ENERGIZER HOLDINGS INC
Form 10-Q
May 01, 2014

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 March 31, 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: 001-15401

ENERGIZER HOLDINGS, INC.
(Exact name of registrant as specified in its charter)

Missouri	43-1863181
(State or other jurisdiction of incorporation or organization)	(I. R. S. Employer Identification No.)
533 Maryville University Drive	
St. Louis, Missouri	63141
(Address of principal executive offices)	(Zip Code)

(314) 985-2000
(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 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.

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

(Do not check if 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

Indicate the number of shares of Energizer Holdings, Inc. common stock, $.01 par value, outstanding as of the close of business on March 31, 2014: 61,669,736.

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PART I - FINANCIAL INFORMATION

Item 1. Financial Statements.

ENERGIZER HOLDINGS, INC.
CONSOLIDATED STATEMENTS OF EARNINGS AND COMPREHENSIVE INCOME
(Condensed)
(In millions, except per share data - Unaudited)

	Quarter Ended March 31,		Six Months Ended March 31,	
	2014	2013	2014	2013
Net sales	$1,062.4	$1,095.9	$2,176.3	$2,288.4
Cost of products sold	554.1	565.2	1,156.2	1,196.1
Gross profit	508.3	530.7	1,020.1	1,092.3
Selling, general and administrative expense	200.2	209.9	403.7	410.4
Advertising and sales promotion expense	97.1	102.5	178.1	197.3
Research and development expense	22.7	24.8	44.6	49.4
2013 restructuring	22.7	37.4	47.1	86.4
Pension curtailment	—	—	—	(37.4)
Interest expense	31.3	32.8	62.5	66.3
Other financing items, net	(1.5)	10.3	(3.5)	18.2
Earnings before income taxes	135.8	113.0	287.6	301.7
Income tax provision	37.3	28.1	81.2	87.0
Net earnings	$98.5	$84.9	$206.4	$214.7
Basic net earnings per share	$1.59	$1.37	$3.31	$3.46
Diluted net earnings per share	$1.57	$1.35	$3.29	$3.42
Statement of Comprehensive Income:				
Net earnings	$98.5	$84.9	$206.4	$214.7
Other comprehensive income/(loss), net of tax				
Foreign currency translation adjustments	1.1	(32.5)	1.3	(18.1)
Pension/postretirement activity, net of tax of $1.9 and $3.4 for the quarter and six months ended March 31, 2014, respectively and $3.0 and ($8.9) for the quarter and six months ended March 31, 2013, respectively.	3.3	6.4	6.1	(13.8)
Deferred (loss)/gain on hedging activity, net of tax of ($1.5) and ($0.6) for the quarter and six months ended March 31, 2014, respectively and $3.7 and $7.4 for the quarter and six months ended March 31, 2013, respectively.	(2.3)	7.0	(0.9)	11.3
Total comprehensive income	$100.6	$65.8	$212.9	$194.1

See accompanying Notes to (Unaudited) Condensed Financial Statements

ENERGIZER HOLDINGS, INC.
CONSOLIDATED BALANCE SHEETS
(Condensed)
(In millions - Unaudited)

Assets	March 31, 2014	September 30, 2013
Current assets		
Cash and cash equivalents	$991.7	$998.3
Trade receivables, less allowance for doubtful accounts of $16.0 and $16.0, respectively	457.7	480.6
Inventories	621.1	616.3
Other current assets	540.6	473.2
Total current assets	2,611.1	2,568.4
Property, plant and equipment, net	786.9	755.6
Goodwill	1,502.3	1,475.8
Other intangible assets, net	1,867.2	1,835.5
Other assets	102.8	82.1
Total assets	$6,870.3	$6,717.4
Liabilities and Shareholders' Equity		
Current liabilities		
Current maturities of long-term debt	$220.0	$140.0
Notes payable	225.3	99.0
Accounts payable	306.3	340.4
Other current liabilities	539.1	574.0
Total current liabilities	1,290.7	1,153.4
Long-term debt	1,918.9	1,998.8
Other liabilities	1,142.3	1,111.6
Total liabilities	4,351.9	4,263.8
Shareholders' equity		
Common stock	0.7	0.7
Additional paid-in capital	1,627.5	1,628.9
Retained earnings	1,287.0	1,144.1
Treasury stock	(230.4)	(147.2)
Accumulated other comprehensive loss	(166.4)	(172.9)
Total shareholders' equity	2,518.4	2,453.6
Total liabilities and shareholders' equity	$6,870.3	$6,717.4

See accompanying Notes to (Unaudited) Condensed Financial Statements

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ENERGIZER HOLDINGS, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Condensed)
(In millions - Unaudited)

	Six Months Ended March 31, 2014	2013
Cash Flow from Operating Activities		
Net earnings	$206.4	$214.7
Non-cash restructuring costs	7.2	29.1
Pension curtailment	—	(37.4)
Depreciation and amortization	64.9	73.9
Non-cash items included in income	61.9	64.5
Other, net	(12.8)	(36.3)
Changes in current assets and liabilities used in operations	(98.7)	(58.8)
Net cash from operating activities	228.9	249.7
Cash Flow from Investing Activities		
Capital expenditures	(36.4)	(38.1)
Feminine care acquisition	(185.3)	—
Proceeds from sale of assets	4.3	0.7
Other, net	(0.2)	(0.2)
Net cash used by investing activities	(217.6)	(37.6)
Cash Flow from Financing Activities		
Cash payments on debt with original maturities greater than 90 days	—	(106.5)
Net increase in debt with original maturities of 90 days or less	128.9	74.0
Common stock purchased	(94.4)	—
Cash dividends paid	(62.1)	(49.6)
Proceeds from issuance of common stock	2.5	15.4
Excess tax benefits from share-based payments	4.4	4.8
Net cash used by financing activities	(20.7)	(61.9)
Effect of exchange rate changes on cash	2.8	(18.0)
Net (decrease)/increase in cash and cash equivalents	(6.6)	132.2
Cash and cash equivalents, beginning of period	998.3	718.5
Cash and cash equivalents, end of period	$991.7	$850.7

See accompanying Notes to (Unaudited) Condensed Financial Statements

ENERGIZER HOLDINGS, INC.
NOTES TO CONDENSED FINANCIAL STATEMENTS
March 31, 2014
(In millions, except per share data – Unaudited)

The accompanying unaudited financial statements have been prepared in accordance with Article 10 of Regulation S-X and do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. The year-end condensed balance sheet data was derived from audited financial statements, but do not include all disclosures required by accounting principles generally accepted in the United States of America (GAAP). In the opinion of management, all adjustments considered necessary for a fair presentation have been included. Certain reclassifications have been made to the prior year financial statements to conform to the current presentation. The Company has evaluated subsequent events, see Note 17 to the Condensed Financial Statements. Operating results for any quarter are not necessarily indicative of the results for any other quarter or for the full year. These statements should be read in conjunction with the financial statements and notes thereto for Energizer Holdings, Inc. (the Company) for the year ended September 30, 2013 included in the Annual Report on Form 10-K dated November 21, 2013.

Note 1 – Segment note
Operations for the Company are managed via two segments - Personal Care (Wet Shave, Skin Care, Feminine Care and Infant Care) and Household Products (Battery and Portable Lighting products). In October 2013, the Company completed the acquisition of the Stayfree pad, Carefree liner and o.b. tampon feminine care brands in the U.S., Canada and the Caribbean from Johnson & Johnson (the feminine care acquisition) and the financial performance related to these brands is included in the Company’s Personal Care segment and within the Feminine Care product category. Segment performance is evaluated based on segment profit, exclusive of general corporate expenses, share-based compensation costs, costs associated with most restructuring initiatives including the 2013 restructuring detailed below, acquisition integration or business realignment activities, and amortization of intangible assets. Financial items, such as interest income and expense, are managed on a global basis at the corporate level. The exclusion of the above mentioned items from segment results reflects management's view on how it evaluates segment performance.

The Company's operating model includes a combination of stand-alone and combined business functions between the Personal Care and Household Products businesses, varying by country and region of the world. Shared functions include product warehousing and distribution, various transaction processing functions, and in some countries, a combined sales force and management. The Company applies an allocated cost basis, in which the costs of shared segment business functions are allocated between the segments. Such allocations are estimates, and do not represent the costs of such services if performed on a stand-alone basis.

Effective October 1, 2013, the Company centralized certain corporate administrative functions across the organization as part of the 2013 restructuring project. A portion of these costs were previously reported at the segment level, but are now reported within General corporate and other expenses. Periods prior to this change have not been adjusted to conform to this current presentation.
For the quarter and six months ended March 31, 2014, the Company recorded $22.7 and $47.1, respectively, in restructuring charges related to its 2013 restructuring as compared to $37.4 and $86.4, respectively, in the prior year quarter and six months. The 2013 restructuring charges were reported on a separate line in the Consolidated Statements of Earnings and Comprehensive Income (Condensed). In addition, pre-tax costs of $3.2 and $5.5, for the quarter and six months ended March 31, 2014, respectively, and $1.1 for the quarter and six months ended March 31, 2013, associated with certain information technology enablement activities related to the Company's restructuring initiatives were included in SG&A on the Consolidated Statement of Earnings and Comprehensive Income (Condensed). Additionally, pre-tax costs of $0.4 for the quarter and six months ended March 31, 2014, associated with obsolescence charges related to the restructuring, were included in Cost of products sold on the Consolidated Statements of Earnings and Comprehensive Income (Condensed). These information technology and inventory obsolescence costs are considered part of the total project costs incurred for the restructuring initiative. See Note 3 to the Condensed Financial Statements.

In connection with the feminine care acquisition, the Company recorded a pre-tax inventory valuation adjustment of $8.0 related to the feminine care acquisition representing the increased fair value of the inventory based on the estimated selling price of the finished goods acquired at the close date less the sum of (a) costs of disposal and (b) a reasonable profit allowance for the selling effort of the acquiring entity. For the quarter and six months ended

March 31, 2014, the Company recorded $1.6 and $8.0, respectively, within Cost of products sold based upon the write-up and subsequent sale of inventory acquired in the feminine care acquisition. These amounts are not reflected in the Personal Care segment, but rather presented as a separate line item below segment profit, as it is a non-recurring item directly associated with the feminine care acquisition. Such presentation reflects management’s view on how segment results are evaluated.

In the first quarter of fiscal 2013, the Company approved and communicated changes to its U.S. pension plan, which is the most significant of the Company's pension obligations. Effective January 1, 2014, the pension benefit earned to date by active participants under the legacy Energizer U.S. pension plans was frozen and future service benefits are no longer being accrued under these retirement programs. For the six months ended March 31, 2013, the Company recorded a non-cash, pre-tax curtailment gain of $37.4 as a result of this plan change. The pension curtailment gain was reported on a separate line in the Consolidated Statements of Earnings and Comprehensive Income (Condensed).

In the quarter and six months ended March 31, 2013, the Company recorded expense of approximately $6 related to the devaluation of its net monetary assets in Venezuela as a result of accounting for the translation of this affiliate under the accounting rules governing a highly inflationary economy. The net monetary assets in Venezuela were valued using the revised official exchange rate of 6.30 Venezuelan Bolivar Fuerte to one U.S. dollar at March 31, 2013. The devaluation impact of approximately $6 was included in Other financing items, net on the Consolidated Statements of Earnings and Comprehensive Income (Condensed), and was not considered in the evaluation of segment profit. However, normal operating results in Venezuela, such as sales, gross profit and segment profit, have and may further be negatively impacted by translating at less favorable exchange rates and by the impact of unfavorable economic conditions in the country. These operating results remain part of the reported segment totals. The negative segment impact of the Venezuela devaluation and the unfavorable economic impact on operating results are discussed separately when considered relevant and material to understanding the year-over-year comparatives. See Note 4 to the Condensed Financial Statements.

Segment sales and profitability for the quarter and six months ended March 31, 2014 and 2013, respectively, are presented below.

	For the quarter ended March 31,		For the six months ended March 31,	
	2014	2013	2014	2013
Net Sales				
Personal Care	$689.0	$652.6	$1,239.2	$1,206.9
Household Products	373.4	443.3	937.1	1,081.5
Total net sales	$1,062.4	$1,095.9	$2,176.3	$2,288.4

	For the quarter ended March 31,		For the six months ended March 31,	
	2014	2013	2014	2013
Segment Profit				
Personal Care	$170.7	$136.4	$301.0	$252.6
Household Products	62.1	100.8	195.5	261.4
Total segment profit	232.8	237.2	496.5	514.0
General corporate and other expenses	(33.5)	(37.1)	(73.7)	(66.6)
2013 restructuring (1)	(26.3)	(38.5)	(53.0)	(87.5)
Feminine care acquisition/integration costs	(1.0)	—	(5.9)	—
Acquisition inventory valuation	(1.6)	—	(8.0)	—
Pension curtailment	—	—	—	37.4
Amortization of intangibles	(4.8)	(5.5)	(9.3)	(11.1)
Venezuela devaluation/other impacts	—	(6.3)	—	(5.9)
Interest and other financing items	(29.8)	(36.8)	(59.0)	(78.6)
Total earnings before income taxes	$135.8	$113.0	$287.6	$301.7

(1) Includes pre-tax costs of $3.2 and $5.5 for the quarter and six months ended March 31, 2014, respectively, and $1.1 for the quarter and six months ended March 31, 2013, associated with certain information technology and related activities, which are included in SG&A on the Consolidated Statements of Earnings and Comprehensive Income (Condensed). Additionally, this includes pre-tax costs of $0.4 for the quarter and six months ended March 31, 2014, associated with obsolescence charges related to the restructuring, which are included in Cost of products sold on the Consolidated Statements of Earnings and Comprehensive Income (Condensed).

Supplemental product information is presented below for revenues from external customers:

	For the quarter ended March 31,		For the six months ended March 31,	
Net Sales	2014	2013	2014	2013
Wet Shave	$401.4	$403.7	$766.6	$798.2
Alkaline batteries	222.8	261.4	588.4	663.1
Other batteries and lighting products	150.6	181.9	348.7	418.4
Feminine Care	107.0	40.8	187.9	82.8
Skin Care	130.0	147.3	186.2	210.4
Infant Care	36.9	47.6	72.2	88.6
Other personal care products	13.7	13.2	26.3	26.9
Total net sales	$1,062.4	$1,095.9	$2,176.3	$2,288.4

Total assets by segment are presented below:

	March 31, 2014	September 30, 2013
Personal Care	$1,433.5	$1,208.3
Household Products	901.7	1,033.0
Total segment assets	2,335.2	2,241.3
Corporate	1,165.6	1,164.8
Goodwill and other intangible assets, net	3,369.5	3,311.3
Total assets	$6,870.3	$6,717.4

Note 2 - Acquisition of Feminine Care Brands

In October 2013, the Company completed the acquisition of the Stayfree pad, Carefree liner and o.b. tampon feminine care brands in the U.S., Canada and the Caribbean from Johnson & Johnson for an aggregate cash purchase price of approximately $187.1, inclusive of a $1.8 working capital adjustment, which was finalized and settled in April 2014. The Company financed the feminine care acquisition with approximately $135 of available foreign cash and $50 obtained from borrowings under the Company’s available committed bank facilities. Liabilities assumed as a result of the feminine care acquisition are limited primarily to certain employee benefit obligations. The Company combined these acquired brands within its existing feminine care business in the Personal Care segment. Combining these complementary businesses with our existing feminine care products provides the Company with brands in each of the key feminine hygiene categories. There are no contingent payments, options or commitments associated with the feminine care acquisition.

The Company has determined the fair values of assets acquired and liabilities assumed for purposes of allocating the purchase price. The Company has estimated a fair value adjustment for inventory based on the estimated selling price of the finished goods acquired at the closing date less the sum of (a) costs of disposal and (b) a reasonable profit allowance for the selling effort of the acquiring entity. The fair value adjustment for the acquired equipment was established using a cost and market approach. The fair values of the identifiable intangible assets were estimated using various valuation methods including discounted cash flows using both an income and cost approach.

As of March 31, 2014, the purchase price allocation for the feminine care acquisition was complete. We have determined the fair values of assets acquired and liabilities assumed for purposes of allocating the purchase price, in accordance with accounting guidance for business combinations.

During the three months ended March 31, 2014, the Company recorded measurement period adjustments to the fair value of certain assets acquired and liabilities assumed in the acquisition to reflect additional information obtained regarding facts and circumstances that existed as of the acquisition date. The fair values presented in the table below reflect these changes, which are comprised of an increase to Goodwill of $28.0 and corresponding decreases to Intangible assets of $5.0, Other assets of $2.1 and Property, plant and equipment of $19.1. The final purchase price allocations are complete and the estimated value for assets acquired and liabilities assumed have been adjusted. Adjustments made to the Consolidated Statements of Earnings and Comprehensive Income (Condensed) for amortization and depreciation were not material.

At March 31, 2014, the allocation of the purchase price is as follows:

Inventories	$44.4
Goodwill	28.0
Intangible assets	39.3
Other assets	5.1
Property, plant and equipment,net	95.1
Other liabilities	(4.5)
Pension/Other post-retirement benefits	(20.3)
Net assets acquired	$187.1

The purchased identifiable intangible assets are as follows:

	Total	Estimated Life
Customer relationships	$6.1	20 years
Technology and patents	3.0	7 years
Total	$9.1	

Remaining intangible assets acquired are indefinite-lived intangible assets related to the acquired tradenames and will be fully allocated to the Personal Care segment.

Goodwill will be deductible for tax purposes and amortized over 14 to 15 years, depending on the statutory jurisdiction.

Proforma revenue and operating results for the feminine care acquisition are not included as they are not considered material to the Consolidated Financial Statements.

Note 3 – Restructuring

In November 2012, the Company's Board of Directors authorized an enterprise-wide restructuring plan and delegated authority to the Company's management to determine the final actions with respect to this plan.

As previously disclosed, the primary objectives of the 2013 Restructuring included reduction in workforce, consolidation of G&A functional support across the organization, reduced overhead spending, creation of a center-led purchasing function, and rationalization and streamlining of the Household Products operations facilities, product portfolio and marketing organization.

In January 2014, the Company's Board of Directors authorized an expansion of scope of the previously announced 2013 restructuring project and delegated authority to the Company's management to determine the final actions with respect to the plan. As a result of the expanded scope of the Company's restructuring efforts, incremental costs will be incurred to successfully execute the program. It is estimated that fiscal 2014 restructuring costs will be in the range of $100 to $130, including the costs related to the expanded project scope. Total project restructuring costs are estimated to increase from the original outlook of $250 to approximately $350.

For the quarter and six months ended March 31, 2014, the Company recorded pre-tax expense of $22.7 and $47.1, respectively, and $37.4 and $86.4 for the quarter and six months ended March 31, 2013, respectively, for charges related to the 2013 restructuring plan including:

- Accelerated depreciation charges of $2.8 and $7.2 for the quarter and six months ended March 31, 2014 and $5.7 and $9.8 for the quarter and six months ended March 31, 2013, respectively, and non-cash asset impairment charges of $19.3 for the six months ended March 31, 2013, related primarily to plant closures,

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- Severance and related benefit costs of $5.0 and $10.9 for the quarter and six months ended March 31, 2014 and $17.7 and $31.3 for the quarter and six months ended March 31, 2013, respectively, associated with staffing reductions that have been identified to date, and
- Consulting, program management and other charges associated with the restructuring of $15.0 and $29.0 for the quarter and six months ended March 31, 2014, respectively, and $14.0 and $26.0 for the quarter and six months ended March 31, 2013, respectively.

The 2013 restructuring costs are reported on a separate line in the Consolidated Statements of Earnings and Comprehensive Income (Condensed). In addition, pre-tax costs of $3.2 and $5.5 for the quarter and six months ended March 31, 2014, respectively, and $1.1 for the quarter and six months ended March 31, 2013, respectively, associated with certain information technology enablement activities related to the Company's restructuring initiatives were included in SG&A on the Consolidated Statement of Earnings and Comprehensive Income (Condensed). Additionally, pre-tax costs of $0.4 for the quarter and six months ended March 31, 2014, associated with obsolescence charges related to the restructuring, were included in Cost of products sold on the Consolidated Statements of Earnings and Comprehensive Income (Condensed). These information technology and inventory obsolescence costs are considered part of the total project costs incurred for the restructuring initiative.

The Company does not include the 2013 restructuring costs in the results of its reportable segments. The estimated pre-tax impact of allocating such charges to segment results would have been as follows:

- Accelerated depreciation charges of approximately $3 and $7, respectively, for the quarter and six months ended March 31, 2014, would be fully allocated to our Household products segment. Non-cash asset impairment charges of $19 for the six months ended March 31, 2013 and accelerated depreciation charges of approximately $6 and $10, respectively, for the quarter and six months ended March 31, 2013, would be fully allocated to our Household Products segment.
- Severance and related benefit costs of approximately $5 and $11, respectively, for the quarter and six months ended March 31, 2014 would be allocated as follows: Personal Care of approximately $1 and $3, respectively; and Household Products of approximately $3 and $7, respectively and Corporate of approximately $1 and $1, respectively. Severance and related benefit costs of approximately $18 and $31, respectively, for the quarter and six months ended March 31, 2013 would be allocated as follows: Personal Care of approximately $3 and $5, respectively; Household Products of approximately $14 and $25, respectively; and Corporate of approximately $1 and $1, respectively. As certain headcount provides services to both segments, charges for severance and related benefits for such headcount requires an allocation.
- Consulting, program management and other exit costs of approximately $15 and $29, respectively, for the quarter and six months ended March 31, 2014 would be allocated as follows: Personal Care of approximately $4 and $8, respectively; and Household Products of approximately $10 and $20, respectively, and Corporate of approximately $1 and $1, respectively. Consulting, program management and other exit costs of approximately $14 and $26, respectively, for the quarter and six months ended March 31, 2013 would be allocated as follows: Personal Care of approximately $3 and $6, respectively; Household Products of approximately $9 and $17, respectively; and Corporate of approximately $2 and $3, respectively.

Total project-to-date costs associated with the 2013 restructuring project are approximately $211, of which, approximately $50 relates to non-cash asset impairment and accelerated depreciation charges, approximately $60 relates to severance and related benefit costs, and approximately $100 relates to consulting, program management and other exit costs. Consulting, program management and other exit costs are inclusive of approximately $11 in certain information technology enablement costs (included in SG&A) and approximately $7 in obsolescence charges (included in Cost of products sold), both of which are considered part of the overall restructuring project.

A summary of the remaining estimated costs for the 2013 restructuring plan is as follows. These amounts are inclusive of the expanded scope initiatives described above. Total, as well as category ranges, are estimates.

- Approximately $15-$30 related to plant closure and accelerated depreciation charges,
- Approximately $30-$35 related to severance and related benefit costs,
- Approximately $30-$35 related to consulting and program management, and
- Approximately $30-$40 related to other restructuring related costs.

Costs remaining associated with certain information technology enablement activities related to our restructuring initiatives are approximately $10-$15. In addition, the Company expects to incur incremental capital expenditures of $20-$30 over the next six months, related primarily to information technology enablement of certain restructuring initiatives.

The following table summarizes the 2013 restructuring activities (excluding certain information technology enablement and obsolescence charges related to the restructuring) for the first six months of fiscal 2014:

	October 1, 2013	Charge to Income	Utilized Cash	Utilized Non-Cash	March 31, 2014
Severance & Termination Related Costs	$16.3	$10.9	$(19.8)	$—	$7.4
Asset Impairment/Accelerated Depreciation	—	7.2	—	(7.2)	—
Other Related Costs	4.3	29.0	(17.1)	(2.6)	13.6
Total	$20.6	$47.1	$(36.9)	$(9.8)	$21.0

Note 4 - Venezuela

Effective January 1, 2010 and continuing through the second fiscal quarter of 2014, the financial statements for our Venezuela subsidiary are consolidated under the rules governing the translation of financial information in a highly inflationary economy based on the use of the blended National Consumer Price Index in Venezuela. Under GAAP, an economy is considered highly inflationary if the cumulative inflation rate for a three year period meets or exceeds 100 percent. If a subsidiary is considered to be in a highly inflationary economy, the financial statements of the subsidiary must be re-measured into our reporting currency (U.S. dollar) and future exchange gains and losses from the re-measurement of monetary assets and liabilities are reflected in current earnings, rather than exclusively in the equity section of the balance sheet, until such times as the economy is no longer considered highly inflationary.

On February 13, 2013, the Venezuela government devalued the Bolivar Fuerte relative to the U.S. dollar. The revised official exchange rate moved from 4.30 per U.S. dollar to an exchange rate of 6.30 per U.S. dollar. The Central Government also suspended the alternate currency market administered by the central bank known as SITME that made U.S. dollars available at a rate higher than the previous official rate, generally in the range of 5.50 per U.S. dollar. In addition, the Venezuela government also established a new auction-based exchange rate market program, referred to as SICAD. SICAD allows entities in specific sectors to bid for U.S. dollars to be used for specified import transactions.

As a result of the devaluation noted above and the elimination of the SITME market, the Company valued its net monetary assets at March 31, 2013 using the revised official rate of 6.30 per U.S. dollar. Thus, the Company recorded a devaluation charge of approximately $6 for the quarter and six months ended March 31, 2013, due primarily to the devaluation of local currency cash balances. This charge was included in Other financing items, net on the Consolidated Statements of Earnings and Comprehensive Income (Condensed).

In fiscal 2014, the Company’s overall results in Venezuela are reflected in the Consolidated Financial Statements at the official exchange rate equal to 6.30 per U.S. dollar.

On January 24, 2014, the Venezuelan government issued Exchange Agreement No. 25, which stated the rate of exchange established in the most recent SICAD 1 auction will be used for payments related to international investments, royalties and the use and exploitation of patents, trademarks, licenses, franchises and technology.

On March 10, 2014, the Venezuelan government announced the inception of the SICAD II program as an additional mechanism to purchase foreign currency. The SICAD II program does not supersede the Cadivi/Cencoex System for essential imports (currently at 6.30 per U.S. dollar) nor the SICAD I (equal to 10.70 per U.S. dollar) as of March 31,

2014. Thus far, the Company has not utilized either SICAD auction system. We continue to monitor these situations, including the impact restrictions may have on our future business operations. At this time, the Company is unable to predict with any degree of certainty how recent and future developments in Venezuela will affect our Venezuela operations.

During the second fiscal quarter of 2014, the Company received payment at the 6.30 per U.S. dollar rate for personal care products previously imported in accordance with the Non National Production Certificate (CNP) executed between the Company and the Venezuela government. Subsequent to the quarter, in April 2014, we received a second payment in accordance with the CNP at the 6.30 per U.S. dollar rate which covered both personal care and household products that were previously imported.

At March 31, 2014, the Company had approximately $71 in net monetary assets in Venezuela at the official exchange rate of 6.30 to one U.S. dollar. Depending on the ultimate transparency and liquidity of the SICAD I and II markets, it is possible that the Company may need to remeasure a portion of its net monetary balances at a rate other than 6.30. To the extent that the SICAD I or II rates are higher than the official exchange rate at the time our net monetary balances are remeasured, this could result in an additional devaluation charge, which could be material. In addition, operating results translated using a rate higher than the official exchange rate of 6.30 to one U.S. dollar would result in a reduction in earnings, which could be material.

Transactions executed through SICAD I auctions as of March 31, 2014 were at a rate of 10.70 Bolivares Fuertes to one U.S. dollar. If the Company were to revalue at this rate, the estimated devaluation charge as compared to the official exchange rate of 6.30 to one U.S. dollar would equal approximately $29.

Transactions executed through SICAD II auctions as of March 31, 2014 were at a rate of 49.81 Bolivares Fuertes to one U.S. dollar. If the Company were to revalue at this rate, the estimated devaluation charge as compared to the official exchange rate of 6.30 to one U.S. dollar would equal approximately $62.

Net sales of Venezuela represented 1.5% and 1.3% of consolidated net sales for the quarter and six months ended March 31, 2014, respectively.

Note 5 – Share-based payments

Total compensation costs charged against income for the Company’s share-based compensation arrangements were $9.0 and $17.3 for the quarter and six months ended March 31, 2014, respectively, and $8.2 and $14.5 for the quarter and six months ended March 31, 2013, respectively, and were recorded in Selling, general and administrative expense (SG&A). The total income tax benefit recognized in the Consolidated Statements of Earnings and Comprehensive Income (Condensed) for share-based compensation arrangements was $3.4 and $6.5 for the quarter and six months ended March 31, 2014, respectively, and $3.1 and $5.4 for the quarter and six months ended March 31, 2013, respectively.

Restricted Stock Equivalents (RSE) - (In whole dollars and total shares)

In November 2013, the Company granted RSE awards to a group of key employees which included approximately 179,800 shares that vest ratably over four years or upon death or change of control. At the same time, the Company granted two RSE awards to a group of key executives. One grant includes approximately 39,800 shares and vests, in most cases, on the third anniversary of the date of grant or upon death or change of control. The second grant includes approximately 238,600 shares, which vests on the date that the Company publicly releases its earnings for its 2016 fiscal year, contingent upon achievement of performance targets with respect to adjusted cumulative earnings before interest taxes depreciation and amortization (EBITDA) and adjusted return on invested capital, weighted equally, and subject to adjustment based on relative total shareholder return during the three year performance period based on a relevant group of industrial and consumer goods companies. In addition, the terms of the performance awards provide that the awards vest upon death and in some instances upon change of control and potential pro rata vesting for retirement based on age and service requirements. The total performance awards expected to vest will be amortized over the vesting period. The closing stock price on the date of the grant used to determine the award estimated fair value was $101.56. The awards that are contingent upon achievement of performance targets have a 5% fair value premium added to the closing stock price on the date of the grant based on a simulation of outcomes under the relative total shareholders' return metric required by the Accounting Standards Codification ("ASC") section 718.

Note 6 – Earnings per share

Basic earnings per share is based on the average number of common shares outstanding during the period. Diluted earnings per share is based on the average number of shares used for the basic earnings per share calculation, adjusted for the dilutive effect of stock options and restricted stock equivalents.

The following table sets forth the computation of basic and diluted earnings per share for the quarter and six months ended March 31, 2014 and 2013, respectively.

(in millions, except per share data)	Quarter Ended March 31,		Six Months Ended March 31,	
	2014	2013	2014	2013
Numerator:				
Net earnings for basic and dilutive earnings per share	$98.5	$84.9	$206.4	$214.7
Denominator:				
Weighted-average shares - basic	62.0	62.1	62.3	62.0
Effect of dilutive securities:				
Stock options	0.1	0.1	0.1	0.1
Restricted stock equivalents	0.5	0.8	0.4	0.7
Total dilutive securities	0.6	0.9	0.5	0.8
Weighted-average shares - diluted	62.6	63.0	62.8	62.8
Basic net earnings per share	$1.59	$1.37	$3.31	$3.46
Diluted net earnings per share	$1.57	$1.35	$3.29	$3.42

For the quarter and six months ended March 31, 2014, there were approximately 0.4 and 0.1, respectively, of the Company's outstanding RSEs and stock options were not included in the diluted net earnings per share calculation, because to do so would have been anti-dilutive. For the quarter and six months ended March 31, 2013, there were no shares considered anti-dilutive. In the event that potentially dilutive securities are anti-dilutive on net earnings per share (i.e., have the effect of increasing EPS because the exercise price is higher than the current share price), the impact of the securities is not included in the computation.

Note 7 – Goodwill and intangibles, net

The following table sets forth goodwill by segment as of October 1, 2013 and March 31, 2014.

	Household Products	Personal Care	Total
Balance at October 1, 2013	$37.2	$1,438.6	$1,475.8
Feminine care acquisition	—	28.0	28.0
Cumulative translation adjustment	0.2	(1.7)	(1.5)
Balance at March 31, 2014	$37.4	$1,464.9	$1,502.3

Total amortizable intangible assets at March 31, 2014 are as follows:

	Gross Carrying Amount	Accumulated Amortization	Net
To be amortized:			
Tradenames/Brands	$19.0	$13.2	$5.8
Technology and patents	78.7	60.2	18.5
Customer-related/Other	169.8	62.7	107.1
Total amortizable intangible assets	$267.5	$136.1	$131.4

The Company had indefinite-lived intangible assets of $1,735.8 ($1,654.2 in Personal Care and $81.6 in Household Products) at March 31, 2014, an increase of $31.9 from September 30, 2013 due to the feminine care acquisition of $30.2 and changes in foreign currency translation rates. Estimated amortization expense for amortizable intangible assets for the remainder of fiscal 2014 and the years ending September 30, 2015, 2016, 2017, 2018 and 2019 is approximately $8.7, $15.9, $15.9, $15.6, $8.1 and $6.8, respectively, and $60.4 thereafter.

Goodwill and intangible assets deemed to have an indefinite life are not amortized, but reviewed annually for impairment of value or when indicators of a potential impairment are present. The Company continuously monitors changing business conditions, which may indicate that the remaining useful life of goodwill and other intangible assets may warrant revision or carrying amounts may require adjustment. As part of the fiscal 2013 testing, no impairment was indicated. However, the indicated fair values resulting from the Company's discounted cash flow analysis for two brands, Playtex and Wet Ones, were relatively close to the carrying values of approximately 107% (approximately $650) for the Playtex brand and approximately 109% of the carrying value (approximately $200) for the Wet Ones brand. Key assumptions included in the testing of these brand values were a discount rate of 7.5% and a terminal growth rate of 2.0%. As of March 31, 2014, there were no events or circumstances that were considered to be potential indicators of impairment for goodwill or the indefinite-lived intangible assets. As in the past, the Company plans to complete its annual testing for fiscal 2014 in the fourth fiscal quarter, in conjunction with the completion of the annual planning cycle.

The acquired goodwill and intangible assets related to the feminine care acquisition have been included in the disclosures above. For purposes of the allocation, the fair values of the identifiable intangible assets were estimated using various valuation methods including discounted cash flows using both an income and cost approach. See Note 2 to the Condensed Financial Statements for further information on the feminine care acquisition valuation.

Note 8 – Pension plans and other postretirement benefits

The Company has several defined benefit pension plans covering substantially all of its employees in the United States (U.S.) and certain employees in other countries. The plans provide retirement benefits based on years of service and on earnings. In the first quarter of fiscal 2013, the Company approved and communicated changes to its U.S. pension plan, which is the most significant of the Company's pension obligations. Effective January 1, 2014, the pension benefit earned to date by active participants under the legacy Energizer U.S. pension plan were frozen and future service benefits are no longer being accrued under this retirement program. For the six months ended March 31, 2013, the Company recorded a non-cash, pre-tax curtailment gain of $37.4 ($23.5 after-tax) as a result of this plan change. The pension curtailment gain was reported on a separate line in the Consolidated Statements of Earnings and Comprehensive Income (Condensed).

In the fourth quarter of fiscal 2013, the Company finalized and communicated a decision to discontinue certain post-retirement medical and life insurance benefits in the U.S. The communication was provided to all eligible participants of the impacted plans and advised that the Company would discontinue all benefits associated with the impacted plans effective December 31, 2013.

The Company also sponsors or participates in a number of other non-U.S. pension arrangements, including various retirement and termination benefit plans, some of which are required by local law or coordinated with government-sponsored plans, which are not significant in the aggregate and, therefore, are not included in the information presented below.

As a result of the feminine care acquisition, the Company assumed certain pension and post-retirement obligations of approximately $20 related to the plans in place at the manufacturing plant in Montreal, Canada.

The Company's net periodic benefit cost for these plans are as follows:

	Pension			
	Quarter Ended March 31,		Six Months Ended March 31,	
	2014	2013	2014	2013
Service cost	$3.4	$6.8	$7.1	$13.8
Interest cost	13.5	12.1	27.3	24.4
Expected return on plan assets	(17.0)	(16.8)	(34.5)	(33.8)
Amortization of prior service cost	—	—	—	(0.4)
Amortization of unrecognized net loss	4.6	7.2	9.3	14.6
Settlement charge	—	0.1	0.1	0.1
Curtailment gain	—	—	—	(37.4)
Net periodic benefit cost	$4.5	$9.4	$9.3	$(18.7)

	Postretirement			
	Quarter Ended March 31,		Six Months Ended March 31,	
	2014	2013	2014	2013
Service cost	$0.4	$—	$0.9	$0.2
Interest cost	0.2	0.4	0.4	0.7
Amortization of prior service cost	—	(1.0)	—	(1.9)
Amortization of unrecognized net gain	—	(0.5)	—	(1.0)
Net periodic benefit cost	$0.6	$(1.1)	$1.3	$(2.0)

As previously disclosed in the third quarter of fiscal 2013, the Company identified an error in how the pension curtailment transactions were recorded in the period ended December 31, 2012. Presentation of amounts were corrected in the third quarter of fiscal 2013. The correction related solely to the reported amount of previously reported Comprehensive Income and had no impact on previously reported consolidated earnings before income taxes, net earnings, earnings per share or consolidated cash flows for any periods presented during fiscal 2013. The Company assessed the materiality of this item on previously issued interim financial statements for fiscal 2013 in accordance with SEC Staff Accounting Bulletin No. 99 and No. 108, and concluded that the corrections were not material to the Condensed Consolidated Financial Statements for the second quarter of fiscal 2013. The Consolidated Statements of Earnings and Comprehensive Income (Condensed) and the Guarantor and Non-Guarantor Financial Information for the period ended March 31, 2013 included herein has been revised. Comprehensive income as previously reported and as revised for the six months ended March 31, 2013 was $217.6 and $194.1, respectively.

Note 9 – Debt

Notes payable at March 31, 2014 and September 30, 2013 consisted of notes payable to financial institutions with original maturities of less than one year of $225.3 and $99.0, respectively, and had a weighted-average interest rate of 2.6% and 3.6%, respectively.

The detail of long-term debt for the dates indicated is as follows:

	March 31, 2014	September 30, 2013
Private Placement, fixed interest rates ranging from 5.2% to 6.6%, due 2014 to 2017	$1,040.0	$1,040.0
Senior Notes, fixed interest rate of 4.7%, due 2021	600.0	600.0
Senior Notes, fixed interest rate of 4.7%, due 2022, net of discount	498.9	498.8
Total long-term debt, including current maturities	2,138.9	2,138.8
Less current portion	220.0	140.0
Total long-term debt	$1,918.9	$1,998.8

The Company’s total borrowings were $2,364.2 at March 31, 2014, including $225.3 tied to variable interest rates. The Company maintains total committed debt facilities of $2,734.2. The Company's Amended and Restated Revolving Credit Agreement, which matures in 2016, currently provides for revolving credit loans and the issuance of letters of credit in an aggregate amount of up to $450. The Company had $80.0 outstanding borrowings under our revolving credit facility, and $357.8 available as of March 31, 2014, taking into account outstanding borrowings and $12.2 of outstanding letters of credit.

Advances under the Company's $200 receivables securitization program, as amended, are not considered debt for purposes of the Company’s debt compliance covenants, but are included in total debt on the balance sheet. At March 31, 2014, there was $122.5 outstanding under this facility.

In addition, the Company had outstanding international borrowings, recorded within Notes payable, of $22.8 as of March 31, 2014.

Under the terms of the Company’s credit agreement, the ratio of the Company’s indebtedness to its earnings before interest taxes depreciation and amortization (EBITDA), as defined in the agreement and detailed below, cannot be greater than 4.0 to 1, and may not remain above 3.5 to 1 for more than four consecutive quarters. If and so long as the ratio is above 3.5 to 1 for any period, the Company is required to pay additional interest expense for the period in which the ratio exceeds 3.5 to 1. The interest rate margin and certain fees vary depending on the indebtedness to EBITDA ratio. Under the Company’s private placement note agreements, indebtedness to EBITDA may not be greater than 4.0 to 1; if the ratio is above 3.5 to 1 for any quarter, the Company is required to pay additional interest on the private placement notes of 0.75% per annum for each quarter until the ratio is reduced to not more than 3.5 to 1. In addition, under the credit agreement, the ratio of its current year earnings before interest and taxes (EBIT), as defined in the agreement, to total interest expense must exceed 3.0 to 1. Under the credit agreement, EBITDA is defined as net earnings, as adjusted to add-back interest expense, income taxes, depreciation and amortization, all of which are determined in accordance with GAAP. In addition, the credit agreement allows certain non-cash charges such as stock award amortization and asset write-offs including, but not limited to, impairment and accelerated depreciation, to be “added-back” in determining EBITDA for purposes of the indebtedness ratio. Severance and other cash charges incurred as a result of restructuring and realignment activities as well as expenses incurred in acquisition integration activities are included as reductions in EBITDA for calculation of the indebtedness ratio. In the event of an acquisition, EBITDA is calculated on a pro forma basis to include the trailing twelve-month EBITDA of the acquired company or brands. Total debt is calculated in accordance with GAAP, but excludes outstanding borrowings under the receivable securitization program. EBIT is calculated in a fashion identical to EBITDA except that depreciation and amortization are not “added-back”. Total interest expense is calculated in accordance with GAAP.

The Company’s ratio of indebtedness to its EBITDA was 2.4 to 1, and the ratio of its EBIT to total interest expense was 6.0 to 1, as of March 31, 2014. In addition to the financial covenants described above, the credit agreements and the note purchase agreements contain customary representations and affirmative and negative covenants, including limitations on liens, sales of assets, subsidiary indebtedness, mergers and similar transactions, changes in the nature of the business of the Company and transactions with affiliates. If the Company fails to comply with the financial covenants referred to above or with other requirements of the credit agreement or private placement note agreements, the lenders would have the right to accelerate the maturity of the debt. Acceleration under one of these facilities would trigger cross defaults on other borrowings.

Aggregate maturities of long-term debt, including current maturities, at March 31, 2014 are as follows: $220.0 in one year, $220.0 in two years, $290.0 in three years, $310.0 in four years, zero in five years and $1,100.0 thereafter. At this time, the Company intends to repay only scheduled debt maturities over the course of the next fiscal year.

At March 31, 2014, substantially all of the Company's cash balances were located outside the U.S. Given our extensive international operations, a significant portion of our cash is denominated in foreign currencies. We manage our worldwide cash requirements by reviewing available funds among the many subsidiaries through which we conduct our business and the cost effectiveness with which those funds can be accessed. The repatriation of cash balances from certain of our subsidiaries could have adverse tax consequences or be subject to regulatory capital requirements; however, those balances are generally available without legal restrictions to fund ordinary business operations. U.S. income taxes have not been provided on certain undistributed earnings of international subsidiaries. Our intention is to reinvest these earnings outside the U.S. indefinitely.

The counterparties to deposits consist of a number of major financial institutions. The Company consistently monitors positions with, and credit ratings of, counterparties both internally and by using outside ratings agencies.

Note 10 – Shareholders' Equity
Beginning in September 2000, the Company’s Board of Directors has approved a series of resolutions authorizing the repurchase of shares of Energizer common stock, with no commitments by the Company to repurchase such shares. On April 30, 2012, the Board of Directors approved the repurchase of up to ten million shares. During the second fiscal quarter, the Company repurchased one million shares of the Company's common stock, exclusive of a small number of shares related to the net settlement of certain stock awards for tax withholding purposes, for a total cost of approximately $94.4. All shares were purchased in the open market under the Company's current authorization from its Board of Directors. The Company has approximately five million shares remaining under the above noted Board authorization to repurchase its common stock in the future. Future share repurchases, if any, would be made on the open market, privately negotiated transactions or otherwise, in such amounts and at such times as the Company deems appropriate based upon prevailing market conditions, business needs and other factors.

On January 27, 2014, the Company's Board of Directors declared a dividend for the second quarter of fiscal 2014 of $0.50 per share of Common Stock, which was paid on March 12, 2014. The dividend paid totaled $30.8.

Subsequent to the quarter, on April 28, 2014, the Company's Board of Directors declared a dividend for the second quarter of fiscal 2014 of $0.50 per share of Common Stock, which will be paid on June 11, 2014 and is expected to be approximately $31.

Note 11 – Financial Instruments and Risk Management
At times, the Company enters into contractual arrangements (derivatives) to reduce its exposure to foreign currency, interest rate and commodity price risks. The section below outlines the types of derivatives that existed at March 31, 2014 and September 30, 2013, as well as the Company’s objectives and strategies for holding derivative instruments.

Commodity Price Risk The Company uses raw materials that are subject to price volatility. At times, the Company has used, and may in the future use, hedging instruments to reduce exposure to variability in cash flows associated with future purchases of certain materials and commodities. At March 31, 2014, there were no open derivative or hedging instruments for future purchases of raw materials or commodities.

Foreign Currency Risk A significant share of the Company’s sales are tied to currencies other than the U.S. dollar, the Company’s reporting currency. As such, a weakening of currencies relative to the U.S. dollar can have a negative impact to reported earnings. Conversely, strengthening of currencies relative to the U.S. dollar can improve reported results. The primary currencies to which the Company is exposed include the Euro, the Japanese Yen, the British pound, the Canadian dollar and the Australian dollar.

Additionally, the Company’s foreign subsidiaries enter into internal and external transactions that create non-functional currency balance sheet positions at the foreign subsidiary level. These exposures are generally the result of intercompany purchases, intercompany loans and to a lesser extent, external purchases, and are revalued in the foreign subsidiary’s local currency at the end of each period. Changes in the value of the non-functional currency balance sheet positions in relation to the foreign subsidiary’s local currency results in an exchange gain or loss recorded in Other financing items, net on the Consolidated Statements of Earnings and Comprehensive Income (Condensed). The primary currency to which the Company’s foreign subsidiaries are exposed is the U.S. dollar.

Venezuela Currency Risk See Note 4 to the Condensed Financial Statements for further information on Venezuela currency risk.

Interest Rate Risk The Company has interest rate risk with respect to interest expense on variable rate debt. At March 31, 2014, the Company had $225.3 of variable rate debt outstanding, which was primarily outstanding borrowings under the Company's receivable securitization program and its Revolving Credit Agreement.

Cash Flow Hedges At March 31, 2014, the Company maintains a cash flow hedging program related to foreign currency risk. These derivative instruments have a high correlation to the underlying exposure being hedged and have been deemed highly effective for accounting purposes in offsetting the associated risk.

The Company enters into a series of forward currency contracts to hedge the cash flow uncertainty of forecasted inventory purchases due to currency fluctuations. These transactions are accounted for as cash flow hedges. At March 31, 2014 and September 30, 2013, the Company had an unrealized pre-tax gain on these forward currency contracts accounted for as cash flow hedges of zero and $1.5, respectively, included in Accumulated other comprehensive loss on the Consolidated Balance Sheets (Condensed). Assuming foreign exchange rates versus the U.S. dollar remain at March 31, 2014 levels over the next twelve months, approximately $0.1 of the pre-tax gain included in Accumulated other comprehensive loss at March 31, 2014, is expected to be included in earnings. Contract maturities for these hedges extend into fiscal year 2015. There were 78 open foreign currency contracts at March 31, 2014 with a total notional value of approximately $303.

Derivatives not Designated in Hedging Relationships The Company holds a share option with a major financial institution to mitigate the impact of changes in certain of the Company’s deferred compensation liabilities, which are tied to the Company’s common stock price. The contract is renewed on an annual basis and will expire again in November 2014. Period activity related to the share option is classified in the same category in the cash flow statement as the period activity associated with the Company’s deferred compensation liability, which is cash flow from operations.

The Company enters into foreign currency derivative contracts which are not designated as cash flow hedges for accounting purposes to hedge balance sheet exposures. Any gains or losses on these contracts are expected to be offset by exchange gains or losses on the underlying exposures, thus they are not subject to significant market risk. The change in estimated fair value of the foreign currency contracts for the quarter and six months ended March 31, 2014 resulted in income of $1.9 and $10.7, respectively, and income of $1.9 and $2.2 for the quarter and six months ended March 31, 2013, respectively and was recorded in Other financing items, net on the Consolidated Statements of Earnings and Comprehensive Income (Condensed). There were 15 open foreign currency derivative contracts which are not designated as cash flow hedges at March 31, 2014, with a total notional value of approximately $285.

The following table provides estimated fair values as of March 31, 2014 and September 30, 2013, and the amounts of gains and losses on derivative instruments classified as cash flow hedges for the quarter and six months ended March 31, 2014 and 2013.

Derivatives designated as Cash Flow Hedging Relationships	At March 31, 2014	For the Quarter Ended March 31, 2014		For the Six Months Ended March 31, 2014	
	Estimated Fair Value, Asset (Liability) (1) (2)	Gain/(Loss) Recognized in OCI (3)	Gain/(Loss) Reclassified From OCI into Income(Effective Portion) (4) (5)	Gain/(Loss) Recognized in OCI (3)	Gain/(Loss) Reclassified From OCI into Income(Effective Portion) (4) (5)
Foreign currency contracts	$—	$(1.2)	$ 2.6	$3.4	$ 4.9
Total	$—	$(1.2)	$ 2.6	$3.4	$ 4.9

Derivatives designated as Cash Flow Hedging Relationships	At September 30, 2013	For the Quarter Ended March 31, 2013		For the Six Months Ended March 31, 2013	
	Estimated Fair Value, Asset (Liability) (1) (2)	Gain/(Loss) Recognized in OCI (3)	Gain/(Loss) Reclassified From OCI into Income(Effective Portion) (4) (5)	Gain/(Loss) Recognized in OCI (3)	Gain/(Loss) Reclassified From OCI into Income(Effective Portion) (4) (5)
Foreign currency contracts	$1.5	$11.2	$ 0.5	$17.9	$ (0.5)
Interest rate contracts	—	—	—	—	(0.3)
Total	$1.5	$11.2	$ 0.5	$17.9	$ (0.8)

(1) All derivative assets are presented in other current assets or other assets.
(2) All derivative liabilities are presented in other current liabilities or other liabilities.
(3) OCI is defined as other comprehensive income.
(4) Gain/(Loss) reclassified to Income was recorded as follows: Foreign currency contracts in Other financing items, net.
(5) Each of these derivative instruments had a high correlation to the underlying exposure being hedged for the periods indicated and had been deemed highly effective in offsetting associated risk.

The following table provides estimated fair values as of March 31, 2014 and September 30, 2013, and the amounts of gains and losses on derivative instruments not classified as cash flow hedges for the quarter and six months ended March 31, 2014 and 2013, respectively.

Derivatives not designated as Cash Flow Hedging Relationships	At March 31, 2014	For the Quarter Ended March 31, 2014	For the Six Months Ended March 31, 2014
	Estimated Fair Value Asset (Liability)	Gain/(Loss) Recognized in Income (1)	Gain/(Loss) Recognized in Income (1)
Share option	$(1.5)	$(2.2)	$5.2
Foreign currency contracts	7.1	1.9	10.7
Total	$5.6	$(0.3)	$15.9

Derivatives not designated as Cash Flow Hedging Relationships	At September 30, 2013	For the Quarter Ended March 31, 2013	For the Six Months Ended March 31, 2013
	Estimated Fair Value Asset (Liability)	Gain/(Loss) Recognized in Income (1)	Gain/(Loss) Recognized in Income (1)
Share option	$7.7	$14.7	$18.5
Commodity contracts	—	—	(1.9)
Foreign currency contracts	(3.2)	1.9	2.2
Total	$4.5	$16.6	$18.8

(1)

Gain/(Loss) recognized in Income was recorded as follows: Share option in Selling, general and administrative expense and foreign currency contracts in Other financing items, net.

The Company has the following recognized financial assets and financial liabilities resulting from those transactions that meet the scope of the disclosure requirements as necessitated by applicable accounting guidance for balance sheet offsetting:

Offsetting of derivative assets

		At March 31, 2014			At September 30, 2013		
Description	Balance Sheet location	Gross amounts of recognized assets	Gross amounts offset in the Balance Sheet	Net amounts of assets presented in the Balance Sheet	Gross amounts of recognized assets	Gross amounts offset in the Balance Sheet	Net amounts of assets presented in the Balance Sheet
Foreign Currency Contracts	Other Current Assets, Other Assets	$14.5	$(0.3)	$14.2	$7.3	$(0.6)	$6.7

Offsetting of derivative liabilities

		At March 31, 2014			At September 30, 2013		
Description	Balance Sheet location	Gross amounts of recognized liabilities	Gross amounts offset in the Balance Sheet	Net amounts of liabilities presented in the Balance Sheet	Gross amounts of recognized liabilities	Gross amounts offset in the Balance Sheet	Net amounts of liabilities presented in the Balance Sheet
Foreign Currency Contracts	Other Current Liabilities, Other Liabilities	$7.7	$(0.6)	$7.1	$8.6	$(0.2)	$8.4

The net amounts of derivative assets and liabilities are reconciled to the individual line item amounts presented in the Consolidated Balance Sheet (Condensed).

Fair Value Hierarchy Accounting guidance on fair value measurements for certain financial assets and liabilities requires that assets and liabilities carried at fair value be classified in one of the following three categories:

Level 1: Quoted market prices in active markets for identical assets or liabilities.

Level 2: Observable market based inputs or unobservable inputs that are corroborated by market data.

Level 3: Unobservable inputs reflecting the reporting entity’s own assumptions or external inputs from inactive markets.

Under the fair value accounting guidance hierarchy, an entity is required to maximize the use of quoted market prices and minimize the use of unobservable inputs. The following table sets forth the Company’s financial assets and liabilities, which are carried at fair value, as of March 31, 2014 and September 30, 2013 that are measured on a recurring basis during the period, segregated by level within the fair value hierarchy:

	Level 2 March 31, 2014	September 30, 2013
Assets/(Liabilities) at estimated fair value:		
Deferred Compensation	$(156.5)	$(167.6)
Derivatives - Foreign Currency Contracts	7.1	(1.7)
Share Option	(1.5)	7.7
Net Liabilities at estimated fair value	$(150.9)	$(161.6)

At March 31, 2014 and September 30, 2013, the Company had no level 1 or level 3 financial assets or liabilities.

At March 31, 2014 and September 30, 2013, the fair market value of fixed rate long-term debt was $2,277.2 and $2,262.3, respectively, compared to its carrying value of $2,138.9 and $2,138.8, respectively. The estimated fair value of the long-term debt is estimated using yields obtained from independent pricing sources for similar types of borrowing arrangements. The estimated fair value of fixed rate long-term debt has been determined based on level 2 inputs.

Due to the nature of cash and cash equivalents and short-term borrowings, including notes payable, carrying amounts on the balance sheets approximate fair value. The estimated fair value of cash and cash equivalents and short-term borrowings have been determined based on level 2 inputs.

At March 31, 2014, the estimated fair value of foreign currency contracts, is the amount that the Company would receive or pay to terminate the contracts, considering first, quoted market prices of comparable agreements, or in the absence of quoted market prices, such factors as interest rates, currency exchange rates and remaining maturities. The estimated fair value of the deferred compensation liability is determined based upon the quoted market prices of the Energizer Common Stock Unit Fund as well as other investment options that are offered under the plan.

Note 12 – Accumulated Other Comprehensive (Loss)/Income
Effective October 1, 2013, the FASB issued a new ASU on reporting amounts reclassified out of accumulated other comprehensive income. The standard requires that public companies present information about reclassification adjustments from accumulated other comprehensive income in their interim and annual financial statements in a single note or on the face of the financial statements or cross reference to the related footnote for additional information.

The following table presents the changes in accumulated other comprehensive income (AOCI), net of tax by component:

	Foreign Currency Translation Adjustments	Pension/Postretirement Activity	Hedging Activity	Total
Balance at September 30, 2013	$4.8	$(178.2)	$0.5	$(172.9)
OCI before reclassifications	1.3	—	(3.6)	(2.3)
Reclassifications to earnings	—	6.1	2.7	8.8
Balance at March 31, 2014	$6.1	$(172.1)	$(0.4)	$(166.4)

The following table presents the reclassifications out of AOCI:

	For the Quarter Ended March 31, 2014	For the Six Months Ended March 31, 2014	
Details of AOCI Components	Amount Reclassified from AOCI (1)	Amount Reclassified from AOCI (1)	Affected Line Item in the Consolidated Statements of Earnings
Gains and losses on cash flow hedges			
Foreign exchange contracts	$2.6	$4.9	Other financing items, net
	2.6	4.9	Total before tax
	(1.1)	(2.2)	Tax (expense)/benefit
	$1.5	$2.7	Net of tax
Amortization of defined benefit pension/postretirement items			
Actuarial losses	4.6	9.3	(2)
Curtailment gain	—	0.1	(2)
	4.6	9.4	Total before tax
	(1.6)	(3.3)	Tax (expense)/benefit
	$3.0	$6.1	Net of tax
Total reclassifications for the period	$4.5	$8.8	Net of tax

(1) Amounts in parentheses indicate debits to profit/loss.
(2) These AOCI components are included in the computation of net periodic benefit cost (see Note 8 for further details).

Note 13 – Supplemental Financial Statement Information

	March 31, 2014	September 30, 2013
Inventories		
Raw materials and supplies	$96.9	$95.2
Work in process	128.0	150.2
Finished products	396.2	370.9

Total inventories	$621.1	$616.3
Other Current Assets		
Miscellaneous receivables	$103.5	$56.7
Deferred income tax benefits	209.4	211.7
Prepaid expenses	93.8	87.5
Value added tax collectible from customers	54.3	57.6
Share option	—	7.7
Income taxes receivable	57.7	31.1
Other	21.9	20.9
Total other current assets	$540.6	$473.2
Property, Plant and Equipment		
Land	$45.1	$39.1
Buildings	300.7	283.9
Machinery and equipment	1,828.6	1,799.2
Construction in progress	54.8	63.7
Total gross property	2,229.2	2,185.9
Accumulated depreciation	(1,442.3)	(1,430.3)
Total property, plant and equipment, net	$786.9	$755.6
Other Current Liabilities		
Accrued advertising, sales promotion and coupons	$94.4	$93.1
Accrued trade allowances	91.4	100.3
Accrued salaries, vacations and incentive compensation	70.7	112.0
Returns reserve	23.7	49.8
2013 restructuring reserve	21.5	20.6
Other	237.4	198.2
Total other current liabilities	$539.1	$574.0
Other Liabilities		
Pensions and other retirement benefits	$325.5	$315.9
Deferred compensation	156.8	167.8
Deferred income tax liabilities	572.6	541.7
Other non-current liabilities	87.4	86.2
Total other liabilities	$1,142.3	$1,111.6

See Note 2 for a summary of the valuation of assets acquired and liabilities assumed in the feminine care acquisition.

Note 14 – Recently issued accounting pronouncements

No new accounting pronouncements issued during the quarter are expected to have a material impact on the Consolidated Financial Statements.

Note 15 – Legal Proceedings/Contingencies

The Company and its subsidiaries are parties to a number of legal proceedings in various jurisdictions arising out of the operations of the Company's businesses. Many of these legal matters are in preliminary stages and involve complex issues of law and fact, and may proceed for protracted periods of time. The amount of liability, if any, from these proceedings cannot be determined with certainty. However, based upon present information, the Company believes that its liability, if any, arising from such pending legal proceedings, asserted legal claims and known potential legal claims which are likely to be asserted, are not reasonably likely to be material to the Company's financial position, results of operations, or cash flows, taking into account established accruals for estimated liabilities.

Note 16 – Guarantor and Non-Guarantor Financial Information - (Unaudited)

The Company's notes issued in May 2011 and May 2012 (collectively the "Notes") are fully and unconditionally guaranteed on a joint and several basis by the Company's existing and future direct and indirect domestic subsidiaries that are guarantors of any of the Company's credit agreements or other indebtedness for borrowed money (the

“Guarantors”). The Guarantors are 100% owned either directly or indirectly by the Company and jointly and severally guarantee the Company's obligations under the Notes and substantially all of the Company's other outstanding indebtedness. The Company's subsidiaries organized outside of the U.S. and certain domestic subsidiaries, which are not guarantors of any of the Company's other indebtedness, (collectively, the “Non-Guarantors”) do not guarantee the Notes. The subsidiary guarantee with respect to the Notes is subject to release upon sale of all of the capital stock of the Subsidiary Guarantor; if the guarantee under the Company's credit agreements and other indebtedness for borrowed money is released or discharged (other than due to payment under such guarantee); or when the requirements for legal defeasance are satisfied or the obligations are discharged in accordance with the indenture.

Set forth below are the condensed consolidating financial statements presenting the results of operations, financial position and cash flows of the Parent Company (Energizer Holdings, Inc.), the Guarantors on a combined basis, the Non-Guarantors on a combined basis and eliminations necessary to arrive at the information for the Company as reported, on a consolidated basis. Eliminations represent adjustments to eliminate investments in subsidiaries and intercompany balances and transactions between or among the Parent Company, the Guarantor and the Non-Guarantor subsidiaries. In addition, the Company has revised certain elements of its previously filed consolidating statements as shown in the tables and revisions presented below.

Consolidated Statements of Earnings (Condensed)
For the Quarter Ended March 31, 2014

	Parent Company	Guarantors	Non-Guarantors	Eliminations	Total
Net Sales	$—	$659.5	$ 582.8	$(179.9)	$1,062.4
Cost of products sold	—	392.9	340.5	(179.3)	554.1
Gross Profit	—	266.6	242.3	(0.6)	508.3
Selling, general and administrative expense	—	99.6	100.9	(0.3)	200.2
Advertising and sales promotion expense	—	48.3	48.9	(0.1)	97.1
Research and development expense	—	22.2	0.5	—	22.7
2013 restructuring	—	14.6	8.1	—	22.7
Interest expense	30.3	—	1.0	—	31.3
Intercompany interest (income)/expense	(29.7)	29.8	—	(0.1)	—
Other financing expense/(income)	—	0.2	(1.7)	—	(1.5)
Intercompany service fees	—	2.0	(1.9)	(0.1)	—
Equity in earnings of subsidiaries	(99.6)	(67.4)	—	167.0	—
Earnings before income taxes	99.0	117.3	86.5	(167.0)	135.8
Income taxes	0.5	19.5	17.3	—	37.3
Net earnings	$98.5	$97.8	$ 69.2	$(167.0)	$98.5
Statement of Comprehensive Income:					
Net Earnings	$98.5	$97.8	$ 69.2	$(167.0)	$98.5
Other comprehensive income/(loss), net of tax	2.1	1.3	(0.4)	(0.9)	2.1
Total comprehensive income	$100.6	$99.1	$ 68.8	$(167.9)	$100.6

Consolidated Statements of Earnings (Condensed)
For the Six Months Ended March 31, 2014

	Parent Company	Guarantors	Non-Guarantors	Eliminations	Total
Net Sales	$—	$1,285.7	$ 1,226.2	$(335.6)	$2,176.3
Cost of products sold	—	782.7	706.6	(333.1)	1,156.2
Gross Profit	—	503.0	519.6	(2.5)	1,020.1

Selling, general and administrative expense	—	200.8	203.2	(0.3)	403.7
Advertising and sales promotion expense	—	93.1	85.2	(0.2)	178.1
Research and development expense	—	43.6	1.0	—	44.6
2013 restructuring	—	32.3	14.8	—	47.1
Interest expense	60.4	—	2.1	—	62.5
Intercompany interest (income)/expense	(59.3)	59.4	—	(0.1)	—
Other financing expense/(income)	—	0.3	(3.8)	—	(3.5)
Intercompany service fees	—	4.1	(4.0)	(0.1)	—
Equity in earnings of subsidiaries	(209.0)	(167.6)	—	376.6	—
Earnings before income taxes	207.9	237.0	221.1	(378.4)	287.6
Income taxes	1.5	33.2	48.3	(1.8)	81.2
Net earnings	$206.4	$203.8	$ 172.8	$(376.6)	$206.4
Statement of Comprehensive Income:					
Net Earnings	$206.4	$203.8	$ 172.8	$(376.6)	$206.4
Other comprehensive income/(loss), net of tax	6.5	(0.6)	1.5	(0.9)	6.5
Total comprehensive income	$212.9	$203.2	$ 174.3	$(377.5)	$212.9

Consolidated Statements of Earnings (Condensed)
For the Quarter Ended March 31, 2013

	Parent Company	Guarantors	Non-Guarantors	Eliminations	Total
Net Sales	$—	$668.7	$ 561.6	$(134.4)	$1,095.9
Cost of products sold	—	383.9	315.8	(134.5)	565.2
Gross Profit	—	284.8	245.8	0.1	530.7
Selling, general and administrative expense	—	105.1	104.8	—	209.9
Advertising and sales promotion expense	—	52.8	50.1	(0.4)	102.5
Research and development expense	—	24.8	—	—	24.8
2013 restructuring	—	28.1	9.3	—	37.4
Interest expense	31.5	—	1.3	—	32.8
Intercompany interest (income)/expense	(31.0)	30.9	0.1	—	—
Other financing expense	—	0.3	10.0	—	10.3
Intercompany dividends/service fees	—	3.9	(3.9)	—	—
Equity in earnings of subsidiaries	(86.1)	(53.8)	—	139.9	—
Earnings before income taxes	85.6	92.7	74.1	(139.4)	113.0
Income taxes	0.7	10.2	16.7	0.5	28.1
Net earnings	$84.9	$82.5	$ 57.4	$(139.9)	$84.9
Statement of Comprehensive Income:					
Net Earnings	$84.9	$82.5	$ 57.4	$(139.9)	$84.9
Other comprehensive (loss)/income, net of tax	(19.1)	(6.1)	(22.1)	28.2	(19.1)
Total comprehensive income	$65.8	$76.4	$ 35.3	$(111.7)	$65.8

Consolidated Statements of Earnings (Condensed)
For the Six Months Ended March 31, 2013

	Parent Company	Guarantors	Non-Guarantors	Eliminations	Total
Net Sales	$—	$1,359.6	$ 1,202.0	$(273.2)	$2,288.4

Cost of products sold	—	797.4	673.0	(274.3)	1,196.1
Gross Profit	—	562.2	529.0	1.1	1,092.3
Selling, general and administrative expense	—	194.7	215.7	—	410.4
Advertising and sales promotion expense	—	100.3	97.4	(0.4)	197.3
Research and development expense	—	49.3	0.1	—	49.4
2013 restructuring	—	72.6	13.8	—	86.4
Pension curtailment	—	(37.4)	—	—	(37.4)
Interest expense	63.5	—	2.8	—	66.3
Intercompany interest (income)/expense	(62.3)	62.3	—	—	—
Other financing expense	—	2.5	15.7	—	18.2
Intercompany dividends/service fees	—	8.3	(8.3)	—	—
Equity in earnings of subsidiaries	(217.6)	(137.4)	—	355.0	—
Earnings before income taxes	216.4	247.0	191.8	(353.5)	301.7
Income taxes	1.7	39.0	44.8	1.5	87.0
Net earnings	$214.7	$208.0	$ 147.0	$(355.0)	$214.7
Statement of Comprehensive Income:					
Net Earnings	$214.7	$208.0	$ 147.0	$(355.0)	$214.7
Other comprehensive (loss)/income, net of tax	(20.6)	(16.7)	(3.4)	20.1	(20.6)
Total comprehensive income	$194.1	$191.3	$ 143.6	$(334.9)	$194.1

Consolidated Balance Sheets (Condensed)
March 31, 2014

	Parent Company	Guarantors	Non-Guarantors	Eliminations	Total
Assets					
Current Assets					
Cash and cash equivalents	$5.0	$9.1	$ 977.6	$—	$991.7
Trade receivables, net (a)	—	7.5	450.2	—	457.7
Inventories	—	341.7	316.2	(36.8)	621.1
Other current assets	66.3	279.5	211.5	(16.7)	540.6
Total current assets	71.3	637.8	1,955.5	(53.5)	2,611.1
Investment in subsidiaries	7,222.9	2,083.3	—	(9,306.2)	—
Intercompany receivables, net (b)	—	4,270.8	344.4	(4,615.2)	—
Intercompany notes receivable (b)	2,180.3	4.1	—	(2,184.4)	—
Property, plant and equipment, net	—	431.6	355.3	—	786.9
Goodwill	—	1,086.6	415.7	—	1,502.3
Other intangible assets, net	—	1,660.6	206.6	—	1,867.2
Other assets	9.2	34.2	59.4	—	