

TOOTSIE ROLL INDUSTRIES INC  
Form 10-Q  
August 11, 2011  
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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**FORM 10-Q**

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

For the quarterly period ended JULY 2, 2011

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 1-1361

**Tootsie Roll Industries, Inc.**

(Exact Name of Registrant as Specified in its Charter)

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**VIRGINIA**  
(State of Incorporation)

**22-1318955**  
(I.R.S. Employer Identification No.)

**7401 South Cicero Avenue, Chicago, Illinois**  
(Address of Principal Executive Offices)

**60629**  
(Zip Code)

**773-838-3400**

(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  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files) Yes  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 "accelerated filer," "large accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

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

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date (July 2, 2011)

Class	Outstanding
Common Stock, \$.69 4/9 par value	36,889,948
Class B Common Stock, \$.69 4/9 par value	21,039,591

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TOOTSIE ROLL INDUSTRIES, INC. AND SUBSIDIARIES

JULY 2, 2011

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This Quarterly Report on Form 10-Q contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. See Forward-Looking Statements under Part I Item 2 Management's Discussion and Analysis of Financial Condition and Results of Operations of this Quarterly Report on Form 10-Q.

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## PART I - FINANCIAL INFORMATION

## ITEM 1. FINANCIAL STATEMENTS

## TOOTSIE ROLL INDUSTRIES, INC. AND SUBSIDIARIES

## CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(in thousands)

	July 2, 2011 (unaudited)	December 31, 2010	July 3, 2010 (unaudited)
<b>ASSETS</b>			
<b><u>CURRENT ASSETS</u></b>			
Cash & cash equivalents	\$ 41,282	\$ 115,976	\$ 60,006
Investments	10,324	7,996	7,082
Trade accounts receivable, Less allowances of \$1,661, \$1,531 & \$1,879	26,862	37,394	23,566
Other receivables	7,043	9,961	7,471
Inventories, at cost			
Finished goods & work in process	75,385	36,935	71,604
Raw material & supplies	31,308	22,141	34,055
Prepaid expenses	8,103	6,499	8,001
Deferred income taxes	682	689	1,367
<b>Total current assets</b>	<b>200,989</b>	<b>237,591</b>	<b>213,152</b>
<b><u>PROPERTY, PLANT &amp; EQUIPMENT, at cost</u></b>			
Land	21,659	21,619	21,570
Buildings	103,002	102,934	102,395
Machinery & equipment	307,325	307,178	297,919
Construction in progress	15,221	9,243	12,624
	447,207	440,974	434,508
Less-accumulated depreciation	234,714	225,482	216,129
<b>Net property, plant and equipment</b>	<b>212,493</b>	<b>215,492</b>	<b>218,379</b>
<b><u>OTHER ASSETS</u></b>			
Goodwill	73,237	73,237	73,237
Trademarks	175,024	175,024	175,024
Investments	103,835	64,461	61,721
Split dollar life insurance	74,441	74,441	74,638
Prepaid expenses	5,034	6,680	6,444
Investment in joint venture	4,751	4,254	3,930
Deferred income taxes	9,106	9,203	11,580
<b>Total other assets</b>	<b>445,428</b>	<b>407,300</b>	<b>406,574</b>

<b>Total assets</b>	<b>\$</b>	<b>858,910</b>	<b>\$</b>	<b>860,383</b>	<b>\$</b>	<b>838,105</b>
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(The accompanying notes are an integral part of these statements.)

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(in thousands except per share data)

	July 2, 2011 (unaudited)	December 31, 2010	July 3, 2010 (unaudited)
<b>LIABILITIES AND SHAREHOLDERS EQUITY CURRENT</b>			
<b>LIABILITIES</b>			
Accounts payable	\$ 13,869	\$ 9,791	\$ 13,671
Dividends payable	4,635	4,529	4,560
Accrued liabilities	41,197	44,185	44,292
<b>Total current liabilities</b>	<b>59,701</b>	<b>58,505</b>	<b>62,523</b>
<b>NONCURRENT LIABILITIES</b>			
Deferred income taxes	47,159	48,743	42,842
Postretirement health care and life insurance benefits	21,709	20,689	17,489
Industrial development bonds	7,500	7,500	7,500
Liability for uncertain tax positions	10,074	9,835	17,695
Deferred compensation and other liabilities	48,866	46,157	39,217
<b>Total noncurrent liabilities</b>	<b>135,308</b>	<b>132,924</b>	<b>124,743</b>
<b>SHAREHOLDERS EQUITY</b>			
Common Stock, \$.69-4/9 par value- 120,000 shares authorized; 36,890, 36,057 & 36,517, respectively, issued	25,618	25,040	25,358
Class B common stock, \$.69-4/9 par value- 40,000 shares authorized; 21,040, 20,466 & 20,488, respectively, issued	14,611	14,212	14,228
Capital in excess of par value	543,503	505,495	518,013
Retained earnings	95,261	137,412	110,420
Accumulated other comprehensive loss	(13,100)	(11,213)	(15,188)
Treasury stock (at cost)- 71, 69 & 69 shares, respectively	(1,992)	(1,992)	(1,992)
<b>Total shareholders equity</b>	<b>663,901</b>	<b>668,954</b>	<b>650,839</b>
<b>Total liabilities and shareholders equity</b>	<b>\$ 858,910</b>	<b>\$ 860,383</b>	<b>\$ 838,105</b>

(The accompanying notes are an integral part of these statements.)

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**TOOTSIE ROLL INDUSTRIES, INC. AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF**  
**EARNINGS, COMPREHENSIVE EARNINGS AND RETAINED EARNINGS**

(in thousands except per share amounts) (UNAUDITED)

	Quarter Ended	
	July 2, 2011	July 3, 2010
Net product sales	\$ 104,884	\$ 105,026
Rental and royalty revenue	936	997
<b>Total revenue</b>	<b>105,820</b>	<b>106,023</b>
Product cost of goods sold	71,490	69,360
Rental and royalty cost	238	254
<b>Total costs</b>	<b>71,728</b>	<b>69,614</b>
Product gross margin	33,394	35,666
Rental and royalty gross margin	698	743
<b>Total gross margin</b>	<b>34,092</b>	<b>36,409</b>
Selling, marketing and administrative expenses	26,171	22,544
Earnings from operations	7,921	13,865
Other income (expense), net	1,001	(2,058)
Earnings before income taxes	8,922	11,807
Provision for income taxes	2,757	3,360
Net earnings	6,165	8,447
<b>Other comprehensive income, before tax:</b>		
Foreign currency translation adjustments	448	(1,342)
Unrealized gains on securities	1,965	273
Reclassifications to earnings and changes in fair value of derivatives	(1,607)	(1,257)
Other comprehensive income (loss), before tax	806	(2,326)
Income tax benefit related to items of other comprehensive income	(175)	579
Other comprehensive income (loss), net of tax	631	(1,747)
<b>Comprehensive earnings</b>	<b>\$ 6,796</b>	<b>\$ 6,700</b>
Retained earnings at beginning of period	\$ 93,725	\$ 106,529

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<b>Net earnings</b>		<b>6,165</b>		<b>8,447</b>
<b>Cash dividends</b>		<b>(4,629)</b>		<b>(4,556)</b>
<b>Retained earnings at end of period</b>	<b>\$</b>	<b>95,261</b>	<b>\$</b>	<b>110,420</b>
<b>Net earnings per share</b>	<b>\$</b>	<b>0.11</b>	<b>\$</b>	<b>0.14</b>
<b>Dividends per share *</b>	<b>\$</b>	<b>0.08</b>	<b>\$</b>	<b>0.08</b>
<b>Average number of shares outstanding</b>		<b>58,012</b>		<b>58,792</b>

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\*Does not include 3% stock dividend to shareholders of record on 3/8/11 and 3/9/10.

(The accompanying notes are an integral part of these statements.)



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**TOOTSIE ROLL INDUSTRIES, INC. AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF**  
**EARNINGS, COMPREHENSIVE EARNINGS AND RETAINED EARNINGS**

(in thousands except per share amounts) (UNAUDITED)

	Year to Date Ended	
	July 2, 2011	July 3, 2010
Net product sales	\$ 213,207	\$ 208,270
Rental and royalty revenue	2,008	2,126
<b>Total revenue</b>	<b>215,215</b>	<b>210,396</b>
Product cost of goods sold	145,531	137,483
Rental and royalty cost	508	549
<b>Total costs</b>	<b>146,039</b>	<b>138,032</b>
Product gross margin	67,676	70,787
Rental and royalty gross margin	1,500	1,577
<b>Total gross margin</b>	<b>69,176</b>	<b>72,364</b>
Selling, marketing and administrative expenses	52,135	47,870
Earnings from operations	17,041	24,494
Other income, net	3,993	1,358
Earnings before income taxes	21,034	25,852
Provision for income taxes	6,869	8,201
Net earnings	14,165	17,651
<b>Other comprehensive income, before tax:</b>		
Foreign currency translation adjustments	1,450	(585)
Unrealized gains on securities	1,776	512
Reclassifications to earnings and changes in fair value of derivatives	(6,860)	(4,539)
Other comprehensive loss, before tax	(3,634)	(4,612)
Income tax benefit related to items of other comprehensive income	1,747	1,820
Other comprehensive loss, net of tax	(1,887)	(2,792)
<b>Comprehensive earnings</b>	<b>\$ 12,278</b>	<b>\$ 14,859</b>
Retained earnings at beginning of period	\$ 137,412	\$ 148,582

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Net earnings		14,165		17,651
Cash dividends		(9,141)		(9,008)
Stock dividends 3%		(47,175)		(46,805)
<b>Retained earnings at end of period</b>	<b>\$</b>	<b>95,261</b>	<b>\$</b>	<b>110,420</b>
Net earnings per share	<b>\$</b>	<b>0.24</b>	<b>\$</b>	<b>0.30</b>
Dividends per share *	<b>\$</b>	<b>0.16</b>	<b>\$</b>	<b>0.16</b>
Average number of shares outstanding		58,050		58,884

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\*Does not include 3% stock dividend to shareholders of record on 3/8/11 and 3/9/10.

(The accompanying notes are an integral part of these statements.)

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## TOOTSIE ROLL INDUSTRIES, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands of dollars) (UNAUDITED)

	Year to Date Ended	
	July 2, 2011	July 3, 2010
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES:</u></b>		
Net earnings	\$ 14,165	\$ 17,651
Adjustments to reconcile net earnings to net cash used in operating activities:		
Depreciation and amortization	9,255	9,184
(Gain) loss from equity method investment	(133)	139
Amortization of marketable securities	513	232
Changes in operating assets and liabilities:		
Accounts receivable	10,765	13,989
Other receivables	710	(3,612)
Inventories	(47,319)	(49,183)
Prepaid expenses and other assets	84	2,201
Accounts payable and accrued liabilities	995	6,322
Income taxes payable and deferred	(4,078)	(645)
Postretirement health care and life insurance benefits	1,020	815
Deferred compensation and other liabilities	828	550
Other	385	120
Net cash used in operating activities	(12,810)	(2,237)
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES:</u></b>		
Capital expenditures	(6,067)	(6,781)
Net purchases of trading securities	(2,724)	(2,369)
Purchase of available for sale securities	(37,142)	(3,039)
Sale and maturity of available for sale securities	1,275	2,498
Net cash used in investing activities	(44,658)	(9,691)
<b><u>CASH FLOWS FROM FINANCING ACTIVITIES:</u></b>		
Dividends paid in cash	(9,157)	(9,028)
Shares purchased and retired	(8,069)	(10,028)
Net cash used in financing activities	(17,226)	(19,056)
Decrease in cash and cash equivalents	(74,694)	(30,984)
Cash and cash equivalents at beginning of year	115,976	90,990
Cash and cash equivalents at end of quarter	\$ 41,282	\$ 60,006
<b>Supplemental cash flow information:</b>		
Income taxes paid, net	\$ 7,941	\$ 8,470
Interest paid	\$ 29	\$ 41
Stock dividend issued	\$ 47,053	\$ 46,682

(The accompanying notes are an integral part of these statements.)

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**TOOTSIE ROLL INDUSTRIES, INC. AND SUBSIDIARIES**

**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**JULY 2, 2011**

**(in thousands except per share amounts) (UNAUDITED)**

**Note 1 Significant Accounting Policies**

**General Information**

Foregoing data has been prepared from the unaudited financial records of Tootsie Roll Industries, Inc. and Subsidiaries (the Company) and in the opinion of management all adjustments necessary for a fair statement of the results for the interim period have been reflected. All adjustments were of a normal and recurring nature. Certain reclassifications have been made to the prior year financial statements to conform to the current year presentation. These consolidated financial statements should be read in conjunction with the consolidated financial statements and the related notes included in the Company's 2010 Annual Report on Form 10-K.

Results of operations for the period ended July 2, 2011 are not necessarily indicative of results to be expected for the year to end December 31, 2011 because of the seasonal nature of the Company's operations. Historically, the third quarter has been the Company's largest sales quarter due to Halloween sales.

**Revision**

During 2010, the Company identified certain liabilities for uncertain tax positions that should not have been recorded based on a reevaluation of the related facts. Management has concluded that the effects of the correcting adjustments were not material to the Company's previously issued quarterly and annual financial statements. The Company has revised the previously issued financial statements in this quarterly report and will do so in future filings. The revised financial statements reflect an increase in retained earnings at the beginning of the quarter and year 2010 of \$2,773 and \$2,654, respectively. The revised financial statements also reflect changes to the provision for income tax expense which resulted in an increase (decrease) in net earnings of \$(24) and \$95, for the second quarter and year to date 2010, respectively.

**Accounting Pronouncements**

In May 2011, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2011-04, Fair Value Measurement (Topic 820): Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and

**International Financial Reporting Standards (IFRS).** ASU 2011-04 represents converged guidance between U.S. GAAP and IFRS resulting in common requirements for measuring fair value and for disclosing information about fair value measurements. This new guidance will be effective for fiscal years beginning after December 15, 2011 and subsequent interim periods. The Company is currently assessing the impact, if any, on the consolidated financial statements.

**In June 2011, the FASB issued ASU 2011-05, Presentation of Comprehensive Income.** ASU 2011-05 requires us to present components of other comprehensive income and of net income in one continuous statement of comprehensive income, or in two separate, but consecutive statements. The option to report other comprehensive income within the statement of equity has been removed. This new presentation of comprehensive income will be effective for fiscal years beginning after December 15, 2011 and subsequent interim periods.

#### **Note 2 Average Shares Outstanding**

Average shares outstanding for the first half ended July 2, 2011 reflect stock purchases of 283 shares for \$8,069 and a 3% stock dividend distributed on April 7, 2011. Average shares outstanding for the first half ended July 3, 2010 reflect stock purchases of 384 shares for \$10,028 and a 3% stock dividend distributed on April 8, 2010.

#### **Note 3 Income Taxes**

The Company is subject to taxation in the U.S. and various state and foreign jurisdictions. The Company remains subject to examination by U.S. federal and state and foreign tax authorities for the years 2007 through 2010. Certain foreign jurisdictions are subject to examinations for the years 2004 through 2010.

#### **Note 4 Fair Value Measurements**

Current accounting guidance defines fair value as the price that would be received in the sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Guidance requires disclosure of the extent to which fair value is used to measure financial assets and liabilities, the inputs utilized in calculating valuation

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measurements, and the effect of the measurement of significant unobservable inputs on earnings, or changes in net assets, as of the measurement date. Guidance establishes a three-level valuation hierarchy based upon the transparency of inputs utilized in the measurement and valuation of financial assets or liabilities as of the measurement date. Level 1 inputs include quoted prices for identical instruments and are the most observable. Level 2 inputs include quoted prices for similar assets and observable inputs such as interest rates, foreign currency exchange rates, commodity rates and yield curves. Level 3 inputs are not observable in the market and include management's own judgments about the assumptions market participants would use in pricing the asset or liability. The use of observable and unobservable inputs is reflected in the hierarchy assessment disclosed in the table below.

As of July 2, 2011, December 31, 2010 and July 3, 2010, the Company held certain financial assets that are required to be measured at fair value on a recurring basis. These included derivative hedging instruments related to the purchase of certain raw materials, investments in trading securities and available for sale securities, including auction rate securities (ARS). The Company's available for sale and trading securities principally consist of municipal bonds and mutual funds that are publicly traded.

The following table presents information about the Company's financial assets and liabilities measured at fair value as of July 2, 2011, December 31, 2010 and July 3, 2010, and indicates the fair value hierarchy of the valuation techniques utilized by the Company to determine such fair value:

	Total Fair Value	Estimated Fair Value July 2, 2011		
		Level 1	Input Levels Used Level 2	Level 3
Cash and cash equivalents	\$ 41,282	\$ 41,282	\$	\$
ARS	8,130			8,130
Available-for-sale securities excluding ARS	62,953		62,953	
Foreign currency forward contracts	368	368		
Commodity futures contracts	573	573		
Commodity options contracts	565	565		
Trading securities	43,076	43,076		
Total assets measured at fair value	\$ 156,947	\$ 85,864	\$ 62,953	\$ 8,130

	Total Fair Value	Estimated Fair Value December 31, 2010		
		Level 1	Input Levels Used Level 2	Level 3
Cash and cash equivalents	\$ 115,976	\$ 115,976	\$	\$
ARS	6,775			6,775
Available-for-sale securities excluding ARS	27,178		27,178	
Foreign currency forward contracts	942	942		
Commodity futures contracts	2,310	2,310		
Commodity options contracts	5,369	5,369		
Trading securities	38,504	38,504		
Total assets measured at fair value	\$ 197,054	\$ 163,101	\$ 27,178	\$ 6,775

	Total Fair Value	Estimated Fair Value July 3, 2010		
		Level 1	Input Levels Used Level 2	Level 3
Cash and cash equivalents	\$ 60,006	\$ 60,006	\$	\$

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ARS	8,279				8,279
Available-for-sale securities excluding ARS	27,102			27,102	
Foreign currency forward contracts	1,371	1,371			
Commodity futures contracts	(823)	(823)			
Commodity options contracts	(1,339)	(1,339)			
Trading securities	33,422	33,422			
Total assets measured at fair value	\$ 128,018	\$ 92,637	\$ 27,102	\$ 8,279	

As of July 2, 2011, the Company's long term investments included an ARS, Jefferson County Alabama Sewer Revenue Refunding Warrants, reported at a fair value of \$8,130, after reflecting a \$5,140 other than temporary impairment and a \$280 temporary decline in market value against its \$13,550 par value. In 2008, this ARS was determined to be other than temporarily impaired due to the duration and severity of the decline in fair value. The Company estimated the fair value of this ARS utilizing a valuation model with Level 3 inputs. This valuation model considered, among other items, a limited



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number of market trades, the credit risk of the collateral underlying the ARS, the credit risk of the bond insurer, interest rates and the amount and timing of expected future cash flows including the Company's assumption about the market expectation of the next successful auction. See Management's Discussion and Analysis of Financial Condition and Results of Operations regarding Jefferson County ARS. The Company classified this ARS as non-current and has included it in long term investments on the Condensed Consolidated Statements of Financial Position at July 2, 2011, December 31, 2010 and July 3, 2010 because the Company believes that the current condition of the ARS market may take more than twelve months to improve.

The following table presents additional information about the Company's financial instruments (all ARS) measured at fair value on a recurring basis using significant unobservable inputs (Level 3) at July 2, 2011 and July 3, 2010:

	2011	2010
Balance at January 1	\$ 6,775	\$ 7,710
Unrealized gain in other comprehensive loss	1,355	569
Balance at July 2 and July 3, respectively	\$ 8,130	\$ 8,279

The \$7,500 carrying amount of the Company's industrial revenue development bonds at July 2, 2011 and July 3, 2010 approximates its estimated fair value as the bonds have a floating interest rate.

#### Note 5 Derivative Instruments and Hedging Activities

From time to time, the Company uses derivative instruments, including foreign currency forward contracts, commodity futures contracts and commodity option contracts, to manage its exposures to foreign exchange and commodity prices. Commodity futures contracts and most commodity option contracts are intended and effective as hedges of market price risks associated with the anticipated purchase of certain raw materials (primarily sugar). Foreign currency forward contracts are intended and effective as hedges of the Company's exposure to the variability of cash flows, primarily related to the foreign exchange rate changes of products manufactured in Canada and sold in the United States, and periodic equipment purchases from foreign suppliers denominated in a foreign currency. The Company does not engage in trading or other speculative use of derivative instruments.

The Company recognizes all derivative instruments as either assets or liabilities at fair value in the Condensed Consolidated Statement of Financial Position. Derivative assets are recorded in other receivables and derivative liabilities are recorded in accrued liabilities. The Company uses either hedge accounting or mark-to-market accounting for its derivative instruments. Derivatives that qualify for hedge accounting are designated as cash flow hedges by formally documenting the hedge relationships, including identification of the hedging instruments, the hedged items and other critical terms, as well as the Company's risk management objectives and strategies for undertaking the hedge transaction.

Changes in the fair value of the Company's cash flow hedges are recorded in accumulated other comprehensive loss, net of tax, and are reclassified to earnings in the periods in which earnings are affected by the hedged item. Substantially all amounts reported in accumulated other comprehensive loss for commodity derivatives are expected to be reclassified to cost of goods sold. Substantially all amounts reported in accumulated other comprehensive loss for foreign currency derivatives are expected to be reclassified to other

income (expense), net.

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The following table summarizes the Company's outstanding derivative contracts and their effects on its Condensed Consolidated Statements of Financial Position at July 2, 2011, December 31, 2010 and July 3, 2010:

	Notional Amounts	July 2, 2011	
		Assets	Liabilities
<b>Derivatives designated as hedging instruments:</b>			
Foreign currency forward contracts	\$ 1,192	\$ 368	\$
Commodity futures contracts	7,773	615	(42)
Commodity option contracts	1,160	566	(1)
<b>Total derivatives designated as hedges</b>		<b>1,549</b>	<b>(43)</b>
<b>Derivatives not designated as hedging instruments:</b>			
Commodity option contracts	370		
<b>Total derivatives not designated as hedges</b>			
<b>Total derivatives</b>		<b>\$ 1,549</b>	<b>\$ (43)</b>

	Notional Amounts	December 31, 2010	
		Assets	Liabilities
<b>Derivatives designated as hedging instruments:</b>			
Foreign currency forward contracts	\$ 3,572	\$ 942	\$
Commodity futures contracts	4,407	2,310	
Commodity option contracts	10,344	5,481	(112)
<b>Total derivatives designated as hedges</b>		<b>8,733</b>	<b>(112)</b>
<b>Derivatives not designated as hedging instruments:</b>			
Commodity option contracts			
<b>Total derivatives not designated as hedges</b>			
<b>Total derivatives</b>		<b>\$ 8,733</b>	<b>\$ (112)</b>

	Notional Amounts	July 3, 2010	
		Assets	Liabilities
<b>Derivatives designated as hedging instruments:</b>			