settlement losses associated with certain U.S. pension plans. Refer to Note 6, Pension and Other Postretirement Benefits, for further information.

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Net sales from continuing operations to discontinued operations were $24.4 million and $44 million for the three and six months ended June 29, 2013, respectively. These sales have been included in Net sales in the unaudited Consolidated Statements of Income.

Assets Held for Sale and Sale of Assets

We classified certain properties and equipment that we are in the process of selling as held for sale in the unaudited Condensed Consolidated Balance Sheets at June 28, 2014 and December 28, 2013.

In April 2013, we sold the property and equipment of our former corporate headquarters in Pasadena, California for approximately $20 million and recognized a pre-tax gain of $10.9 million in Other expense (income), net in the unaudited Consolidated Statements of Income.

Note 3. Inventories

Net inventories consisted of:

(In millions)		**June 28, 2014**		**December 28, 2013**
Raw materials	$	218.5	$	196.3
Work-in-progress		176.8		149.0
Finished goods		165.1		148.8
Inventories, net	$	560.4	$	494.1

Note 4. Goodwill and Other Intangibles Resulting from Business Acquisitions

Goodwill

Changes in the net carrying amount of goodwill for the six months ended June 28, 2014, by reportable segment, were as follows:

(In millions)		**Pressure-sensitive Materials**		**Retail Branding and Information Solutions**		**Total**
Goodwill as of December 28, 2013	$	334.4	$	416.7	$	751.1
Acquisition adjustments(1)		.4		6.9		7.3
Translation adjustments		.4		(.2)		.2

Goodwill as of June 28, 2014	$ 335.2	$ 423.4	$ 758.6

(1) Acquisition adjustments related to deferred taxes from previous acquisitions. See Note 11, Taxes Based on Income, for more information.

The carrying amounts of goodwill at June 28, 2014 and December 28, 2013 were net of accumulated impairment losses of $820 million, which were reported in the Retail Branding and Information Solutions segment.

There is no goodwill associated with the Vancive Medical Technologies reportable segment.

Indefinite-Lived Intangible Assets

The carrying value of indefinite-lived intangible assets resulting from business acquisitions, consisting of trademarks, was $11 million and $10.9 million at June 28, 2014 and December 28, 2013, respectively.

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Finite-Lived Intangible Assets

The following table sets forth our finite-lived intangible assets resulting from business acquisitions at June 28, 2014 and December 28, 2013, which continue to be amortized:

	June 28, 2014			December 28, 2013		
(In millions)	**Gross Carrying Amount**	**Accumulated Amortization**	**Net Carrying Amount**	**Gross Carrying Amount**	**Accumulated Amortization**	**Net Carrying Amount**
Customer relationships	$ 234.3	$ 175.2	$ 59.1	$ 234.1	$ 164.6	$ 69.5
Patents and other acquired technology	49.0	40.6	8.4	48.9	38.3	10.6
Trade names and trademarks	26.1	22.5	3.6	26.2	22.5	3.7
Other intangibles	12.6	11.3	1.3	12.4	11.1	1.3
Total	$ 322.0	$ 249.6	$ 72.4	$ 321.6	$ 236.5	$ 85.1

Amortization expense from continuing operations for finite-lived intangible assets resulting from business acquisitions was $6.3 million and $12.9 million for the three and six months ended June 28, 2014, respectively, and $7.4 million and $14.9 million for the three and six months ended June 29, 2013, respectively.

The estimated amortization expense from continuing operations for finite-lived intangible assets resulting from business acquisitions for the remainder of the current fiscal year and each of the next four fiscal years is expected to be as follows:

(In millions)	**Estimated Amortization Expense**
Remainder of 2014	$ 11.5
2015	21.0
2016	19.4
2017	9.8
2018	2.5

Note 5. Debt

The estimated fair value of our long-term debt is primarily based on the credit spread above U.S. Treasury securities on notes with similar rates, credit ratings, and remaining maturities. The fair value of short-term borrowings, which include commercial paper and short-term lines of credit, approximates carrying value given the short duration of these obligations. The fair value of our total debt was $1.24 billion at June 28, 2014 and $1.06 billion at December 28, 2013. Fair value amounts were determined primarily based on Level 2 inputs.

Our various loan agreements require that we maintain specified financial covenant ratios of total debt and interest expense in relation to certain measures of income. As of June 28, 2014, we were in compliance with our financial covenants.

Note 6. Pension and Other Postretirement Benefits

Defined Benefit Plans

We sponsor a number of defined benefit plans, the benefits under some of which have been frozen, covering eligible employees in the U.S. and certain other countries. Benefits payable to an employee are based primarily on years of service and the employee s compensation during the course of his or her employment with us. While we have not expressed any intent to terminate these plans, we may do so at any time, subject to applicable laws and regulations.

We are also obligated to pay unfunded termination indemnity benefits to certain employees outside of the U.S., which are subject to applicable agreements, local laws and regulations. We have not incurred significant costs related to termination indemnity arrangements, and therefore, no related costs are included in the disclosures below.

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The following tables set forth the components of net periodic benefit cost (credit), which are recorded in income from continuing operations, for our defined benefit plans:

	Pension Benefits							
	Three Months Ended				Six Months Ended			
	June 28, 2014		June 29, 2013		June 28, 2014		June 29, 2013	
(In millions)	U.S.	Int l	U.S.	Int l	U.S.	Int l	U.S.	Int l
Service cost	$ .1	$ 3.2	$ .1	$ 3.0	$ .2	$ 6.7	$ .2	$ 6.1
Interest cost	11.4	6.2	9.5	5.6	22.4	12.2	19.0	11.4
Expected return on plan assets	(13.0)	(6.5)	(11.7)	(5.5)	(26.0)	(13.0)	(23.4)	(11.1)
Recognized net actuarial loss	4.2	1.3	4.8	1.6	8.1	2.6	9.7	3.1
Amortization of prior service cost	.3	.1	.1	.1	.6	.2	.2	.2
Amortization of transition asset				(.1)				(.1)
Recognized loss on curtailment (1)		.6				.6		
Net periodic benefit cost	$ 3.0	$ 4.9	$ 2.8	$ 4.7	$ 5.3	$ 9.3	$ 5.7	$ 9.6

(1) Recognized loss on curtailment related to a pension plan in the Netherlands and was recorded in Other expense (income), net in the unaudited Consolidated Statements of Income.

	U.S. Postretirement Health Benefits			
	Three Months Ended		Six Months Ended	
(In millions)	June 28, 2014	June 29, 2013	June 28, 2014	June 29, 2013
Interest cost	$ .1	$	$ .1	$ .1
Recognized net actuarial loss	.7	.6	1.4	1.3
Amortization of prior service credit	(.8)	(1.2)	(1.6)	(2.4)
Net periodic benefit credit	$	$ (.6)	$ (.1)	$ (1.0)

During the three months ended June 29, 2013, in connection with the sale of our OCP and DES businesses, we recognized curtailment and settlement losses of $10.4 million associated with certain U.S. pension plans. These losses were recorded in Loss from discontinued operations, net of tax in the unaudited Consolidated Statements of Income. Refer to Note 2, Discontinued Operations, Assets Held for Sale and Sale of Assets, for more information on the sale.

We make contributions to our defined benefit plans sufficient to meet the minimum funding requirements of applicable laws and regulations, plus additional amounts, if any, we determine to be appropriate. We contributed $2.4 million and $18.5 million to our U.S. pension plans during the six months ended June 28, 2014 and June 29, 2013, respectively. We contributed $.9 million and $1.1 million to our U.S. postretirement health benefit plan during the six months ended June 28, 2014 and June 29, 2013, respectively. We contributed approximately $11 million and $10 million to our international pension plans during the six months ended June 28, 2014 and June 29, 2013, respectively. All of the contributions made in the first six months of 2014 and 2013 were made to meet minimum funding requirements.

Defined Contribution Plans

We sponsor various defined contribution plans worldwide, with the largest plan being the Avery Dennison Corporation Employee Savings Plan (Savings Plan), a 401(k) plan available to our U.S. employees. We recognized expense from continuing operations of $5 million and $11 million during the three and six months ended June 28, 2014, respectively, and $4.9 million and $11.5 million during the three and six months ended June 29, 2013, respectively, related to our employer contributions and employer match of participant contributions to the Savings Plan.

Note 7. Research and Development

Research and development expense from continuing operations was $26.9 million and $51.9 million for the three and six months ended June 28, 2014, respectively, and $25.1 million and $48.6 million for the three and six months ended June 29, 2013, respectively. This expense was included in Marketing, general and administrative expense in the unaudited Consolidated Statements of Income.

Note 8. Long-Term Incentive Compensation

Equity Awards

Stock-based compensation expense from continuing operations was $8.5 million and $14.5 million for the three and six months ended June 28, 2014, respectively, and $7.8 million and $15.7 million for the three and six months ended June 29, 2013, respectively. This expense was included in Marketing, general and administrative expense in the unaudited Consolidated Statements of Income.

As of June 28, 2014, we had approximately $47 million of unrecognized compensation expense from continuing operations related to unvested stock-based awards, which is expected to be recognized over the remaining weighted-average requisite service period of approximately two years.

Cash Awards

The compensation expense from continuing operations related to cash-based awards was $4.6 million and $9.9 million for the three and six months ended June 28, 2014, respectively, and $1.6 million and $4.3 million for the three and six months ended June 29, 2013, respectively. This expense was included in Marketing, general and administrative expense in the unaudited Consolidated Statements of Income.

Note 9. Cost Reduction Actions

2014 Actions

During the six months ended June 28, 2014, we recorded $45.9 million in restructuring charges, net of reversals, related to restructuring actions we initiated in 2014 (2014 Actions), primarily related to the consolidation of certain European operations. These charges consisted of severance and related costs for the reduction of approximately 970 positions and asset impairment charges. Approximately 240 employees impacted by our 2014 Actions remained employed with us as of June 28, 2014. We expect payments to be completed and savings to be realized relating to our 2014 Actions by the end of 2015.

2012 Program

In 2013, we recorded $40.3 million in restructuring charges, net of reversals, related to the restructuring program we initiated in 2012 (2012 Program), which consisted of severance and related costs for the reduction of approximately 1,400 positions, lease and other contract cancellation costs, and asset impairment charges. We expect payments related to the 2012 Program to be completed by the end of 2014.

Accruals for severance and related costs and lease and other contract cancellation costs were included in Other current liabilities in the unaudited Condensed Consolidated Balance Sheets. For assets that were not disposed of, impairments were based on the estimated market value of the assets. Restructuring costs were included in Other expense (income), net in the unaudited Consolidated Statements of Income.

During the six months ended June 28, 2014, restructuring charges and payments were as follows:

(In millions)	Accrual at December 28, 2013	Charges (Reversals), net	Cash Payments	Non-cash Impairment	Foreign Currency Translation	Accrual at June 28, 2014
2014 Actions						
Severance and related costs	$	$ 43.0	$ (10.0)	$	$	$ 33.0
Asset impairment charges		2.9		(2.9)		
2012 Program						
Severance and related costs	6.6	(.1)	(5.3)			1.2
Lease and other contract cancellation costs	.2		(.1)			.1
Total	$ 6.8	$ 45.8	$ (15.4)	$ (2.9)	$	$ 34.3

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The table below shows the total amount of restructuring costs incurred by reportable segment and Corporate. Restructuring costs were included in Other expense (income), net in the unaudited Consolidated Statements of Income.

	Three Months Ended		Six Months Ended	
(In millions)	**June 28, 2014**	**June 29, 2013**	**June 28, 2014**	**June 29, 2013**
Restructuring costs by reportable segment and Corporate				
Pressure-sensitive Materials	$ 32.3	$ 1.7	$ 33.6	$ 5.3
Retail Branding and Information Solutions	6.2			